

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

MAY 31, 2012

City of Natchitoches, Louisiana
Annual Financial Report
May 31, 2012

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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, 2012. 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 \$121,629,825 (net assets). Of this amount, \$27,369,054 (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 \$23,542,309. Of this total amount, \$330,470 is unassigned and available for use within the City's designation and policies. \$3,980,138 is assigned and intended for a specific purpose, but may be unassigned at any time.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$803,700 or 12% of the total general fund expenditures.
- The City's bond and notes payable totaled \$10,224,845.

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, 2012

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 56 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 and capital projects sales tax 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 12 through 18.

CITY OF NATCHITOCHEs, LOUISIANA

Management's Discussion and Analysis
For Year Ended May 31, 2012

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 58.

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 \$121,629,825 as of May 31, 2012, which is an increase of \$3,589,709 above May 31, 2011.

The largest portion of the City's net assets (77%) 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, 2011			As of May 31, 2012		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Current and other assets	\$27,854,146	\$19,001,383	\$ 46,855,529	\$27,394,385	\$19,748,221	\$ 47,142,606
Capital Assets	<u>37,843,130</u>	<u>55,248,337</u>	<u>93,091,467</u>	<u>39,328,573</u>	<u>54,932,198</u>	<u>94,260,771</u>
Total Assets	<u>\$65,697,276</u>	<u>\$74,249,720</u>	<u>\$139,946,996</u>	<u>\$66,722,958</u>	<u>\$74,680,419</u>	<u>\$141,403,377</u>
Long term liabilities	\$ 9,327,188	\$ 641,678	\$ 9,968,866	\$ 8,672,718	\$ 646,720	\$ 9,319,438
Other liabilities	<u>4,098,738</u>	<u>7,839,276</u>	<u>11,938,014</u>	<u>3,852,076</u>	<u>6,602,038</u>	<u>10,454,114</u>
Total Liabilities	<u>\$13,425,926</u>	<u>\$ 8,480,954</u>	<u>\$ 21,906,880</u>	<u>\$12,524,794</u>	<u>\$ 7,248,758</u>	<u>\$ 19,773,552</u>
Net Assets:						
Invested in capital assets,						
Net of related debt	\$37,843,130	\$50,324,150	\$ 88,167,280	\$32,995,170	\$51,040,756	\$ 84,035,926
Restricted	7,177,673	4,924,187	12,101,860	6,333,403	3,891,442	10,224,845
Unrestricted	<u>7,250,547</u>	<u>10,520,429</u>	<u>17,770,976</u>	<u>14,869,591</u>	<u>12,499,463</u>	<u>27,369,054</u>
Total Net Assets	<u>\$52,271,350</u>	<u>\$65,768,766</u>	<u>\$118,040,116</u>	<u>\$54,198,164</u>	<u>\$67,431,661</u>	<u>\$121,629,825</u>

CITY OF NATCHITOCHEs, LOUISIANA

Management's Discussion and Analysis For Year Ended May 31, 2012

An additional portion of the City's net assets (8%) represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net assets of \$27,369,054 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, 2011 and May 31, 2012. 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, 2011			As of May 31, 2012		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Program Revenues:						
Fees, fines and charges for services	\$ 2,956,235	\$36,862,964	\$ 39,819,199	\$ 2,995,317	\$35,642,726	\$ 38,638,043
Operating grants and contributions	1,557,334	0	1,557,334	1,406,681	0	1,406,681
Capital grants and contributions	1,728,297	1,047,004	2,775,301	2,712,788	1,919,697	4,632,485
General Revenues:						
Ad valorem taxes	1,763,462	0	1,763,462	1,855,820	0	1,855,820
Sales and use tax	9,540,146	0	9,540,146	10,176,381	0	10,176,381
Franchise fees	881,812	0	881,812	372,860	0	372,860
Licenses and permits	794,712	0	794,712	732,779	0	732,779
Interest income	399,914	158,164	558,078	434,166	141,267	575,433
Gain (loss) on sale/retirement of fixed assets	675	46,506	47,181	407	(182,588)	(182,181)
Rental income	81,400	73,498	154,898	96,150	92,019	188,169
Insurance recoveries	33,249	25,322	58,571	18,222	12,199	30,421
Miscellaneous	<u>188,788</u>	<u>0</u>	<u>188,788</u>	<u>416,787</u>	<u>(1,261)</u>	<u>415,526</u>
Total Revenues	<u>\$19,926,024</u>	<u>\$38,213,458</u>	<u>\$ 58,139,482</u>	<u>\$21,218,358</u>	<u>\$37,624,059</u>	<u>\$ 58,842,417</u>
Expenses:						
General government	\$ 4,077,433	\$ 0	\$ 4,077,433	\$ 3,420,806	\$ 0	\$ 3,420,806
Public safety	8,219,473	0	8,219,473	8,311,020	0	8,311,020
Streets and sanitation	4,288,466	0	4,288,466	6,808,991	0	6,808,991
Recreation and cultural	1,050,372	0	1,050,372	1,127,654	0	1,127,654
Interest on long-term debt	250,945	248,644	499,589	202,815	309,666	512,481
Water, sewer, and utilities	663,081	30,988,190	31,651,271	2,962,603	29,313,626	32,276,229
Economic development	2,082,001	0	2,082,001	2,163,752	0	2,163,752
Health and welfare	187,180	0	187,180	277,705	0	277,705
Information Tech	<u>0</u>	<u>298,621</u>	<u>298,621</u>	<u>0</u>	<u>282,872</u>	<u>282,872</u>
Total Expenses	<u>\$20,818,951</u>	<u>\$31,535,455</u>	<u>\$ 52,354,406</u>	<u>\$25,275,346</u>	<u>\$29,906,164</u>	<u>\$ 55,181,510</u>

CITY OF NATCHITOCHEs, LOUISIANA

Management's Discussion and Analysis
For Year Ended May 31, 2012

City of Natchitoches' Changes in Net Assets (continued)

	As of May 31, 2011			As of May 31, 2012		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Increases in net assets						
before transfers	\$ (892,927)	\$ 6,678,003	\$ 5,785,076	\$ (4,056,988)	\$ 7,717,895	\$ 3,660,907
Transfers	5,497,557	(5,497,557)	0	5,983,802	(6,055,000)	(71,198)
Capital Transfers	<u>(667,788)</u>	<u>0</u>	<u>(667,788)</u>	<u>0</u>	<u>0</u>	<u>0</u>
Increase in net assets	\$ 3,936,842	\$ 1,180,446	\$ 5,117,288	\$ 1,926,814	\$ 1,662,895	\$ 3,589,709
Net assets - June 1, 2010	<u>48,334,508</u>	<u>64,558,320</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>			
Net assets - June 1, 2011				<u>52,271,350</u>	<u>65,768,766</u>	<u>118,040,116</u>
Net assets - May 31, 2012				<u>\$54,198,164</u>	<u>\$67,431,661</u>	<u>\$121,629,825</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 \$23,542,309 (a decrease of less than 1% from 2011 fiscal year). Of this total amount, \$330,470 constitutes unassigned fund balance. \$3,980,138 is assigned and intended for a specific purpose, but may be unassigned at any time. 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 and to cover fund deficits.

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, 2012 amounts to \$94,260,771 (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:

- *Beau Jardin* water feature was completed.
- Central, East Fifth, and MLK fire stations received improvements.
- Infrastructure was begun to prepare for downtown development.
- 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, 2012

Capital Assets at Year-end Net of Accumulated Depreciation As of May 31, 2012

	Governmental <u>Activities</u>	Business-Type <u>Activities</u>	<u>Total</u>
Land	\$ 7,065,700	\$ 758,408	\$ 7,824,108
Construction in Progress	5,453,761	0	5,453,761
Buildings	14,845,950	1,899,438	16,745,388
Equipment	2,993,945	9,888,022	12,881,967
Vehicles	4,315,491	1,319,919	5,635,410
Other Assets	901,387	315,231	1,216,618
Streets	93,861,984	0	93,861,984
Utility System	0	75,537,246	75,537,246
Infrastructure	<u>10,060,910</u>	<u>0</u>	<u>10,060,910</u>
Total	<u>\$139,499,128</u>	<u>\$89,718,264</u>	<u>\$229,217,392</u>

Additional information on the City of Natchitoches' capital assets can be found on pages 39 through 43 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 \$10,224,845. Of this amount, \$6,333,403 comprises bonded debt backed by the full faith and credit of the government and \$3,891,442 represents bonds secured solely by utilities revenues.

Outstanding Debt at Year End Bond and Notes Payable As of May 31, 2012

	Governmental <u>Activities</u>	Business-Type <u>Activities</u>	<u>Total</u>
General Obligations	\$6,333,403	\$ 0	\$ 6,333,403
Revenue Bonds Payable	<u>0</u>	<u>3,891,442</u>	<u>3,891,442</u>
Total	<u>\$6,333,403</u>	<u>\$3,891,442</u>	<u>\$10,224,845</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.

CITY OF NATCHITOCHEs, LOUISIANA

Management's Discussion and Analysis
For Year Ended May 31, 2012

Economic Factors and Next Year's Budgets and Rates

In the fiscal year 2012-13 budget, general fund revenues are budgeted at a 1 percent increase from the 2011-12 budget year. Sales taxes are budgeted to increase by 2%. Taxes make up about 37% of the general fund budgeted revenues, and transfers make up about 50%. The 2012-13 utility fund operations are budgeted to break even. Economic growth and housing development are making a slow recovery.

Request for Information

This 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, 2012, 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, 2012, 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, 2012, 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 2, 2012, 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. 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.

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.

Johnson, Thomas & Cunningham

Johnson, Thomas & Cunningham, CPA's

November 2, 2012
Natchitoches, Louisiana

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE
FINANCIAL STATEMENTS

City of Natchitoches, Louisiana
Government-Wide Statement of Net Assets
May 31, 2012

	Governmental <u>Activities</u>	Business-Type <u>Activities</u>	<u>Total</u>
Assets:			
Cash & Cash Equivalents	\$ 25,447,623	\$ 6,505,027	\$ 31,952,650
Receivables, net	1,638,876	4,034,513	5,673,389
Other Receivables	0	243,510	243,510
Inventories at Cost	0	1,614,762	1,614,762
Prepaid Expenses	13,225	118,378	131,603
Restricted Assets-			
Cash & Cash Equivalents	0	7,232,031	7,232,031
Capital Assets-			
Land	7,065,700	758,408	7,824,108
Buildings	14,845,950	1,899,438	16,745,388
Machinery & Equipment	2,993,945	9,888,022	12,881,967
Vehicles	4,315,491	1,319,919	5,635,410
Other Assets	901,387	315,231	1,216,618
Streets	93,861,984	0	93,861,984
Other Infrastructure	10,060,910	0	10,060,910
Construction in Progress	5,453,761	0	5,453,761
Utility Plant & System	0	75,537,246	75,537,246
Accumulated Depreciation	<u>(100,170,555)</u>	<u>(34,786,066)</u>	<u>(134,956,621)</u>
Total Assets	<u>\$ 66,428,297</u>	<u>\$ 74,680,419</u>	<u>\$ 141,108,716</u>
Liabilities:			
Cash Overdrafts	\$ 1,422,031	\$ 0	\$ 1,422,031
Accounts Payable	534,755	1,706,435	2,241,190
Accrued Payroll	539,430	168,092	707,522
Accrued Expenses	1,061,199	18,038	1,079,237
Payable from Restricted Assets-			
Bond Principal	0	3,891,442	3,891,442
Customer's Deposits	0	818,031	818,031
Long-term Debt-			
Due within One Year	1,032,346	0	1,032,346
Due in More than One Year	5,301,057	0	5,301,057
Net OPEB Obligation	431,536	128,879	560,415
Accrued Employee Vacations	<u>1,907,779</u>	<u>517,841</u>	<u>2,425,620</u>
Total Liabilities	<u>\$ 12,230,133</u>	<u>\$ 7,248,758</u>	<u>\$ 19,478,891</u>
Net Assets:			
Invested in Capital Assets,			
Net of Related Debt	\$ 32,995,170	\$ 51,040,756	\$ 84,035,926
Restricted for Debt Service	6,333,403	3,891,442	10,224,845
Unrestricted	<u>14,869,591</u>	<u>12,499,463</u>	<u>27,369,054</u>
Total Net Assets	<u>\$ 54,198,164</u>	<u>\$ 67,431,661</u>	<u>\$ 121,629,825</u>

See notes to financial statements.

City of Natchitoches, Louisiana
Government-Wide Statement of Activities
For the Year Ended May 31, 2012

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	\$ 3,420,806	\$ 0	\$ 322,516	\$ 0	\$ (3,098,290)	\$ 0	\$ (3,098,290)
Public Safety	8,311,020	218,473	725,567	96,500	(7,270,480)	0	(7,270,480)
Streets & Sanitation	6,808,991	1,986,098	0	1,522,800	(3,300,093)	0	(3,300,093)
Water, Sewer & Utilities	2,962,603	0	0	563,713	(2,398,890)	0	(2,398,890)
Economic Development	2,163,752	765,244	106,482	529,775	(762,251)	0	(762,251)
Health & Welfare	277,705	0	0	0	(277,705)	0	(277,705)
Recreation & Culture	1,127,654	25,502	252,116	0	(850,036)	0	(850,036)
Interest on Long-term Debt	<u>202,815</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(202,815)</u>	<u>0</u>	<u>(202,815)</u>
Total Governmental Activities	\$25,275,346	\$ 2,995,317	\$1,406,681	\$2,712,788	\$(18,160,560)	\$ 0	\$(18,160,560)
Business-Type Activities:							
Utilities Administration	\$ 1,187,004	\$ 0	\$ 0	\$ 0	\$ 0	\$ (1,187,004)	\$ (1,187,004)
Electric	23,267,342	30,372,168	0	1,001,107	0	8,105,933	8,105,933
Water	2,938,402	3,747,452	0	43,453	0	852,503	852,503
Sewer	1,920,878	1,523,106	0	875,137	0	477,365	477,365
Information Technology	282,872	0	0	0	0	(282,872)	(282,872)
Interest on Long-term Debt	<u>309,666</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(309,666)</u>	<u>(309,666)</u>
Total Business-Type Activities	\$29,906,164	\$35,642,726	\$ 0	\$1,919,697	\$ 0	\$ 7,656,259	\$ 7,656,259
Total Government	\$55,181,510	\$38,638,043	\$1,406,681	\$4,632,485	\$(18,160,560)	\$ 7,656,259	\$(10,504,301)
General Revenues:							
Taxes-							
Ad Valorem					\$ 1,855,820	\$ 0	\$ 1,855,820
Sales & Use					10,176,381	0	10,176,381
Franchise					372,860	0	372,860
Licenses & Permits					732,779	0	732,779
Interest Income					434,166	141,267	575,433
Gain (Loss) on Sale of Assets					407	(182,588)	(182,181)
Rental Income					96,150	92,019	188,169
Insurance Recoveries					18,222	12,199	30,421
Miscellaneous					416,787	(1,261)	415,526
Transfers					<u>5,983,802</u>	<u>(6,055,000)</u>	<u>(71,198)</u>
Total General Revenues & Transfers					\$ 20,087,374	\$ (5,993,364)	\$ 14,094,010
Change in Net Assets					\$ 1,926,814	\$ 1,662,895	\$ 3,589,709
Net Assets at Beginning of Year					<u>52,271,350</u>	<u>65,768,766</u>	<u>118,040,116</u>
Net Assets at End of Year					<u>\$ 54,198,164</u>	<u>\$ 67,431,661</u>	<u>\$ 121,629,825</u>

See notes to financial statements.

FUND FINANCIAL STATEMENTS

City of Natchitoches, Louisiana
Balance Sheet-Governmental Funds
May 31, 2012

	<u>Major Funds</u>			Total Governmental Funds
	General Fund	Capital Projects Sales Tax Fund	Nonmajor Funds	
<u>Assets</u>				
Cash & Cash Equivalents	\$2,346,646	\$15,666,755	\$ 7,434,222	\$25,447,623
Revenue Receivables	383,437	313,882	941,559	1,638,876
Prepaid Expenses	<u>13,225</u>	<u>0</u>	<u>0</u>	<u>13,225</u>
Total Assets	<u>\$2,743,308</u>	<u>\$15,980,637</u>	<u>\$ 8,375,779</u>	<u>\$27,099,724</u>
<u>Liabilities</u>				
Cash Overdrafts	\$ 0	\$ 0	\$ 1,422,031	\$ 1,422,031
Accounts Payable	92,940	12,663	429,152	534,755
Accrued Expenses	236,872	222,813	601,514	1,061,199
Accrued Payroll	<u>519,256</u>	<u>0</u>	<u>20,174</u>	<u>539,430</u>
Total Liabilities	<u>\$ 849,068</u>	<u>\$ 235,476</u>	<u>\$ 2,472,871</u>	<u>\$ 3,557,415</u>
<u>Fund Balance</u>				
Nonspendable	\$ 13,225	\$ 0	\$ 0	\$ 13,225
Restricted	0	15,745,161	3,473,315	19,218,476
Assigned	77,315	0	3,902,823	3,980,138
Unassigned	<u>1,803,700</u>	<u>0</u>	<u>(1,473,230)</u>	<u>330,470</u>
Total Fund Balances	<u>\$1,894,240</u>	<u>\$15,745,161</u>	<u>\$ 5,902,908</u>	<u>\$23,542,309</u>
Total Liabilities & Fund Balances	<u>\$2,743,308</u>	<u>\$15,980,637</u>	<u>\$ 8,375,779</u>	<u>\$27,099,724</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, 2012

Total Fund Balances of the Governmental Funds	\$ 23,542,309
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	139,499,128
Less, Accumulated Depreciation	(100,170,555)
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	(6,333,403)
Net OPEB Obligation	(431,536)
Accrued Compensated Absences	<u>(1,907,779)</u>
Net Assets of Governmental Activities	\$ <u>54,198,164</u>

See notes to financial statements.

City of Natchitoches, Louisiana
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
Year Ended May 31, 2012

	<u>Major Funds</u>			Total Governmental Funds
	<u>General Fund</u>	Capital Projects <u>Sales Tax Fund</u>	Nonmajor <u>Funds</u>	
REVENUES:				
Taxes	\$ 4,933,480	\$ 3,793,725	\$ 3,677,856	\$12,405,061
Licenses & Permits	732,779	0	0	732,779
Intergovernmental	2,608,285	0	1,511,184	4,119,469
Charges for Services	48,352	0	2,750,699	2,799,051
Fines & Forfeits	178,854	0	17,412	196,266
Miscellaneous	<u>385,463</u>	<u>167,654</u>	<u>413,660</u>	<u>966,777</u>
Total Revenues	<u>\$ 8,887,213</u>	<u>\$ 3,961,379</u>	<u>\$ 8,370,811</u>	<u>\$21,219,403</u>
EXPENDITURES:				
Current-				
General Government	\$ 3,029,987	\$ 191,246	\$ 1,472,314	\$ 4,693,547
Public Safety	7,672,074	0	735,411	8,407,485
Streets & Sanitation	2,823,909	0	3,194,616	6,018,525
Water, Sewer & Utilities	0	414,649	2,144,146	2,558,795
Economic Development	276,253	0	3,126,099	3,402,352
Health & Welfare	230,930	0	67,148	298,078
Recreation & Culture	936,910	0	53,526	990,436
Debt Service	<u>49,965</u>	<u>975,152</u>	<u>419,245</u>	<u>1,444,362</u>
Total Expenditures	<u>\$15,020,028</u>	<u>\$ 1,581,047</u>	<u>\$11,212,505</u>	<u>\$27,813,580</u>
Excess (Deficiency) of Revenues over Expenditures	<u>\$ (6,132,815)</u>	<u>\$ 2,380,332</u>	<u>\$ (2,841,694)</u>	<u>\$ (6,594,177)</u>
OTHER FINANCING SOURCES (USES):				
Operating Transfers In	\$ 7,200,566	\$ 0	\$ 4,405,212	\$11,605,778
Operating Transfers Out	(1,044,450)	(816,506)	(3,761,020)	(5,621,976)
Debt Proceeds	<u>0</u>	<u>0</u>	<u>397,276</u>	<u>397,276</u>
Total Other Financing	<u>\$ 6,156,116</u>	<u>\$ (816,506)</u>	<u>\$ 1,041,468</u>	<u>\$ 6,381,078</u>
Excess (Deficiency) of Revenues and Other Sources over Expenditures and Other Uses	\$ 23,301	\$ 1,563,826	\$ (1,800,226)	\$ (213,099)
Fund Balances- Beginning of Year	<u>1,870,939</u>	<u>14,181,335</u>	<u>7,703,134</u>	<u>23,755,408</u>
Fund Balances- End of Year	<u>\$ 1,894,240</u>	<u>\$15,745,161</u>	<u>\$ 5,902,908</u>	<u>\$23,542,309</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, 2012

Net Change in Fund Balance - Governmental Funds \$ (213,099)

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

4,790,709

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

(1,793,818)

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	1,241,546
Net OPEB Obligation	(113,006)
Accrued Compensated Absences	(76,794)

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 (397,276)

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

Decrease in Capital Assets	(717,332)
Decrease in Accumulated Depreciation	76,348

Assets constructed or acquired, which will later be transferred to the Utility Fund, are reported as construction in progress in the Government-wide Statement of Net Assets and when transferred to the Utility Fund they are shown as contributed capital. The transfers for the current year are (870,464)

Change in Net Assets of Governmental Activities \$ 1,926,814

See notes to financial statements.

City of Natchitoches, Louisiana
Statement of Net Assets
Proprietary Fund
Year Ended May 31, 2012

	<u>Business-Type Activities</u> <u>Enterprise Fund</u>
Assets-	
Current Assets-	
Cash & Cash Equivalents	\$ 6,505,027
Receivables	2,177,460
Less, Allowance for Doubtful Accounts	(300,000)
Unbilled Receivables	2,157,053
Inventory at Cost	1,614,762
Prepaid Expenses	<u>118,378</u>
Total Current Assets	<u>\$ 12,272,680</u>
Restricted Assets-	
Cash & Cash Equivalents-	
Bond Reserve Accounts	\$ 2,424,386
Bond Redemption Accounts	4,328,277
Customer's Deposit Accounts	<u>479,368</u>
Total Restricted Assets	<u>\$ 7,232,031</u>
Noncurrent Assets-	
Land	\$ 758,408
Buildings	1,899,438
Machinery & Equipment	9,888,022
Vehicles	1,319,919
Other Assets	315,231
Electric System	20,687,691
Water System	32,941,888
Sewer System	21,907,667
Less, Accumulated Depreciation	<u>(34,786,066)</u>
Total Noncurrent Assets	<u>\$ 54,932,198</u>
Other Assets-	
Other Receivables	<u>\$ 243,510</u>
Total Assets	<u>\$ 74,680,419</u>
Liabilities-	
Current Liabilities-	
Accounts Payable	\$ 1,706,435
Accrued Payroll	168,092
Accrued Expenses	18,038
Accrued Employee Vacations	<u>25,892</u>
Total Current Liabilities	<u>\$ 1,918,457</u>
Liabilities Payable from Restricted Assets-	
Current Portion of Revenue Bonds	\$ 1,064,672
Customer's Deposits	<u>818,031</u>
Total Payable from Restricted Assets	<u>\$ 1,882,703</u>

Continued next page.

See notes to financial statements.

City of Natchitoches, Louisiana
Statement of Net Assets
Proprietary Fund
Year Ended May 31, 2012

	<u>Business-Type Activities</u> <u>Enterprise Fund</u>
Noncurrent Liabilities-	
Revenue Bonds Payable	\$ 2,826,770
Net OPEB Obligation	128,879
Accrued Employee Vacations	<u>491,949</u>
Total Noncurrent Liabilities	<u>\$ 3,447,598</u>
Total Liabilities	<u>\$ 7,248,758</u>
Net Assets-	
Invested in Capital Assets, Net of Related Debt	\$ 51,040,756
Restricted for-	
Revenue Bond Retirement	3,891,442
Unrestricted	<u>12,499,463</u>
Total Net Assets	<u>\$ 67,431,661</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, 2012

	<u>Business-Type Activities</u> <u>Enterprise Fund</u>
Operating Revenues:	
Charges for Services-	
Electric	\$29,275,633
Water	3,689,258
Sewer	1,499,454
Miscellaneous-	
Penalties & Charges	430,090
New Account and Reconnect Fees	94,050
Production Credits	634,746
Bad Debt Recovery	3,809
Other	<u>15,686</u>
Total Operating Revenues	<u>\$35,642,726</u>
Operating Expenses:	
Utility Administration-	
Personnel Services	\$ 581,670
Utilities & Telephone	32,465
Supplies	302,429
Maintenance	103,390
Uncollectible Accounts	<u>167,050</u>
Total Administration	<u>\$ 1,187,004</u>
Electric-	
Personnel Services	\$ 1,381,175
Power Purchased	20,783,597
System Maintenance	373,988
Depreciation	572,008
Supplies & Miscellaneous	<u>156,574</u>
Total Electric	<u>\$23,267,342</u>
Water-	
Personnel Services	\$ 546,840
Treatment Expenses	804,757
System Maintenance	335,209
Utilities	320,860
Depreciation	885,822
Supplies & Miscellaneous	<u>44,914</u>
Total Water	<u>\$ 2,938,402</u>

City of Natchitoches, Louisiana
Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Fund
Year Ended May 31, 2012

	<u>Business-Type Activities</u> <u>Enterprise Fund</u>
Sewer-	
Personnel Services	\$ 653,761
Treatment Expenses	89,410
System Maintenance	211,073
Utilities	221,561
Depreciation	598,649
Supplies & Miscellaneous	<u>146,424</u>
Total Sewer	<u>\$ 1,920,878</u>
Information Technology Department-	
Personnel Services	\$ 135,560
Computer Software & Maintenance	121,777
Supplies & Maintenance	<u>25,535</u>
Total Information Technology Department	<u>\$ 282,872</u>
Total Operating Expenses	<u>\$29,596,498</u>
Income from Operations	<u>\$ 6,046,228</u>
Non-operating Revenues (Expenses):	
Interest Income	\$ 141,267
Insurance Recoveries	12,199
Gain (Loss) on Sale of Assets	(182,588)
Loss on Investments	(1,261)
Rental Income	92,019
Interest Expense	<u>(309,666)</u>
Total Non-operating Revenues (Expenses)	<u>\$ (248,030)</u>
Income Before Contributions and Transfers	<u>\$ 5,798,198</u>
Contributions and Transfers-	
Capital Contributions from Other Funds	\$ 1,919,697
Transfers Out	(6,883,500)
Transfer In	<u>828,500</u>
Total Contributions and Transfers	<u>\$ (4,135,303)</u>
Change in Net Assets	\$ 1,662,895
Net Assets at Beginning of Year	<u>65,768,766</u>
Net Assets at End of Year	<u>\$67,431,661</u>

See notes to financial statements.

City of Natchitoches, Louisiana
Statement of Cash Flows
Proprietary Fund
Year Ended May 31, 2012

	<u>Business-Type Activities</u> <u>Enterprise Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash Received from Customers	\$ 36,372,536
Cash Received from Customer Deposits	(3,457)
Cash Payments to Suppliers for Goods and Services	(24,545,700)
Cash Payments to Employees	<u>(3,276,096)</u>
Net Cash Provided by Operating Activities	<u>\$ 8,547,283</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:	
Rental Income	\$ 92,019
Transfers to Other Funds	(6,883,500)
Transfers from Other Funds	<u>828,500</u>
Net Cash Used by Non-capital Financing Activities	<u>\$ (5,962,981)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Gain on Sale of Assets	\$ 301,726
Insurance Recoveries	12,199
Acquisition and Construction of Capital Assets	(304,958)
Principal Paid on Capital Debt	(1,032,744)
Interest Paid on Capital Debt	<u>(309,666)</u>
Net Cash Provided by Capital and Related Financing Activities	<u>\$ (1,333,443)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest Income	\$ 141,267
Loss on Investments	<u>(1,261)</u>
Net Cash Provided by Investing Activities	<u>\$ 140,006</u>
Net Increase in Cash & Cash Equivalents	\$ 1,390,865
CASH & CASH EQUIVALENTS:	
Beginning of Year	<u>12,346,193</u>
End of Year	<u>\$ 13,737,058</u>

See notes to financial statements.

Continued next page.

City of Natchitoches, Louisiana
Statement of Cash Flows
Proprietary Fund
Year Ended May 31, 2012

	<u>Business-Type Activities</u> <u>Enterprise Fund</u>
RECONCILIATION OF INCOME FROM OPERATIONS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	
Income from Operations	\$ 6,046,228
ADJUSTMENTS TO RECONCILE INCOME FROM OPERATIONS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:	
Depreciation	2,056,479
Changes in Assets and Liabilities-	
Decrease in Accounts Receivable	969,366
Increase in Inventory	(99,398)
Decrease in Prepaid Expenses	13,615
Increase in Other Receivables	(239,556)
Decrease in Accounts Payable	(218,923)
Increase in Accrued Payroll	17,868
Increase in Accrued Expenses	19
Decrease in Compensated Absences	(28,713)
Increase in Net OPEB	33,755
Decrease in Customer's Deposits	<u>(3,457)</u>
Net Cash Provided by Operating Activities	<u>\$ 8,547,283</u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:	
<p>During the past year, the Enterprise Fund received Capital Assets with a net value of \$1,919,697 that were purchased and/or constructed by the Governmental Funds.</p>	
RECONCILIATION OF TOTAL CASH AND CASH EQUIVALENTS:	
Current Assets-	
Cash and Cash Equivalents	\$ 6,505,027
Restricted Assets-	
Cash and Cash Equivalents	<u>7,232,031</u>
Total Cash and Cash Equivalents	<u>\$13,737,058</u>

See notes to financial statements.

City of Natchitoches, Louisiana
Statement of Fiduciary Net Assets
Agency Fund
Cash Bond Fund
Year Ended May 31, 2012

<u>Assets</u>	
Accounts Receivable	<u>\$13,546</u>
<u>Liabilities</u>	
Cash Overdraft	\$ 114
Cash Bonds Held for Future Disposition	<u>13,432</u>
Total Liabilities	<u>\$13,546</u>

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

City of Natchitoches, Louisiana
Notes to Financial Statements
May 31, 2012

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, 2012

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
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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
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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, Basis of Accounting, and Financial Statement Presentation

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

City of 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
Notes to Financial Statements
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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, 2012 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	5-11 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.

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".

City of Natchitoches, Louisiana
Notes to Financial Statements
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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	\$ 7,200,566	\$1,044,450
Special Revenue Funds-		
Hazard Tax	49,611	1,057,920
Sales Tax Police	1,313	2,021,446
Events Center Operations	278,000	0
Airport Operations	150,932	1,924
Prisoner Bond Fund	6,208	0
HDDC Projects	44,433	7,500
Arts Funding	0	246
Main Street Promotions	246	0
Assistance to Firefighters FY '03	29,000	0
NHDDC Sidewalks Fund	0	432
Miss Merry Christmas	4,450	0
NW Law Enforcement	0	6,208
Knock Knock Grant	3,399	0
LLEBG	0	1,313
BJA Byrne JAG - Police & NPSO	5,140	0
Garbage Service	400,000	0
Employee Benefits	830,000	0
Liability Insurance	850,000	0
Workman's Compensation Fund	0	377,120
Debt Service General Obligations	185,568	0
Capital Projects Funds-		
Capital Projects-Sales Tax	0	816,506
Capital Improvements-Special	105,165	59,739
Utility Improvements-CLECO	600,000	0
Ben Johnson Park Phase II	0	3,762
Event Center Parking Lot	40,491	40,491
Virginia Baker Park	162,500	0
Capital Improvements - Streets	308,030	127,557

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	<u>Operating Transfers In</u>	<u>Operating Transfers Out</u>
Hayes Avenue Extension	2,557	0
Riverbank Wall Fund	1,324	0
LCDBG Fund	15,824	0
EECBG Fund	100,000	49,610
Airport Maintenance Projects	1,924	57
Industrial Park Road-Sewer	0	5,165
LCDBG - Housing	14,415	0
LCDBG Grants Fund	125,000	530
ARRA '09 Sewer Fund	682	0
Water Treatment Plant Fund	89,000	0
Enterprise Fund- Utility	828,500	6,883,500
Agency Fund- Police Bond	<u>71,198</u>	<u>0</u>
Totals	<u>\$12,505,476</u>	<u>\$12,505,476</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 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, 2012

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

In the fund statements, governmental fund equity is classified as fund balance. Beginning with fiscal year 2012, the City implemented GASB Statement 54 "Fund Balance Reporting and Governmental Fund Type Definitions". This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- a. Nonspendable fund balance---amounts that are not in a spendable form (such as prepaid expenses) or are required to be maintained intact;
- b. Restricted fund balance---amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;
- c. Committed fund balance---amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint;
- d. Assigned fund balance---amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;
- e. Unassigned fund balance---amounts that are available for any purpose. Only the General Fund would report positive amounts in unassigned fund balance.

City of Natchitoches, Louisiana
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The General Fund has an unassigned fund balance of \$1,803,700. If applicable, the City would typically use restricted fund balances first, followed by committed resources and assigned resources as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first and to defer the use of these other classified funds.

The purpose of nonspendable, restricted, and assigned fund balances is as follows:

	Prepaid Items	Debt Service	Acquisition of Capital Assets	Public Safety	Recreation & Culture	Economic Development	Workman's Compensation Insurance	Liability Insurance	Total
<u>Nonspendable:</u>									
General Fund	\$13,225	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 13,225
<u>Restricted:</u>									
General Fund	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Capital Projects-Sales Tax	0	2,988,000	12,757,161	0	0	0	0	0	15,745,161
Hazard Tax	0	427,280	0	0	0	0	0	0	427,280
Multi-Drug Task Force	0	0	0	5,417	0	0	0	0	5,417
Stop Grant	0	0	0	9,848	0	0	0	0	9,848
Prisoner Bond	0	0	0	30,103	0	0	0	0	30,103
Sales Tax Police	0	0	0	1,089,280	0	0	0	0	1,089,280
Local Government Assist.	0	0	0	25,655	0	0	0	0	25,655
Water Treatment Plant	0	1,530,010	0	0	0	0	0	0	1,530,010
Capital Improvements	0	0	348,188	0	0	0	0	0	348,188
General Obligations Fund	0	7,534	0	0	0	0	0	0	7,534
Total	\$ 0	\$4,952,824	\$13,105,349	\$1,160,303	\$ 0	\$ 0	\$ 0	\$ 0	\$19,218,476
<u>Assigned:</u>									
General Fund	\$ 0	\$ 77,315	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 77,315
Event Center Operations	0	0	0	0	0	71,988	0	0	71,988
Workman's Compensation	0	0	0	0	0	0	506,454	0	506,454
Drug Recovery	0	0	0	22,580	0	0	0	0	22,580
911 Grant Fire	0	0	0	87,894	0	0	0	0	87,894
Animal Shelter	0	0	0	32,769	0	0	0	0	32,769
Litter Abatement	0	0	0	2,339	0	0	0	0	2,339
Liability Insurance	0	0	0	0	0	0	0	949,592	949,592
Main Street Promotions	0	0	0	0	31,783	0	0	0	31,783
Cane River Green Market	0	0	0	0	0	2,842	0	0	2,842
911-Police Grant	0	0	0	75,252	0	0	0	0	75,252
NW Law Enforcement	0	0	0	5,588	0	0	0	0	5,588
Assistance to Firefighters	0	0	0	83,572	0	0	0	0	83,572
NHDDC Projects	0	0	0	0	0	149	0	0	149
State Office of Culture Dev.	0	0	0	0	0	2,693	0	0	2,693
Miss Merry Christmas	0	0	0	0	2,880	0	0	0	2,880
The Rapides Foundation	0	0	0	0	1,956	0	0	0	1,956
Street Improvements Fund	0	0	28,367	0	0	0	0	0	28,367
Utility Improvements Fund	0	0	1,770,326	0	0	0	0	0	1,770,326
Virginia Baker Parker	0	0	9,922	0	0	0	0	0	9,922
EECBG	0	0	18,911	0	0	0	0	0	18,911
Capital Improvements	0	168,563	0	0	0	0	0	0	168,563
Parking Lot Construction	0	0	26,403	0	0	0	0	0	26,403
Total	\$ 0	\$ 245,878	\$ 1,853,929	\$ 309,994	\$36,619	\$77,672	\$506,454	\$949,592	\$ 3,980,138

City of Natchitoches, Louisiana
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P. Net Assets

In the government-wide statements, equity is classified as net assets and displayed in three components:

- a. Invested in capital assets, net of related debt---Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net assets---Consists of net assets with constraints placed on their use either by (1) external groups such as creditors, grantors, contributions, or laws or regulations of other governments; or (2) law through constitutional provision or enabling legislation.
- c. Unrestricted net assets---All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt”.

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.

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.

City of Natchitoches, Louisiana
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Property Tax Calendar

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, 2012, taxes of 17.03 mills were levied on property with an assessed valuation totaling \$109,018,587 and were dedicated as follows:

General Corporate Purposes	7.03 mills	indefinite
Special Taxes	10.00 mills	expires 2018

Total taxes collected were \$1,855,820 after small adjustments were made to the original tax roll. A tax sale was held on May 15, 2012, 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	\$ 6,827,470
Pilgrim's Pride	2,932,110
Wal-mart Store, Inc.	1,412,210
AT&T Southeast Tax Dept.	1,305,990
City Bank	<u>1,197,090</u>
Total	<u>\$13,674,870</u>

3. Restricted Assets-Proprietary Fund Type

Restricted assets of the Utility Fund were applicable to the following at May 31, 2012 and 2011:

	<u>2012</u>	<u>2011</u>
Bond Reserve Account	\$2,424,386	\$2,405,355
Customer's Deposit Account	479,368	475,058
Bond Interest & Redemption Account	<u>4,328,277</u>	<u>4,328,277</u>
Total	<u>\$7,232,031</u>	<u>\$7,208,690</u>

City of Natchitoches, Louisiana
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4. Capital Assets

Capital assets and depreciation activity as of and for the year ended May 31, 2012, 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	\$ 4,915,514	\$ 234,463	\$ 0	\$0	\$ 5,149,977
Capital Assets; depreciated-					
Buildings	5,244,361	0	0	0	5,244,361
Furniture & Fixtures	29,224	0	0	0	29,224
Machinery & Equipment	2,546,091	144,413	76,623	0	2,613,881
Vehicles	4,206,649	63,356	0	0	4,270,005
Other Assets	539,973	308,950	810	0	848,113
Streets	92,379,184	1,482,800	0	0	93,861,984
Other Infrastructure	<u>5,649,840</u>	<u>11,000</u>	<u>0</u>	<u>0</u>	<u>5,660,840</u>
Total Assets	<u>\$115,510,836</u>	<u>\$2,244,982</u>	<u>\$ 77,433</u>	<u>\$0</u>	<u>\$117,678,385</u>
Accumulated Depreciation-					
Buildings	\$ 1,975,111	\$ 125,424	\$ 0	\$0	\$ 2,100,535
Furniture & Fixtures	28,653	0	0	0	28,653
Machinery & Equipment	1,935,099	163,972	76,348	0	2,022,723
Vehicles	2,835,253	290,999	0	0	3,126,252
Other Assets	223,971	50,743	0	0	274,714
Streets	84,592,563	616,166	0	0	85,208,729
Other Infrastructure	<u>4,539,709</u>	<u>109,308</u>	<u>0</u>	<u>0</u>	<u>4,649,017</u>
Total Accumulated Depn.	<u>\$ 96,130,359</u>	<u>\$1,356,612</u>	<u>\$ 76,348</u>	<u>\$0</u>	<u>\$ 97,410,623</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	661,108	0	0	3,308,308
Machinery & Equipment	147,968	0	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>\$ 4,187,004</u>	<u>\$ 661,108</u>	<u>\$ 0</u>	<u>\$0</u>	<u>\$ 4,848,112</u>

City of Natchitoches, Louisiana
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May 31, 2012

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
Accumulated Depreciation-					
Buildings	\$ 277,469	\$ 25,467	\$ 0	\$ 0	\$ 302,936
Other Infrastructure	750,856	80,187	0	0	831,043
Machinery & Equipment	68,693	19,220	0	0	87,913
Furniture & Fixtures	4,028	3,021	0	0	7,049
Vehicles	<u>18,749</u>	<u>3,510</u>	<u>0</u>	<u>0</u>	<u>22,259</u>
Total Accumulated Depn.	<u>\$ 1,119,795</u>	<u>\$ 131,405</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,251,200</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	\$ 940,764	\$ 216,574	\$ 0	\$ 0	\$ 1,157,338
Vehicles	22,935	0	0	0	22,935
Machinery & Equipment	176,593	33,744	0	0	210,337
Furniture & Fixtures	<u>8,051</u>	<u>895</u>	<u>0</u>	<u>0</u>	<u>8,946</u>
Total Accumulated Depn.	<u>\$ 1,148,343</u>	<u>\$ 251,213</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,399,556</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>\$ 54,588</u>	<u>\$ 54,588</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 109,176</u>
Total Accumulated Depn.	<u>\$ 54,588</u>	<u>\$ 54,588</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 109,176</u>
Events Center Parking Lot-					
Construction in Progress	<u>\$ 804,045</u>	<u>\$ 38,769</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 842,814</u>
Rehab Water Treatment Plant-					
Construction in Progress	<u>\$ 2,580,829</u>	<u>\$ 344,088</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 2,924,917</u>

City of Natchitoches, Louisiana
Notes to Financial Statements
May 31, 2012

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
Sewer System Upgrade- Construction in Progress	\$ <u>747,897</u>	\$ <u>122,567</u>	\$ <u>870,464</u>	\$ <u>0</u>	\$ <u>0</u>
Virginia Baker Park- Construction in Progress	\$ <u>210,176</u>	\$ <u>228,596</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>438,772</u>
Fire Stations Improvements- Construction in Progress	\$ <u>72,964</u>	\$ <u>352,049</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>425,013</u>
Airport Hangar- Construction in Progress	\$ <u>28,000</u>	\$ <u>374,999</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>402,999</u>
Fire Station Improvements Construction in Progress	\$ <u>11,000</u>	\$ <u>0</u>	\$ <u>11,000</u>	\$ <u>0</u>	\$ <u>0</u>
Airport Taxiway & Apron- Construction in Progress	\$ <u>569,745</u>	\$ <u>79,029</u>	\$ <u>628,899</u>	\$ <u>0</u>	\$ <u>19,875</u>
Hotel Land Development Construction in Progress	\$ <u>54,849</u>	\$ <u>344,522</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>399,371</u>
Total Assets-Governmental Funds	\$ <u>136,296,215</u>	\$ <u>4,790,709</u>	\$ <u>1,587,796</u>	\$ <u>0</u>	\$ <u>139,499,128</u>
Total Accumulated Depn.	\$ <u>98,453,085</u>	\$ <u>1,793,818</u>	\$ <u>76,348</u>	\$ <u>0</u>	\$ <u>100,170,555</u>
Total Nets Assets	\$ <u>37,843,130</u>	\$ <u>2,996,891</u>	\$ <u>1,511,448</u>	\$ <u>0</u>	\$ <u>39,328,573</u>

Depreciation expense of \$1,793,818 for the year ended May 31, 2012, was charged to the following governmental functions:

General Fund-	
Finance Department	\$ 55,792
Community Development Department	35,065
Planning & Zoning Department	4,698
Fire Department	126,733
Recreation Department	152,311
Public Works Department	796,712
Purchasing Department	4,496
Police Department	180,805
Airport Fund	131,405
Convention Center	251,213
Industrial Park South	<u>54,588</u>
Total	<u>\$1,793,818</u>

City of Natchitoches, Louisiana
Notes to Financial Statements
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	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
Business-type Activities:					
Utility Fund-					
Capital Assets; not depreciated-					
Land	\$ 758,408	\$ 0	\$ 0	\$0	\$ 758,408
Construction in Progress	284,963	0	284,963	0	0
Capital Assets; depreciated-					
Buildings	1,853,925	45,513	0	0	1,899,438
Furniture & Fixtures	315,231	0	0	0	315,231
Machinery & Equipment	9,835,522	52,500	0	0	9,888,022
Vehicles	1,284,812	54,914	19,807	0	1,319,919
Electric System	19,773,961	1,169,309	255,579	0	20,687,691
Water System	32,909,933	31,955	0	0	32,941,888
Sewer System	<u>21,037,203</u>	<u>870,464</u>	<u>0</u>	<u>0</u>	<u>21,907,667</u>
Total Assets	<u>\$88,053,958</u>	<u>\$2,224,655</u>	<u>\$560,349</u>	<u>\$0</u>	<u>\$89,718,264</u>
Accumulated Depreciation-					
Buildings	\$ 712,754	\$ 37,989	\$ 0	\$0	\$ 750,743
Furniture & Fixtures	315,231	0	0	0	315,231
Machinery & Equipment	8,492,096	494,401	0	0	8,986,497
Vehicles	1,284,810	8,233	19,807	0	1,273,236
Electric System	5,890,831	418,865	56,227	0	6,253,469
Water System	9,956,072	658,838	0	0	10,614,910
Sewer System	<u>6,153,827</u>	<u>438,153</u>	<u>0</u>	<u>0</u>	<u>6,591,980</u>
Total Accumulated Depn	<u>\$32,805,621</u>	<u>\$2,056,479</u>	<u>\$ 76,034</u>	<u>\$0</u>	<u>\$34,786,066</u>
Total Net Assets	<u>\$55,248,337</u>	<u>\$ 168,176</u>	<u>\$484,315</u>	<u>\$0</u>	<u>\$54,932,198</u>

Depreciation expense of \$2,056,479 for the year ended May 31, 2012, was charged to the following business-type functions:

Electric System	\$ 572,009
Water System	885,822
Sewer System	<u>598,648</u>
Total Utility Fund	<u>\$2,056,479</u>

5. Long-Term Debt

General Obligation-At May 31, 2012, 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 issued for 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.

City of Natchitoches, Louisiana
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- 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 additional funds in the amount of \$1,500,000. The \$590,000 in refunded bonds were for the Police Department, and \$590,000 of the debt issue is to be paid from the Sales Tax Police Fund. The remaining \$1,500,000 was 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) 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, 2009 to fund the rehabilitation of Water Treatment Plant #1. As of May 31, 2012, total bond proceeds were \$2,407,725, of which \$448,385 are American Recovery and Reinvestment Act (ARRA) funds. These bonds are to be repaid from the Utility Fund.
- 8) Purchase agreement dated May 2012, with the Thaxton Family Trusts for the purchase of land at the intersection of Second Street and Amulet Street. The original purchase price was \$233,563, with annual payments to be made over five years with no interest payments. This debt is being paid by the Capital Improvements Special 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.

City of Natchitoches, Louisiana
Notes to Financial Statements
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General Obligations and Revenue Bonds Outstanding at May 31, 2012, are as follows:

<u>Issue</u>	<u>Issue</u> <u>Date</u>	<u>Final Maturity</u> <u>Date</u>	<u>Interest</u> <u>Rates</u>	<u>Balance</u> <u>Outstanding</u>
General Obligation-				
DEQ #6	08-15-02	01-01-23	3.95%	\$ 2,253,000
Series 2003 Refunding	08-13-03	07-01-14	3.00%	735,000
Series 2003 C of I	08-13-03	08-01-13	3.00%	340,000
Oshkosh Capital	12-12-07	10-29-17	1.75%	440,800
Scott Financial	02-25-09	02-25-14	5.84%	40,753
Komatsu Financial	11-14-08	11-14-13	3.50%	36,562
Series 2009 Revolving	12-12-09	12-01-30	2.95%	2,318,725
Thaxton Family Trusts	05-01-12	05-01-16	0.00%	<u>168,563</u>
 Total General Obligation Debt				 \$ <u>6,333,403</u>
Revenue Bonds-				
1993 Series A, DEQ #3	06-01-99	12-01-13	2.95%	\$ 586,442
Series 2003 A	08-13-04	12-01-22	4.00%	1,330,000
Series 2003 B	08-13-04	12-01-22	4.00%	1,220,000
1999 Revenue, DEQ #5	07-20-99	07-20-19	3.45%	<u>755,000</u>
 Total Revenue Bonds				 \$ <u>3,891,442</u>
 Total General Obligation and Revenue Bonds Payable				 \$ <u>10,224,845</u>

The annual debt service requirements to maturity of all long-term debt outstanding at May 31, 2012, excluding interest payments of \$2,098,070 are as follows:

<u>Year Ending</u> <u>May 31</u>	<u>General</u> <u>Obligation</u>	<u>Revenue</u> <u>Bonds</u>	<u>Total</u>
2013	\$1,032,346	\$1,064,672	\$2,097,018
2014	849,263	1,101,770	1,951,033
2015	385,797	195,000	580,797
2016	397,853	200,000	597,853
2017	372,430	210,000	582,430
2018	386,395	220,000	606,395
2019	314,444	230,000	544,444
2020	326,538	240,000	566,538
Thereafter	<u>2,268,337</u>	<u>430,000</u>	<u>2,698,337</u>
Total	<u>\$6,333,403</u>	<u>\$3,891,442</u>	<u>\$10,224,845</u>

City of Natchitoches, Louisiana
Notes to Financial Statements
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The following is a summary of changes in long-term debt for the year ended May 31, 2012:

	<u>Balance</u> <u>06-01-11</u>	<u>Additions</u>	<u>Reduction</u>	<u>Balance</u> <u>05-31-12</u>
General Obligation	\$ 7,177,673	\$397,276	\$1,241,546	\$ 6,333,403
Revenue Bonds	4,924,186	0	1,032,744	3,891,442
Compensated Absences	<u>2,377,539</u>	<u>48,081</u>	<u>0</u>	<u>2,425,620</u>
Total	<u>\$14,479,398</u>	<u>\$445,357</u>	<u>\$2,274,290</u>	<u>\$12,650,465</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, all with indefinite expiration dates. One of the 1% sales and use tax levies is dedicated to the General Fund, to be used as operating monies. Collections for 2012 were \$3,793,725. The .5% levy is dedicated to the Police Department. Collections for 2012 were \$1,896,862.

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.
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.

City of Natchitoches, Louisiana
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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:

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 compensation for each year of creditable service.

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“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.

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 16.75 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, 2012, 2011 and 2010, were \$816,697, \$718,647, and \$689,506, respectively, equal to the required contributions for each year.

City of Natchitoches, Louisiana
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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 10.00 percent of their annual covered salary and the City of Natchitoches is required to contribute at an actuarially determined rate. The current rate is 26.50 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, 2012, 2011, and 2010, were \$610,279, \$560,822, and \$227,677, 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.

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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 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 10.00 percent of their annual covered salary and the City is required to contribute at an actuarially determined rate. The current rate is 23.25 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, 2012, 2011, and 2010, were \$452,601, \$408,521, and \$251,474, respectively, equal to the required contributions for each year.

9. Pending Litigation/Contingencies

Various lawsuits are presently pending against the City of Natchitoches. In all but one case 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 one case where the City could have exposure at May 31, 2012, is 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.

10. Cash and Investments

Cash and investments are held separately by each of the City's funds. At May 31, 2012, cash and investments totaled \$37,762,534 (book balances), including \$3,615 cash on hand. Bank account and investment balances at May 31, 2012, totaled \$39,105,685, and of this amount \$4,983,840 was secured by government securities. The remaining amount was secured as follows: \$1,423,272 with FDIC insurance and \$32,698,573 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.

City of Natchitoches, Louisiana
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11. Compensation of City Councilmen

A detail of compensation paid to individual council members for the year ended May 31, 2012 follows:

Don Mims	\$10,729
Jack McCain, Jr.	8,307
Larry Payne	8,329
Sylvia Morrow	8,329
Dale A. Nielsen	<u>8,329</u>
Total	<u>\$44,023</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, 2012:

<u>Class of Receivable</u>	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Capital Projects Funds</u>	<u>Proprietary Funds</u>	<u>Agency Funds</u>
Tax, Licenses & Permits- Sales & Use Tax	\$338,152	\$176,553	\$417,985	\$ 0	\$ 0
Intergovernmental- Federal	0	0	76,586	0	0
State	0	0	178,091	0	0
Local	36,640	40,000	0	0	0
Other Receivables	<u>8,645</u>	<u>343,432</u>	<u>22,792</u>	<u>4,578,023</u>	<u>13,546</u>
Total	<u>\$383,437</u>	<u>\$559,985</u>	<u>\$695,454</u>	<u>\$4,578,023</u>	<u>\$13,546</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, 2012, 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	\$ 92,940	\$229,362	\$212,453	\$1,706,435
Accrued Payroll	519,256	20,174	0	168,092
Accrued Expenses	<u>236,872</u>	<u>115,327</u>	<u>709,000</u>	<u>18,038</u>
Total	<u>\$849,068</u>	<u>\$364,863</u>	<u>\$921,453</u>	<u>\$1,892,565</u>

15. Fund Deficits

The following individual funds have deficits in unassigned fund balances at May 31, 2012:

<u>Fund</u>	<u>Deficit Amount</u>
Special Revenue Funds-	
Airport Operations	\$ 190,016
Employee Benefits	126,261
Knock-Knock Grant	3,992
Garbage Service	298,986
Keep Louisiana Beautiful	4,185
Economic Development Districts	164,492
Capital Projects Funds-	
Pilgrim's Industrial Park	520,221
Riverbank Wall	1,675
DOTD Gateway Phase II	3,402
DOTD/LA 478 UT Relocation	31,042
Airport Maintenance	10,644
LCDBG Housing Fund	40
Airport Hanger	<u>118,274</u>
Total	<u>\$1,473,230</u>

Special Revenue Funds - These deficits will be funded by transfers from other funds in future years. The Garbage Service Fund deficit will be recouped in small increments over the life of the five-year contract.

City of Natchitoches, Louisiana
Notes to Financial Statements
May 31, 2012

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.

In addition to deficit fund balances, the City has various funds which have cash overdrafts. Of the total cash deficits of \$1,422,145, \$641,895 will be funded by the receipt of revenue receivables and the remaining \$780,250 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. There is the additional requirement for retiree medical benefits that the retiree have at least twenty years of service with the City of Natchitoches. 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. In 2012 and 2011, the City's portion of health care funding cost for retired employees totaled \$180,960 and \$151,609, respectively.

Effective 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). This amount was applied toward the Net OPEB Benefit Obligation as shown in the following table.

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 actuarially computed ARC is as follows:

	<u>2012</u>	<u>2011</u>
Normal Cost	\$151,337	\$158,081
30-year UAL amortization amount	<u>183,759</u>	<u>209,224</u>
Annual required contribution (ARC)	<u>\$335,096</u>	<u>\$367,305</u>

City of Natchitoches, Louisiana
Notes to Financial Statements
May 31, 2012

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, 2012:

	<u>2012</u>	<u>2011</u>
Annual required contribution	\$ 335,096	\$ 367,305
Interest on Net OPEB Obligation	16,547	8,062
ARC Adjustment	<u>(23,922)</u>	<u>(11,656)</u>
OPEB Cost	\$ 327,721	\$363,711
Contribution	0	0
Current year retiree premium	<u>(180,960)</u>	<u>(151,609)</u>
Change in Net OPEB Obligation	\$ 146,761	\$212,102
Beginning Net OPEB Obligation	<u>413,654</u>	<u>201,552</u>
Ending Net OPEB Obligation	<u>\$ 560,415</u>	<u>\$413,654</u>

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 for last year and this year:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual Cost Contributed</u>	<u>Net OPEB Liability</u>
May 31, 2012	\$327,721	55.22%	\$560,415
May 31, 2011	\$363,711	41.68%	\$413,654

Funded Status and Funding Progress. In 2012 and 2011, the City of Natchitoches made no contributions to its post employment benefits plan. The plan is not funded, has no assets, and hence has a funded ratio of zero. Based on the June 1, 2011 actuarial valuation, the most recent valuation, the Actuarial Accrued Liability (AAL) at the end of the year May 31, 2012 was \$3,177,575, 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.

	<u>2012</u>	<u>2011</u>
Actuarial Accrued Liability (AAL)	\$3,177,575	\$3,762,695
Actuarial Value of Plan Assets (AVP)	<u>0</u>	<u>0</u>
Unfunded Act. Accrued Liability (UAAL)	<u>\$3,177,575</u>	<u>\$3,762,695</u>
Funded Ratio (Act. Val. Assets/AAL)	0%	0%
Covered Payroll (active plan members)	\$10,157,237	\$9,680,875
UAAL as a percentage of covered payroll	31.28%	38.90%

City of Natchitoches, Louisiana
Notes to Financial Statements
May 31, 2012

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. There are not any plan 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.

Turnover Rate. An age-related turnover scale based on actual experience has been used. The rates, when applied to the active employee census, produce a composite average annual turnover of approximately 11%.

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 based on the earliest eligibility. 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. There is the additional requirement for retiree medical benefits that the retiree have at least twenty years of service with the City of Natchitoches.

City of Natchitoches, Louisiana
Notes to Financial Statements
May 31, 2012

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.

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 a published mortality table which was designed to be used in determining the value of accrued benefits in defined benefit pension plans.

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.

Inflation Rate - Included in both the Investment Return Assumption and the Healthcare Cost Trend rates above is an implicit inflation assumption of 2.50% annually.

Projected Salary Increases - This assumption is not applicable since neither the benefit structure nor the valuation methodology involves salary.

Post-retirement Benefit Increases - The plan benefit provisions in effect for retirees as of the valuation date have been used and it has been assumed for valuation purposes that there will not be any changes in the future.

City of Natchitoches, Louisiana
Notes to Financial Statements
May 31, 2012

Below is a summary of OPEB cost and contributions for the last three fiscal calendar years.

	<u>OPEB Costs and Contributions</u>		
	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>
OPEB Cost	\$ 353,178	\$ 363,711	\$ 327,721
Contribution	0	0	0
Retiree premium	<u>(151,607)</u>	<u>(151,609)</u>	<u>(180,960)</u>
Total contribution and premium	<u>\$(151,607)</u>	<u>\$(151,609)</u>	<u>\$(180,960)</u>
Change in net OPEB obligation	<u>\$ 201,571</u>	<u>\$ 212,102</u>	<u>\$ 146,761</u>
% of contribution to cost	0.00%	0.00%	0.00%
% of contribution plus premium to cost	42.93%	41.68%	55.22%

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, 2012, 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 \$546,824 and the related expenditures are as follows:

City Marshal's Office	\$ 18,000
City Police Department	274,568
City Fire Department	<u>254,256</u>
Total	<u>\$546,824</u>

City of Natchitoches, Louisiana
Notes to Financial Statements
May 31, 2012

19. Subsequent Events:

Management has evaluated events through November 2, 2012, the date which the financial statements were available for issue. We noted the following items to be reported as subsequent events:

- 1) Resolution #26 2012, the City accepted a federal grant from Assistance to Firefighters in the amount of \$870,772 to purchase a one hundred foot aerial apparatus fire truck. The City's share of the cost is \$45,831 and the total cost of the fire truck is \$916,603. While the grant was approved at May 31, 2012, funds will not be received or expended until fiscal year 2013.
- 2) Resolution #27 2012, the City accepted a federal grant in the amount of \$766,743 to purchase radios. The City and parish fire districts' portion is \$89,193 and the total cost of the radios is \$855,936. While the grant was approved at May 31, 2012, funds will not be received or expended until fiscal year 2013.

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, 2012

	<u>Budgeted Amounts</u>		<u>2012 Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Taxes	\$ 4,897,500	\$ 4,897,500	\$ 4,933,480	\$ 35,980
Licenses & Permits	660,400	660,400	732,779	72,379
Intergovernmental	553,388	2,036,188*	2,608,285	572,097
Charges for Services	63,700	63,700	48,352	(15,348)
Fines & Forfeits	170,000	170,000	178,854	8,854
Miscellaneous	<u>205,500</u>	<u>312,500</u>	<u>385,463</u>	<u>72,963</u>
Total Revenues	\$ <u>6,550,488</u>	\$ <u>8,140,288</u>	\$ <u>8,887,213</u>	\$ <u>746,925</u>
EXPENDITURES:				
Current-				
General Government	\$ 3,123,830	\$ 3,190,306	\$ 3,029,987	\$ 160,319
Public Safety	6,944,406	6,940,958	7,672,074	(731,116)
Streets & Sanitation	1,342,888	2,825,688*	2,823,909	1,779
Economic Development	300,499	301,699	276,253	25,446
Health & Welfare	219,501	222,501	230,930	(8,429)
Recreation & Culture	859,401	993,725	936,910	56,815
Debt Service	<u>50,000</u>	<u>50,000</u>	<u>49,965</u>	<u>35</u>
Total Expenditures	\$ <u>12,840,525</u>	\$ <u>14,524,877</u>	\$ <u>15,020,028</u>	\$ <u>(495,151)</u>
Excess (Deficiency) of Revenues over Expenditures	\$ <u>(6,290,037)</u>	\$ <u>(6,384,589)</u>	\$ <u>(6,132,815)</u>	\$ <u>251,774</u>
OTHER FINANCING SOURCES (USES):				
Operating Transfers In	\$ 7,044,487	\$ 7,134,487	\$ 7,200,566	\$ 66,079
Operating Transfers Out	<u>(754,450)</u>	<u>(754,450)</u>	<u>(1,044,450)</u>	(290,000)
Total Other Financing	\$ <u>6,290,037</u>	\$ <u>6,380,037</u>	\$ <u>6,156,116</u>	\$ <u>(223,921)</u>
Excess (Deficiency) of Revenues and Other Sources over Expen- ditures and Other Uses	\$ 0	\$ (4,552)	\$ 23,301	\$ 27,853
Fund Balance-Beginning of Year	<u>1,870,939</u>	<u>1,870,939</u>	<u>1,870,939</u>	<u>0</u>
Fund Balance-End of Year	\$ <u>1,870,939</u>	\$ <u>1,866,387</u>	\$ <u>1,894,240</u>	\$ <u>27,853</u>

*Streets donated to the City by DOTD; therefore budget adjusted for non-GAAP adjusting journal entries.

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, 2012

	<u>Budgeted Amounts</u>		<u>2012 Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Taxes-				
Cable TV Franchise	\$ 225,000	\$ 225,000	\$ 230,781	\$ 5,781
Atmos Franchise	195,000	195,000	142,079	(52,921)
Sales & Use Tax	3,752,500	3,752,500	3,793,725	41,225
Ad Valorem Taxes	<u>725,000</u>	<u>725,000</u>	<u>766,895</u>	<u>41,895</u>
Total Taxes	<u>\$4,897,500</u>	<u>\$4,897,500</u>	<u>\$4,933,480</u>	<u>\$ 35,980</u>
Licenses & Permits-				
Insurance Licenses	\$ 175,000	\$ 175,000	\$ 198,094	\$ 23,094
Liquor Licenses	15,000	15,000	22,321	7,321
Occupational Licenses`	400,000	400,000	444,709	44,709
Building Permits	70,000	70,000	67,555	(2,445)
Mobile Home Permits	200	200	50	(150)
Street Breaking Permits	<u>200</u>	<u>200</u>	<u>50</u>	<u>(150)</u>
Total Licenses & Permits	<u>\$ 660,400</u>	<u>\$ 660,400</u>	<u>\$ 732,779</u>	<u>\$ 72,379</u>
Intergovernmental-				
Beer Taxes	\$ 30,000	\$ 30,000	\$ 20,586	\$ (9,414)
Payments in Lieu of Taxes	75,000	75,000	92,346	17,346
Housing Authority	7,000	7,000	0	(7,000)
Main Street Program-DOTD	29,000	29,000	29,280	280
Fire Insurance Tax	60,000	60,000	60,982	982
School Board-Crossing Guards	55,000	55,000	79,711	24,711
NHDDC	47,000	47,000	47,000	0
Police Jury	3,131	3,131	3,131	0
Wage Reimbursement	241,257	241,257	226,116	(15,141)
City Court	6,000	6,000	6,500	500
Local Grant-Miscellaneous	0	0	13,009	13,009
State Supplemental Pay	0	0	546,824	546,824
DOTD-Street Donation	<u>0</u>	<u>1,482,800*</u>	<u>1,482,800</u>	<u>0</u>
Total Intergovernmental	<u>\$ 553,388</u>	<u>\$ 2,036,188</u>	<u>\$2,608,285</u>	<u>\$572,097</u>

*Streets donated to the City by DOTD; therefore budget adjusted for non-GAAP adjusting journal entries.

Continued next page.

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, 2012

	<u>Budgeted Amounts</u>		<u>2012 Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Charges for Services-				
Animal Shelter	\$ 5,000	\$ 5,000	\$ 8,095	\$ 3,095
Recreation Department	36,200	36,200	25,403	(10,797)
Police Fees	9,000	9,000	11,365	2,365
Demolition/Grass Cutting	11,000	11,000	2,539	(8,461)
Rezoning	<u>2,500</u>	<u>2,500</u>	<u>950</u>	<u>(1,550)</u>
Total Charges for Services	<u>\$ 63,700</u>	<u>\$ 63,700</u>	<u>\$ 48,352</u>	<u>\$ (15,348)</u>
Fines & Forfeits-				
Warrant Bond Fee	\$ 45,000	\$ 45,000	\$ 43,167	\$ (1,833)
Court Costs	10,000	10,000	10,331	331
Court Fines	80,000	80,000	92,980	12,980
Marshal's Office	<u>35,000</u>	<u>35,000</u>	<u>32,376</u>	<u>(2,624)</u>
Total Fines & Forfeits	<u>\$ 170,000</u>	<u>\$ 170,000</u>	<u>\$ 178,854</u>	<u>\$ 8,854</u>
Miscellaneous-				
Insurance Recovery	\$ 1,000	\$ 1,000	\$ 3,735	\$ 2,735
Workman's Comp. Recovery	5,000	5,000	5,046	46
Interest Income	150,000	150,000	224,957	74,957
Rent Income	16,500	16,500	28,341	11,841
Sales of Surplus	8,000	8,000	1,492	(6,508)
Gain on Investments	0	0	7,327	7,327
Other	<u>25,000</u>	<u>132,000</u>	<u>114,565</u>	<u>(17,435)</u>
Total Miscellaneous	<u>\$ 205,500</u>	<u>\$ 312,500</u>	<u>\$ 385,463</u>	<u>\$ 72,963</u>
TOTAL REVENUES	<u>\$6,550,488</u>	<u>\$8,140,288</u>	<u>\$8,887,213</u>	<u>\$ 746,925</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, 2012

	<u>Budgeted Amounts</u>		<u>2012 Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
GENERAL GOVERNMENT:				
City Hall-				
Personnel Cost	\$ 435,702	\$ 428,302	\$ 434,844	\$ (6,542)
Supplies & Postage	32,800	33,900	38,370	(4,470)
Maintenance	13,250	23,250	19,602	3,648
Mayor's Expense	8,000	8,000	8,093	(93)
Fuel, Travel & Auto	12,500	15,200	16,382	(1,182)
Utilities	17,700	5,200	3,809	1,391
Miscellaneous	<u>7,930</u>	<u>14,030</u>	<u>15,446</u>	<u>(1,416)</u>
Total	<u>\$ 527,882</u>	<u>\$ 527,882</u>	<u>\$ 536,546</u>	<u>\$ (8,664)</u>
Purchasing Department-				
Personnel Cost	\$ 246,814	\$ 246,814	\$ 225,762	\$ 21,052
Supplies & Postage	14,350	14,350	9,675	4,675
Maintenance	14,500	14,500	8,834	5,666
Fuel, Travel & Auto	7,700	7,700	6,727	973
Utilities	16,750	16,750	14,176	2,574
Miscellaneous	15,150	15,150	11,675	3,475
Capital Expenditures	<u>0</u>	<u>0</u>	<u>41,985</u>	<u>(41,985)</u>
Total	<u>\$ 315,264</u>	<u>\$ 315,264</u>	<u>\$ 318,834</u>	<u>\$ (3,570)</u>
City Garage-				
Personnel Cost	\$ 181,082	\$ 181,082	\$ 200,918	\$ (19,836)
Supplies & Postage	12,830	18,630	17,039	1,591
Repairs & Miscellaneous	5,775	4,975	4,518	457
Utilities	7,750	7,750	6,303	1,447
Capital Expenditures	<u>5,000</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total	<u>\$ 212,437</u>	<u>\$ 212,437</u>	<u>\$ 228,778</u>	<u>\$ (16,341)</u>

Continued next page.

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, 2012

	Budgeted Amounts		2012 Actual	Variance- Favorable (Unfavorable)
	Original	Final		
City Court-				
Personnel Cost	\$ 157,054	\$ 157,054	\$ 156,125	\$ 929
Office & Supplies	1,500	1,500	1,136	364
Total	<u>\$ 158,554</u>	<u>\$ 158,554</u>	<u>\$ 157,261</u>	<u>\$ 1,293</u>
Community Affairs-				
Personnel Cost	\$ 306,950	\$ 298,850	\$ 299,712	\$ (862)
Fuel & Travel	10,450	12,450	14,509	(2,059)
Repairs & Miscellaneous	22,787	16,887	14,297	2,590
Supplies & Postage	15,500	15,000	10,434	4,566
Utilities	13,200	9,800	9,627	173
Capital Expenditures	5,000	0	0	0
Total	<u>\$ 373,887</u>	<u>\$ 352,987</u>	<u>\$ 348,579</u>	<u>\$ 4,408</u>
Planning & Zoning-				
Personnel Cost	\$ 154,638	\$ 154,638	\$ 174,355	\$ (19,717)
Supplies & Postage	6,050	6,050	12,090	(6,040)
Repairs & Miscellaneous	26,500	26,500	32,684	(6,184)
Fuel & Travel	6,500	6,500	4,133	2,367
Utilities	3,000	3,000	2,165	835
Total	<u>\$ 196,688</u>	<u>\$ 196,688</u>	<u>\$ 225,427</u>	<u>\$ (28,739)</u>
Beautification-				
Personnel Cost	\$ 107,461	\$ 105,961	\$ 105,586	\$ 375
Supplies	32,550	61,050	62,003	(953)
Utilities	1,800	1,800	889	911
Fuel & Travel	5,400	6,800	7,212	(412)
Repairs & Miscellaneous	2,900	3,000	870	2,130
Total	<u>\$ 150,111</u>	<u>\$ 178,611</u>	<u>\$ 176,560</u>	<u>\$ 2,051</u>

Continued next page.

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, 2012

	<u>Budgeted Amounts</u>		<u>2012 Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Municipal Buildings-				
Utilities	\$ 18,300	\$ 14,250	\$ 12,897	\$ 1,353
Supplies	34,700	25,257	25,651	(394)
Repairs & Maintenance	15,765	29,808	37,606	(7,798)
Other	<u>9,400</u>	<u>11,250</u>	<u>12,346</u>	<u>(1,096)</u>
Total	<u>\$ 78,165</u>	<u>\$ 80,565</u>	<u>\$ 88,500</u>	<u>\$ (7,935)</u>
General Accounts-				
Personnel Costs	\$ 605,307	\$ 621,133	\$ 504,271	\$ 116,862
Legal & Audit	75,000	63,200	47,553	15,647
Supplies	18,900	140,900	113,318	27,582
Municipal Utilities	114,700	27,700	8,185	19,515
Employee Benefits	127,857	123,857	126,091	(2,234)
Miscellaneous	<u>169,078</u>	<u>190,528</u>	<u>150,084</u>	<u>40,444</u>
Total	<u>\$ 1,110,842</u>	<u>\$ 1,167,318</u>	<u>\$ 949,502</u>	<u>\$ 217,816</u>
TOTAL GENERAL GOVERNMENT	<u>\$ 3,123,830</u>	<u>\$ 3,190,306</u>	<u>\$ 3,029,987</u>	<u>\$ 160,319</u>
PUBLIC SAFETY:				
Fire Department-				
Personnel Cost	\$ 2,545,202	\$ 2,523,702	\$ 2,951,168	\$(427,466)
Fuel & Oil	35,000	33,500	34,915	(1,415)
Maintenance	25,740	29,504	29,406	98
Supplies & Miscellaneous	45,232	62,284	73,398	(11,114)
Training & Travel	6,965	9,665	8,920	745
Uniforms	10,000	13,300	13,179	121
Utilities	<u>29,800</u>	<u>25,536</u>	<u>30,079</u>	<u>(4,543)</u>
Total	<u>\$ 2,697,939</u>	<u>\$ 2,697,491</u>	<u>\$ 3,141,065</u>	<u>\$(443,574)</u>

Continued next page.

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, 2012

	<u>Budgeted Amounts</u>		<u>2012 Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Police Department-				
Personnel Cost	\$ 3,601,108	\$ 3,553,278	\$ 3,842,785	\$(289,507)
Fuel	183,000	183,000	211,142	(28,142)
Maintenance	92,000	96,850	67,070	29,780
Prisoner Maintenance	45,000	37,500	20,636	16,864
Utilities	64,500	89,730	87,612	2,118
Miscellaneous	55,950	64,260	57,129	7,131
Supplies & Uniforms	57,600	71,740	80,705	(8,965)
Office Expense	13,000	12,800	8,798	4,002
Marshal's Expense	134,309	134,309	154,780	(20,471)
Capital Expenditures	<u>0</u>	<u>0</u>	<u>352</u>	<u>(352)</u>
Total	\$ <u>4,246,467</u>	\$ <u>4,243,467</u>	\$ <u>4,531,009</u>	\$ <u>(287,542)</u>
 TOTAL PUBLIC SAFETY	\$ <u>6,944,406</u>	\$ <u>6,940,958</u>	\$ <u>7,672,074</u>	\$ <u>(731,116)</u>
 STREETS & SANITATION:				
Personnel Cost	\$ 977,588	\$ 930,546	\$ 928,250	\$ 2,296
Street Materials	55,000	32,000	31,721	279
Maintenance	79,000	103,622	90,473	13,149
Fuel & Oil	85,000	97,500	104,104	(6,604)
Supplies & Miscellaneous	84,800	125,300	133,494	(8,194)
Garbage Disposal	43,000	36,420	36,269	151
Utilities	13,500	13,500	14,157	(657)
Uniforms	5,000	4,000	2,641	1,359
Capital Expenditures	<u>0</u>	<u>1,482,800*</u>	<u>1,482,800</u>	<u>0</u>
 TOTAL STREETS & SANITATION	\$ <u>1,342,888</u>	\$ <u>2,825,688</u>	\$ <u>2,823,909</u>	\$ <u>1,779</u>

*Streets donated to the City by DOTD; therefore budget adjusted for non-GAAP adjusting journal entries.

Continued next page.

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, 2012

	<u>Budgeted Amounts</u>		<u>2012</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	\$ 101,401	\$ 99,901	\$ 96,364	\$ 3,537
Fuel & Maintenance	9,000	10,400	10,754	(354)
Supplies & Miscellaneous	20,100	27,930	19,962	7,968
Utilities	21,500	13,770	13,058	712
Capital Expenditures	<u>0</u>	<u>0</u>	<u>20,834</u>	<u>(20,834)</u>
Total	\$ 152,001	\$ 152,001	\$ 160,972	\$ (8,971)
Other Health & Welfare-				
Coroner's Expense	<u>67,500</u>	<u>70,500</u>	<u>69,958</u>	<u>542</u>
TOTAL HEALTH & WELFARE	\$ <u>219,501</u>	\$ <u>222,501</u>	\$ <u>230,930</u>	\$ <u>(8,429)</u>
RECREATION & CULTURE:				
MLK Recreation Center-				
Personnel Cost	\$ 32,251	\$ 30,751	\$ 33,215	\$ (2,464)
Telephone & Utilities	43,300	42,600	26,342	16,258
Supplies & Miscellaneous	13,125	22,708	23,579	(871)
Facility Maintenance	8,900	37,148	40,342	(3,194)
Capital Expenditures	<u>0</u>	<u>0</u>	<u>8,623</u>	<u>(8,623)</u>
Total	\$ <u>97,576</u>	\$ <u>133,207</u>	\$ <u>132,101</u>	\$ <u>1,106</u>
Recreation Department:				
Personnel Cost	\$ 515,035	\$ 477,700	\$ 470,740	\$ 6,960
Repairs & Maintenance	46,550	155,690	146,750	8,940
Materials & Supplies	67,566	102,806	90,950	11,856
Services & Miscellaneous	28,000	32,848	23,067	9,781
Programs	56,474	56,474	56,101	373
Utilities	31,500	26,500	17,201	9,299
Capital Expenditures	<u>16,700</u>	<u>8,500</u>	<u>0</u>	<u>8,500</u>
Total	\$ <u>761,825</u>	\$ <u>860,518</u>	\$ <u>804,809</u>	\$ <u>55,709</u>
TOTAL RECREATION & CULTURE	\$ <u>859,401</u>	\$ <u>993,725</u>	\$ <u>936,910</u>	\$ <u>56,815</u>

Continued next page.

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, 2012

	<u>Budgeted Amounts</u>		<u>2012 Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
DEBT SERVICE:				
Principal	\$ <u>50,000</u>	\$ <u>50,000</u>	\$ <u>49,965</u>	\$ <u>35</u>
ECONOMIC DEVELOPMENT:				
Outside Appropriations	\$ 215,499	\$ 216,699	\$ 204,309	\$ 12,390
Promotional Expenditures	<u>85,000</u>	<u>85,000</u>	<u>71,944</u>	<u>13,056</u>
TOTAL ECONOMIC DEVELOPMENT	\$ <u>300,499</u>	\$ <u>301,699</u>	\$ <u>276,253</u>	\$ <u>25,446</u>
TOTAL EXPENDITURES	\$ <u>12,840,525</u>	\$ <u>14,524,877</u>	\$ <u>15,020,028</u>	\$ <u>(495,151)</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, 2012

	<u>Budgeted Amounts</u>		<u>2012 Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
OTHER FINANCING				
SOURCES (USES):				
Transfers from Other Funds-				
Enterprise (Utility) Fund	\$4,173,860	\$4,173,860	\$ 4,173,860	\$ 0
Hazard Tax Fund	928,920	928,920	928,920	0
Sales Tax Police Fund	1,941,707	1,941,707	1,941,707	0
Miscellaneous Funds	<u>0</u>	<u>90,000</u>	<u>156,079</u>	<u>66,079</u>
Total Transfers In	<u>\$7,044,487</u>	<u>\$7,134,487</u>	<u>\$ 7,200,566</u>	<u>\$ 66,079</u>
Transfers to Other Funds-				
Airport Grant Fund	\$ (50,000)	\$ (50,000)	\$ (50,000)	\$ 0
Miss Merry Christmas	(4,450)	(4,450)	(4,450)	0
Liability Insurance Fund	(425,000)	(425,000)	(425,000)	0
Event Center Operations	(275,000)	(275,000)	(275,000)	0
Employee Health Insurance	<u>0</u>	<u>0</u>	<u>(290,000)</u>	<u>(290,000)</u>
Total Transfers Out	<u>\$(754,450)</u>	<u>\$(754,450)</u>	<u>\$(1,044,450)</u>	<u>\$(290,000)</u>
TOTAL OTHER FINANCING	<u>\$6,290,037</u>	<u>\$6,380,037</u>	<u>\$ 6,156,116</u>	<u>\$(223,921)</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, 2012

	<u>Budgeted Amounts</u>		<u>2012 Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Taxes-				
Sales & Use Tax	\$ 3,752,500	\$ 3,752,500	\$ 3,793,725	\$ 41,225
Miscellaneous-				
Interest	180,000	150,000	160,204	10,204
Gain (Loss) on Investments	0	30,000	5,667	(24,333)
Miscellaneous	<u>0</u>	<u>0</u>	<u>1,783</u>	<u>1,783</u>
Total Revenues	\$ <u>3,932,500</u>	\$ <u>3,932,500</u>	\$ <u>3,961,379</u>	\$ <u>28,879</u>
EXPENDITURES:				
Current-				
General Government	\$ 223,000	\$ 203,400	\$ 191,246	\$ 12,154
Water & Sewer-				
Office & Supplies	0	0	142	(142)
Maintenance	270,000	285,500	67,960	217,540
Capital Expenditures	1,040,000	1,044,100	346,547	697,553
Debt Service-				
Principal	1,200,000	1,200,000	821,000	379,000
Interest	<u>283,000</u>	<u>283,000</u>	<u>154,152</u>	<u>128,848</u>
Total Expenditures	\$ <u>3,016,000</u>	\$ <u>3,016,000</u>	\$ <u>1,581,047</u>	\$ <u>1,434,953</u>
Excess (Deficiency) of Revenues over Expenditures	\$ <u>916,500</u>	\$ <u>916,500</u>	\$ <u>2,380,332</u>	\$ <u>1,463,832</u>

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, 2012

	<u>Budgeted Amounts</u>		<u>2012 Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
OTHER FINANCING SOURCES (USES):				
Transfer from-				
Debt Service -				
Sales Tax	\$ <u>80,000</u>	\$ <u>80,000</u>	\$ <u>0</u>	\$ <u>(80,000)</u>
Transfer to-				
Debt Service -				
ARRA Sewer Upgrade	\$ 0	\$ 0	\$ (682)	\$ (682)
Utility Fund	(800,000)	(800,000)	(800,000)	0
LCDBG Sewer Lift	<u>0</u>	<u>0</u>	<u>(15,824)</u>	<u>(15,824)</u>
Total Transfers Out	\$ <u>(800,000)</u>	\$ <u>(800,000)</u>	\$ <u>(816,506)</u>	\$ <u>(16,506)</u>
Total Other Financing	\$ <u>(720,000)</u>	\$ <u>(720,000)</u>	\$ <u>(816,506)</u>	\$ <u>(96,506)</u>
Excess (Deficiency) of Revenues and Other Sources over Expen- ditures and Other Uses	\$ 196,500	\$ 196,500	\$ 1,563,826	\$1,367,326
Fund Balance-Beginning of Year	<u>14,181,335</u>	<u>14,181,335</u>	<u>14,181,335</u>	<u>0</u>
Fund Balance-End of Year	\$ <u>14,377,835</u>	\$ <u>14,377,835</u>	\$ <u>15,745,161</u>	\$ <u>1,367,326</u>

See notes to financial statements.

OTHER SUPPLEMENTAL SCHEDULES

City of Natchitoches, Louisiana
 Nonmajor Governmental Funds

Combining Balance Sheet
 May 31, 2012

	<u>Special Revenue Funds</u>			
	Event Center Operations <u>Fund</u>	Airport <u>Fund</u>	Hazard Tax <u>Fund</u>	Employee Benefits <u>Fund</u>
<u>Assets</u>				
Cash & Cash Equivalents	\$88,279	\$ 0	\$407,766	\$ 0
Revenue Receivables	<u>0</u>	<u>1,727</u>	<u>19,612</u>	<u>2,447</u>
Total Assets	<u>\$88,279</u>	<u>\$ 1,727</u>	<u>\$427,378</u>	<u>\$ 2,447</u>
<u>Liabilities & Fund Balances</u>				
Liabilities-				
Cash Overdraft	\$ 0	\$ 180,983	\$ 0	\$ 128,708
Accounts Payable	3,402	3,688	98	0
Accrued Expenses	0	1,475	0	0
Accrued Payroll	<u>12,889</u>	<u>5,597</u>	<u>0</u>	<u>0</u>
Total Liabilities	<u>\$16,291</u>	<u>\$ 191,743</u>	<u>\$ 98</u>	<u>\$ 128,708</u>
Fund Balances-				
Restricted	\$ 0	\$ 0	\$427,280	\$ 0
Assigned	71,988	0	0	0
Unassigned	<u>0</u>	<u>(190,016)</u>	<u>0</u>	<u>(126,261)</u>
Total Fund Balances	<u>\$71,988</u>	<u>\$(190,016)</u>	<u>\$427,280</u>	<u>\$(126,261)</u>
Total Liabilities & Fund Balances	<u>\$88,279</u>	<u>\$ 1,727</u>	<u>\$427,378</u>	<u>\$ 2,447</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
\$507,502	\$24,298	\$ 5,904	\$10,759	\$33,641	\$87,894	\$32,769
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>\$507,502</u>	<u>\$24,298</u>	<u>\$ 5,904</u>	<u>\$10,759</u>	<u>\$33,641</u>	<u>\$87,894</u>	<u>\$32,769</u>
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
1,048	1,718	487	0	3,538	0	0
0	0	0	0	0	0	0
<u>0</u>	<u>0</u>	<u>0</u>	<u>911</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>\$ 1,048</u>	<u>\$ 1,718</u>	<u>\$ 487</u>	<u>\$ 911</u>	<u>\$ 3,538</u>	<u>\$ 0</u>	<u>\$ 0</u>
\$ 0	\$ 0	\$ 5,417	\$ 9,848	\$30,103	\$ 0	\$ 0
506,454	22,580	0	0	0	87,894	32,769
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>\$506,454</u>	<u>\$22,580</u>	<u>\$ 5,417</u>	<u>\$ 9,848</u>	<u>\$30,103</u>	<u>\$87,894</u>	<u>\$32,769</u>
<u>\$507,502</u>	<u>\$24,298</u>	<u>\$ 5,904</u>	<u>\$10,759</u>	<u>\$33,641</u>	<u>\$87,894</u>	<u>\$32,769</u>

City of Natchitoches, Louisiana
 Nonmajor Governmental Funds

Combining Balance Sheet
 May 31, 2012

	<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	\$949,592	\$35,477	\$0
Revenue Receivables	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Assets	<u>\$2,339</u>	<u>\$949,592</u>	<u>\$35,477</u>	<u>\$0</u>
<u>Liabilities & Fund Balances</u>				
Liabilities-				
Cash Overdraft	\$ 0	\$ 0	\$ 0	\$0
Accounts Payable	0	0	1,250	0
Accrued Expenses	0	0	2,444	0
Accrued Payroll	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Liabilities	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 3,694</u>	<u>\$0</u>
Fund Balances-				
Restricted	\$ 0	\$ 0	\$ 0	\$0
Assigned	2,339	949,592	31,783	0
Unassigned	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Fund Balances	<u>\$2,339</u>	<u>\$949,592</u>	<u>\$31,783</u>	<u>\$0</u>
Total Liabilities & Fund Balances	<u>\$2,339</u>	<u>\$949,592</u>	<u>\$35,477</u>	<u>\$0</u>

See notes to financial statements.

Special Revenue Funds						
Arts Funding Fund	Cane River Green Market Fund	LLEBG Grant Fund	911-Police Grant Fund	NW Law Enforcement Fund	Assistance to Firefighters FY '03 Fund	Knock-Knock Grant Fund
\$0	\$3,803	\$0	\$75,252	\$5,588	\$83,572	\$ 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>\$3,803</u>	<u>\$0</u>	<u>\$75,252</u>	<u>\$5,588</u>	<u>\$83,572</u>	<u>\$ 0</u>
\$0	\$ 0	\$0	\$ 0	\$ 0	\$ 0	\$ 3,281
0	895	0	0	0	0	0
0	0	0	0	0	0	0
<u>0</u>	<u>66</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>711</u>
<u>\$0</u>	<u>\$ 961</u>	<u>\$0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 3,992</u>
\$0	\$ 0	\$0	\$ 0	\$ 0	\$ 0	\$ 0
0	2,842	0	75,252	5,588	83,572	0
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(3,992)</u>
<u>\$0</u>	<u>\$2,842</u>	<u>\$0</u>	<u>\$75,252</u>	<u>\$5,588</u>	<u>\$83,572</u>	<u>\$(3,992)</u>
<u>\$0</u>	<u>\$3,803</u>	<u>\$0</u>	<u>\$75,252</u>	<u>\$5,588</u>	<u>\$83,572</u>	<u>\$ 0</u>

City of Natchitoches, Louisiana
Nonmajor Governmental Funds

Combining Balance Sheet
May 31, 2012

	<u>Special Revenue Funds</u>			
	NHDDC Projects <u>Fund</u>	Economic Development <u>Districts</u>	State Office of Culture <u>Development</u>	Garbage Service <u>Fund</u>
<u>Assets</u>				
Cash & Cash Equivalents	\$149	\$ 0	\$2,693	\$ 0
Revenue Receivables	<u>0</u>	<u>23,875</u>	<u>0</u>	<u>339,257</u>
Total Assets	<u>\$149</u>	<u>\$ 23,875</u>	<u>\$2,693</u>	<u>\$ 339,257</u>
<u>Liabilities & Fund Balances</u>				
Liabilities-				
Cash Overdraft	\$ 0	\$ 181,523	\$ 0	\$ 452,643
Accounts Payable	0	6,844	0	185,600
Accrued Expenses	0	0	0	0
Accrued Payroll	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Liabilities	<u>\$ 0</u>	<u>\$ 188,367</u>	<u>\$ 0</u>	<u>\$ 638,243</u>
Fund Balances-				
Restricted	\$ 0	\$ 0	\$ 0	\$ 0
Assigned	149	0	2,693	0
Unassigned	<u>0</u>	<u>(164,492)</u>	<u>0</u>	<u>(298,986)</u>
Total Fund Balances	<u>\$149</u>	<u>\$(164,492)</u>	<u>\$2,693</u>	<u>\$(298,986)</u>
Total Liabilities & Fund Balances	<u>\$149</u>	<u>\$ 23,875</u>	<u>\$2,693</u>	<u>\$ 339,257</u>

See notes to financial statements.

Special Revenue Funds					
Sales Tax Police <u>Fund</u>	Miss Merry Christmas <u>Fund</u>	Keep Louisiana <u>Beautiful</u>	The Rapides <u>Foundation</u>	Local Gov't Assistance <u>Program</u>	Byrne JAG- Police & NPSO <u>Fund</u>
\$1,063,497	\$2,880	\$ 0	\$1,956	\$25,655	\$0
<u>156,941</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>\$1,220,438</u>	<u>\$2,880</u>	<u>\$ 0</u>	<u>\$1,956</u>	<u>\$25,655</u>	<u>\$0</u>
\$ 0	\$ 0	\$ 3,141	\$ 0	\$ 0	\$0
19,750	0	1,044	0	0	0
111,408	0	0	0	0	0
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>\$ 131,158</u>	<u>\$ 0</u>	<u>\$ 4,185</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$0</u>
\$1,089,280	\$ 0	\$ 0	\$ 0	\$25,655	\$0
0	2,880	0	1,956	0	0
<u>0</u>	<u>0</u>	<u>(4,185)</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>\$1,089,280</u>	<u>\$2,880</u>	<u>\$(4,185)</u>	<u>\$1,956</u>	<u>\$25,655</u>	<u>\$0</u>
<u>\$1,220,438</u>	<u>\$2,880</u>	<u>\$ 0</u>	<u>\$1,956</u>	<u>\$25,655</u>	<u>\$0</u>

City of Natchitoches, Louisiana
Nonmajor Governmental Funds

Combining Balance Sheet
May 31, 2012

	<u>Capital Projects Funds</u>			
	Street Improvements <u>Fund</u>	Capital Improvements <u>Fund</u>	Utility Improvements <u>Fund</u>	DOTD Phase II <u>Fund</u>
<u>Assets</u>				
Cash & Cash Equivalents	\$86,741	\$492,712	\$1,849,404	\$ 0
Revenue Receivables	<u>0</u>	<u>80,229</u>	<u>0</u>	<u>0</u>
Total Assets	<u>\$86,741</u>	<u>\$572,941</u>	<u>\$1,849,404</u>	<u>\$ 0</u>
<u>Liabilities & Fund Balances</u>				
Liabilities-				
Cash Overdraft	\$ 0	\$ 0	\$ 0	\$ 3,129
Accounts Payable	58,374	56,190	79,078	273
Accrued Expenses	0	0	0	0
Accrued Payroll	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Liabilities	<u>\$58,374</u>	<u>\$ 56,190</u>	<u>\$ 79,078</u>	<u>\$ 3,402</u>
Fund Balances-				
Restricted	\$ 0	\$348,188	\$ 0	\$ 0
Assigned	28,367	168,563	1,770,326	0
Unassigned	<u>0</u>	<u>0</u>	<u>0</u>	<u>(3,402)</u>
Total Fund Balances	<u>\$28,367</u>	<u>\$516,751</u>	<u>\$1,770,326</u>	<u>\$(3,402)</u>
Total Liabilities & Fund Balances	<u>\$86,741</u>	<u>\$572,941</u>	<u>\$1,849,404</u>	<u>\$ 0</u>

See notes to financial statements.

Capital Projects Funds

<u>Water Treatment Plant Fund</u>	<u>Pilgrim's Industrial Park Fund</u>	<u>Industrial Park Road Fund</u>	<u>DOTD/LA 478 UT Relocation Fund</u>	<u>Riverbank Wall Fund</u>	<u>LCDBG Fund</u>	<u>Ben Johnson Park Phase II</u>
\$1,530,010	\$ 0	\$0	\$ 0	\$ 0	\$0	\$0
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>40,000</u>	<u>0</u>	<u>0</u>
<u>\$1,530,010</u>	<u>\$ 0</u>	<u>\$0</u>	<u>\$ 0</u>	<u>\$40,000</u>	<u>\$0</u>	<u>\$0</u>
\$ 0	\$ 34,034	\$0	\$ 31,042	\$40,000	\$0	\$0
0	0	0	0	1,675	0	0
0	486,187	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>\$520,221</u>	<u>\$0</u>	<u>\$ 31,042</u>	<u>\$41,675</u>	<u>\$0</u>	<u>\$0</u>
\$1,530,010	\$ 0	\$0	\$ 0	\$ 0	\$0	\$0
0	0	0	0	0	0	0
<u>0</u>	<u>(520,221)</u>	<u>0</u>	<u>(31,042)</u>	<u>(1,675)</u>	<u>0</u>	<u>0</u>
<u>\$1,530,010</u>	<u>\$(520,221)</u>	<u>\$0</u>	<u>\$(31,042)</u>	<u>\$(1,675)</u>	<u>\$0</u>	<u>\$0</u>
<u>\$1,530,010</u>	<u>\$ 0</u>	<u>\$0</u>	<u>\$ 0</u>	<u>\$40,000</u>	<u>\$0</u>	<u>\$0</u>

City of Natchitoches, Louisiana
Nonmajor Governmental Funds

Combining Balance Sheet
May 31, 2012

	<u>Capital Projects Funds</u>			
	<u>Virginia Baker Park Fund</u>	<u>ARRA '09 Sewer Fund</u>	<u>Hayes Avenue Extension Fund</u>	<u>LCDBG Grants Fund</u>
<u>Assets</u>				
Cash & Cash Equivalents	\$14,122	\$ 0	\$0	\$0
Revenue Receivables	<u>0</u>	<u>22,792</u>	<u>0</u>	<u>0</u>
Total Assets	<u>\$14,122</u>	<u>\$22,792</u>	<u>\$0</u>	<u>\$0</u>
<u>Liabilities & Fund Balances</u>				
Liabilities-				
Cash Overdraft	\$ 0	\$22,792	\$0	\$0
Accounts Payable	4,200	0	0	0
Accrued Expenses	0	0	0	0
Accrued Payroll	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Liabilities	<u>\$ 4,200</u>	<u>\$22,792</u>	<u>\$0</u>	<u>\$0</u>
Fund Balances-				
Restricted	\$ 0	\$ 0	\$0	\$0
Assigned	9,922	0	0	0
Unassigned	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Fund Balances	<u>\$ 9,922</u>	<u>\$ 0</u>	<u>\$0</u>	<u>\$0</u>
Total Liabilities & Fund Balances	<u>\$14,122</u>	<u>\$22,792</u>	<u>\$0</u>	<u>\$0</u>

See notes to financial statements.

Capital Projects Funds					
Airport Hangar Fund	Airport Maintenance Projects Fund	LCDBG Housing Fund	EECBG Fund	Parking Lot Construction Fund	Event Center Parking Lot Fund
\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,434	\$0
<u>33,695</u>	<u>142,915</u>	<u>0</u>	<u>54,098</u>	<u>23,969</u>	<u>0</u>
<u>\$ 33,695</u>	<u>\$142,915</u>	<u>\$ 0</u>	<u>\$54,098</u>	<u>\$26,403</u>	<u>\$0</u>
\$ 151,969	\$153,559	\$ 40	\$35,187	\$ 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>\$ 151,969</u>	<u>\$153,559</u>	<u>\$ 40</u>	<u>\$35,187</u>	<u>\$ 0</u>	<u>\$0</u>
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$0
0	0	0	18,911	26,403	0
<u>(118,274)</u>	<u>(10,644)</u>	<u>(40)</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>\$(118,274)</u>	<u>\$(10,644)</u>	<u>\$(40)</u>	<u>\$18,911</u>	<u>\$26,403</u>	<u>\$0</u>
<u>\$ 33,695</u>	<u>\$142,915</u>	<u>\$ 0</u>	<u>\$54,098</u>	<u>\$26,403</u>	<u>\$0</u>

City of Natchitoches, Louisiana
Nonmajor Governmental Funds

Combining Balance Sheet
May 31, 2012

	<u>Debt Service Fund</u>	
	General Obligations Fund	<u>Total</u>
<u>Assets</u>		
Cash & Cash Equivalents	\$7,534	\$ 7,434,222
Revenue Receivables	<u>0</u>	<u>941,557</u>
Total Assets	<u>\$7,534</u>	<u>\$ 8,375,779</u>
<u>Liabilities & Fund Balances</u>		
Liabilities-		
Cash Overdraft	\$ 0	\$ 1,422,031
Accounts Payable	0	429,152
Accrued Expenses	0	601,514
Accrued Payroll	<u>0</u>	<u>20,174</u>
Total Liabilities	<u>\$ 0</u>	<u>\$ 2,472,871</u>
Fund Balances-		
Restricted	\$7,534	\$ 3,473,315
Assigned	0	3,902,823
Unassigned	<u>0</u>	<u>(1,473,230)</u>
Total Fund Balances	<u>\$7,534</u>	<u>\$5,902,908</u>
Total Liabilities & Fund Balances	<u>\$7,534</u>	<u>\$ 8,375,779</u>

See notes to financial statements.

City of Natchitoches, Louisiana
Nonmajor Governmental Funds

Combining Schedule of Revenues, Expenditures and Changes in Fund Balance
Year Ended May 31, 2012

	Special Revenue Funds			
	Event Center Operations Fund	Airport Fund	Hazard Tax Fund	Employee Benefits Fund
REVENUES:				
Taxes	\$ 0	\$ 0	\$ 1,088,926	\$ 0
Intergovernmental	0	0	0	0
Charges for Services	251,130	513,164	0	0
Fines & Forfeits	0	0	0	0
Miscellaneous	<u>335</u>	<u>63,710</u>	<u>0</u>	<u>0</u>
Total Revenues	<u>\$ 251,465</u>	<u>\$ 576,874</u>	<u>\$ 1,088,926</u>	<u>\$ 0</u>
EXPENDITURES:				
Current-				
General Government	\$ 0	\$ 0	\$ 0	\$ 779,196
Public Safety	0	0	218,664	0
Streets & Sanitation	0	0	0	0
Water, Sewer & Utilities	0	0	0	0
Economic Development	560,906	658,457	0	0
Recreation & Culture	0	0	0	0
Health & Welfare	0	0	0	0
Debt Service	<u>0</u>	<u>0</u>	<u>87,211</u>	<u>0</u>
Total Expenditures	<u>\$ 560,906</u>	<u>\$ 658,457</u>	<u>\$ 305,875</u>	<u>\$ 779,196</u>
Excess (Deficiency) of Revenues over Expenditures	<u>\$(309,441)</u>	<u>\$ (81,583)</u>	<u>\$ 783,051</u>	<u>\$(779,196)</u>
OTHER FINANCING SOURCES (USES):				
Operating Transfers In	\$ 278,000	\$ 150,932	\$ 49,611	\$ 830,000
Operating Transfers Out	0	(1,924)	(1,057,920)	0
Debt Proceeds	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Other Financing	<u>\$ 278,000</u>	<u>\$ 149,008</u>	<u>\$(1,008,309)</u>	<u>\$ 830,000</u>
Excess (Deficiency) of Revenues and Other Sources over Expenditures and Other Uses	\$ (31,441)	\$ 67,425	\$ (225,258)	\$ 50,804
Fund Balances-Beginning of Year	<u>103,429</u>	<u>(257,441)</u>	<u>652,538</u>	<u>(177,065)</u>
Fund Balances-End of Year	<u>\$ 71,988</u>	<u>\$(190,016)</u>	<u>\$ 427,280</u>	<u>\$(126,261)</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	21,506	28,341	0	3,731	0
0	0	0	0	0	0	2,746
0	0	0	0	17,412	0	0
<u>95,662</u>	<u>40,564</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>5,017</u>	<u>1,000</u>
<u>\$ 95,662</u>	<u>\$40,564</u>	<u>\$21,506</u>	<u>\$28,341</u>	<u>\$ 17,412</u>	<u>\$ 8,748</u>	<u>\$ 3,746</u>
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
0	48,966	11,807	19,150	33,601	2,532	2,075
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>\$ 0</u>	<u>\$48,966</u>	<u>\$11,807</u>	<u>\$19,150</u>	<u>\$ 33,601</u>	<u>\$ 2,532</u>	<u>\$ 2,075</u>
<u>\$ 95,662</u>	<u>\$(8,402)</u>	<u>\$ 9,699</u>	<u>\$ 9,191</u>	<u>\$(16,189)</u>	<u>\$ 6,216</u>	<u>\$ 1,671</u>
\$ 0	\$ 0	\$ 0	\$ 0	\$ 6,208	\$ 0	\$ 0
(377,120)	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>\$(377,120)</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 6,208</u>	<u>\$ 0</u>	<u>\$ 0</u>
\$(281,458)	\$(8,402)	\$ 9,699	\$ 9,191	\$(9,981)	\$ 6,216	\$ 1,671
<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>\$ 506,454</u>	<u>\$22,580</u>	<u>\$ 5,417</u>	<u>\$ 9,848</u>	<u>\$ 30,103</u>	<u>\$87,894</u>	<u>\$32,769</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, 2012

	Special Revenue Funds			
	Litter Abatement <u>Fund</u>	Liability Insurance <u>Fund</u>	Main Street Promotions <u>Fund</u>	NHDDC Sidewalks <u>Fund</u>
	REVENUES:			
Taxes	\$ 0	\$ 0	\$ 0	\$ 0
Intergovernmental	0	0	2,235	0
Charges for Services	0	0	100	0
Fines & Forfeits	0	0	0	0
Miscellaneous	<u>0</u>	<u>21,216</u>	<u>26,309</u>	<u>0</u>
Total Revenues	<u>\$ 0</u>	<u>\$ 21,216</u>	<u>\$28,644</u>	<u>\$ 0</u>
EXPENDITURES:				
Current-				
General Government	\$ 0	\$ 681,682	\$ 0	\$ 0
Public Safety	0	0	0	0
Streets & Sanitation	0	0	0	0
Water, Sewer & Utilities	0	0	0	0
Economic Development	0	0	0	0
Recreation & Culture	0	0	19,614	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>\$ 681,682</u>	<u>\$19,614</u>	<u>\$ 0</u>
Excess (Deficiency) of Revenues over Expenditures	<u>\$ 0</u>	<u>\$(660,466)</u>	<u>\$ 9,030</u>	<u>\$ 0</u>
OTHER FINANCING SOURCES (USES):				
Operating Transfers In	\$ 0	\$ 850,000	\$ 246	\$ 0
Operating Transfers Out	0	0	0	(432)
Debt Proceeds	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Other Financing	<u>\$ 0</u>	<u>\$ 850,000</u>	<u>\$ 246</u>	<u>\$(432)</u>
Excess (Deficiency) of Revenues and Other Sources over Expenditures and Other Uses	\$ 0	\$ 189,534	\$ 9,276	\$(432)
Fund Balances-Beginning of Year	<u>2,339</u>	<u>760,058</u>	<u>22,507</u>	<u>432</u>
Fund Balances-End of Year	<u>\$2,339</u>	<u>\$ 949,592</u>	<u>\$31,783</u>	<u>\$ 0</u>

See notes to financial statements.

Special Revenue Funds						
Arts Funding Fund	Cane River Green Market Fund	LLEBG Grant Fund	911-Police Grant Fund	NW Law Enforcement Fund	Assistance to Firefighters FY '03 Fund	Knock-Knock Grant Fund
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
0	0	0	14,704	2,500	54,306	10,196
0	0	0	0	0	0	0
0	0	0	0	0	0	0
<u>0</u>	<u>9,045</u>	<u>0</u>	<u>17,104</u>	<u>1,312</u>	<u>0</u>	<u>0</u>
<u>\$ 0</u>	<u>\$ 9,045</u>	<u>\$ 0</u>	<u>\$31,804</u>	<u>\$ 3,812</u>	<u>\$54,306</u>	<u>\$10,196</u>
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
0	0	0	36,018	0	0	17,319
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	26,682	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>\$ 0</u>	<u>\$ 26,682</u>	<u>\$ 0</u>	<u>\$36,018</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$17,319</u>
<u>\$ 0</u>	<u>\$(17,637)</u>	<u>\$ 0</u>	<u>\$(4,214)</u>	<u>\$ 3,812</u>	<u>\$54,306</u>	<u>\$(7,123)</u>
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$29,000	\$ 3,399
(246)	0	(1,313)	0	(6,208)	0	0
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>\$(246)</u>	<u>\$ 0</u>	<u>\$(1,313)</u>	<u>\$ 0</u>	<u>\$(6,208)</u>	<u>\$29,000</u>	<u>\$ 3,399</u>
\$(246)	\$(17,637)	\$(1,313)	\$(4,214)	\$(2,396)	\$83,306	\$(3,724)
<u>246</u>	<u>20,479</u>	<u>1,313</u>	<u>79,466</u>	<u>7,984</u>	<u>266</u>	<u>(268)</u>
<u>\$ 0</u>	<u>\$ 2,842</u>	<u>\$ 0</u>	<u>\$75,252</u>	<u>\$ 5,588</u>	<u>\$83,572</u>	<u>\$(3,992)</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, 2012

	Special Revenue Funds			
	NHDDC Projects Fund	Economic Development Districts	State Office of Culture Development	Garbage Service Fund
REVENUES:				
Taxes	\$ 0	\$ 180,029	\$ 0	\$ 0
Intergovernmental	17,500	0	9,784	0
Charges for Services	0	0	0	1,983,559
Fines & Forfeits	0	0	0	0
Miscellaneous	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Revenues	<u>\$ 17,500</u>	<u>\$ 180,029</u>	<u>\$ 9,784</u>	<u>\$ 1,983,559</u>
EXPENDITURES:				
Current-				
General Government	\$ 0	\$ 0	\$ 0	\$ 0
Public Safety	0	0	0	0
Streets & Sanitation	0	0	0	2,282,289
Water, Sewer & Utilities	0	0	0	0
Economic Development	37,253	344,521	8,491	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>\$ 37,253</u>	<u>\$ 344,521</u>	<u>\$ 8,491</u>	<u>\$ 2,282,289</u>
Excess (Deficiency) of Revenues over Expenditures	<u>\$(19,753)</u>	<u>\$(164,492)</u>	<u>\$ 1,293</u>	<u>\$ (298,730)</u>
OTHER FINANCING SOURCES (USES):				
Operating Transfers In	\$ 44,433	\$ 0	\$ 0	\$ 400,000
Operating Transfers Out	(7,500)	0	0	0
Debt Proceeds	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Other Financing	<u>\$ 36,933</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 400,000</u>
Excess (Deficiency) of Revenues and Other Sources over Expenditures and Other Uses	\$ 17,180	\$(164,492)	\$ 1,293	\$ 101,270
Fund Balances-Beginning of Year	<u>(17,031)</u>	<u>0</u>	<u>1,400</u>	<u>(400,256)</u>
Fund Balances-End of Year	<u>\$ 149</u>	<u>\$(164,492)</u>	<u>\$ 2,693</u>	<u>\$ (298,986)</u>

See notes to financial statements.

Special Revenue Funds					
Sales Tax Police Fund	Miss Merry Christmas Fund	Keep Louisiana Beautiful	The Rapides Foundation	Local Gov't Assistance Program	Byrne JAG- Police & NPSO Fund
\$ 1,896,862	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
0	0	683	26,000	24,960	12,000
0	0	0	0	0	0
0	0	0	0	0	0
<u>21,937</u>	<u>4,792</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>\$ 1,918,799</u>	<u>\$ 4,792</u>	<u>\$ 683</u>	<u>\$26,000</u>	<u>\$ 24,960</u>	<u>\$12,000</u>
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
151,952	0	0	0	56,847	12,001
0	0	0	0	0	0
0	0	0	0	0	0
0	0	4,868	0	0	0
0	10,327	0	23,585	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>\$ 151,952</u>	<u>\$10,327</u>	<u>\$ 4,868</u>	<u>\$23,585</u>	<u>\$ 56,847</u>	<u>\$12,001</u>
<u>\$ 1,766,847</u>	<u>\$ (5,535)</u>	<u>\$ (4,185)</u>	<u>\$ 2,415</u>	<u>\$(31,887)</u>	<u>\$ (1)</u>
\$ 1,313	\$ 4,450	\$ 0	\$ 0	\$ 0	\$ 5,140
(2,021,446)	0	0	0	0	0
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>\$(2,020,133)</u>	<u>\$ 4,450</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 5,140</u>
\$ (253,286)	\$ (1,085)	\$ (4,185)	\$ 2,415	\$(31,887)	\$ 5,139
<u>1,342,566</u>	<u>3,965</u>	<u>0</u>	<u>(459)</u>	<u>57,542</u>	<u>(5,139)</u>
<u>\$ 1,089,280</u>	<u>\$ 2,880</u>	<u>\$ (4,185)</u>	<u>\$ 1,956</u>	<u>\$ 25,655</u>	<u>\$ 0</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, 2012

	Capital Projects Funds			
	Street Improvements <u>Fund</u>	Capital Improvements <u>Fund</u>	Utility Improvements <u>Fund</u>	DOTD Phase II <u>Fund</u>
REVENUES:				
Taxes	\$ 0	\$ 512,039	\$ 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>13,558</u>	<u>0</u>
Total Revenues	<u>\$ 0</u>	<u>\$ 512,039</u>	<u>\$ 13,558</u>	<u>\$ 0</u>
EXPENDITURES:				
Current-				
General Government	\$ 0	\$ 0	\$ 11,436	\$ 0
Public Safety	0	0	0	0
Streets & Sanitation	902,404	0	0	0
Water, Sewer & Utilities	0	0	1,077,227	0
Economic Development	0	682,978	0	12,847
Recreation & Culture	0	0	0	0
Health & Welfare	0	0	0	0
Debt Service	<u>0</u>	<u>65,000</u>	<u>0</u>	<u>0</u>
Total Expenditures	<u>\$ 902,404</u>	<u>\$ 747,978</u>	<u>\$ 1,088,663</u>	<u>\$ 12,847</u>
Excess (Deficiency) of Revenues over Expenditures	<u>\$(902,404)</u>	<u>\$(235,939)</u>	<u>\$(1,075,105)</u>	<u>\$(12,847)</u>
OTHER FINANCING SOURCES (USES):				
Operating Transfers In	\$ 308,030	\$ 105,165	\$ 600,000	\$ 0
Operating Transfers Out	(127,557)	(59,739)	0	0
Debt Proceeds	<u>0</u>	<u>233,563</u>	<u>0</u>	<u>0</u>
Total Other Financing	<u>\$ 180,473</u>	<u>\$ 278,989</u>	<u>\$ 600,000</u>	<u>\$ 0</u>
Excess (Deficiency) of Revenues and Other Sources over Expenditures and Other Uses	<u>\$(721,931)</u>	<u>\$ 43,050</u>	<u>\$ (475,105)</u>	<u>\$(12,847)</u>
Fund Balances-Beginning of Year	<u>750,298</u>	<u>473,701</u>	<u>2,245,431</u>	<u>9,445</u>
Fund Balances-End of Year	<u>\$ 28,367</u>	<u>\$ 516,751</u>	<u>\$ 1,770,326</u>	<u>\$ (3,402)</u>

See notes to financial statements.

Capital Projects Funds

<u>Water Treatment Plant Fund</u>	<u>Pilgrim's Industrial Park Fund</u>	<u>Industrial Park Road Fund</u>	<u>DOTD/LA 478 UT Relocation Fund</u>	<u>Riverbank Wall Fund</u>	<u>LCDBG Fund</u>	<u>Ben Johnson Park Phase II</u>
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
163,713	0	0	0	40,000	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
<u>3,413</u>	<u>60,773</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
\$ <u>167,126</u>	\$ <u>60,773</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>40,000</u>	\$ <u>0</u>	\$ <u>0</u>
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
0	0	0	0	0	0	0
0	0	0	0	5,125	0	0
344,088	0	0	0	0	0	0
0	0	0	31,042	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
<u>89,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
\$ <u>433,088</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>31,042</u>	\$ <u>5,125</u>	\$ <u>0</u>	\$ <u>0</u>
\$ <u>(265,962)</u>	\$ <u>60,773</u>	\$ <u>0</u>	\$ <u>(31,042)</u>	\$ <u>34,875</u>	\$ <u>0</u>	\$ <u>0</u>
\$ 89,000	\$ 0	\$ 0	\$ 0	\$ 1,324	\$ 15,824	\$ 0
0	0	(5,165)	0	0	0	(3,762)
<u>163,713</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
\$ <u>252,713</u>	\$ <u>0</u>	\$ <u>(5,165)</u>	\$ <u>0</u>	\$ <u>1,324</u>	\$ <u>15,824</u>	\$ <u>(3,762)</u>
\$ (13,249)	\$ 60,773	\$(5,165)	\$(31,042)	\$ 36,199	\$ 15,824	\$(3,762)
<u>1,543,259</u>	<u>(580,994)</u>	<u>5,165</u>	<u>0</u>	<u>(37,874)</u>	<u>(15,824)</u>	<u>3,762</u>
\$ <u>1,530,010</u>	\$ <u>(520,221)</u>	\$ <u>0</u>	\$ <u>(31,042)</u>	\$ <u>(1,675)</u>	\$ <u>0</u>	\$ <u>0</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, 2012

	Capital Projects Funds			
	Virginia Baker Park Fund	ARRA '09 Sewer Fund	Hayes Avenue Extension Fund	LCDBG Grants Fund
REVENUES:				
Taxes	\$ 0	\$ 0	\$ 0	\$ 0
Intergovernmental	25,000	83,620	0	400,000
Charges for Services	0	0	0	0
Fines & Forfeits	0	0	0	0
Miscellaneous	<u>0</u>	<u>22,792</u>	<u>0</u>	<u>0</u>
Total Revenues	<u>\$ 25,000</u>	<u>\$106,412</u>	<u>\$ 0</u>	<u>\$ 400,000</u>
EXPENDITURES:				
Current-				
General Government	\$ 0	\$ 0	\$ 0	\$ 0
Public Safety	0	0	0	0
Streets & Sanitation	0	0	4,798	0
Water, Sewer & Utilities	0	145,359	0	577,472
Economic Development	175,486	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>\$ 175,486</u>	<u>\$145,359</u>	<u>\$ 4,798</u>	<u>\$ 577,472</u>
Excess (Deficiency) of Revenues over Expenditures	<u>\$(150,486)</u>	<u>\$(38,947)</u>	<u>\$(4,798)</u>	<u>\$(177,472)</u>
OTHER FINANCING SOURCES (USES):				
Operating Transfers In	\$ 162,500	\$ 682	\$ 2,557	\$ 125,000
Operating Transfers Out	0	0	0	(530)
Debt Proceeds	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Other Financing	<u>\$ 162,500</u>	<u>\$ 682</u>	<u>\$ 2,557</u>	<u>\$ 124,470</u>
Excess (Deficiency) of Revenues and Other Sources over Expenditures and Other Uses	\$ 12,014	\$ (38,265)	\$(2,241)	\$ (53,002)
Fund Balances-Beginning of Year	<u>(2,092)</u>	<u>38,265</u>	<u>2,241</u>	<u>53,002</u>
Fund Balances-End of Year	<u>\$ 9,922</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

See notes to financial statements.

Capital Projects Funds					
Airport Hangar Fund	Airport Maintenance Projects Fund	LCDBG Housing Fund	EECBG Fund	Parking Lot Construction Fund	Event Center Parking Lot Fund
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
242,000	179,155	52,750	96,500	0	0
0	0	0	0	0	0
0	0	0	0	0	0
<u>5,125</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>\$ 247,125</u>	<u>\$179,155</u>	<u>\$ 52,750</u>	<u>\$ 96,500</u>	<u>\$ 0</u>	<u>\$ 0</u>
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
0	0	0	124,479	0	0
0	0	0	0	0	0
0	0	0	0	0	0
374,999	168,800	0	0	38,769	0
0	0	0	0	0	0
0	0	67,148	0	0	0
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>\$ 374,999</u>	<u>\$168,800</u>	<u>\$ 67,148</u>	<u>\$124,479</u>	<u>\$ 38,769</u>	<u>\$ 0</u>
<u>\$(127,874)</u>	<u>\$ 10,355</u>	<u>\$(14,398)</u>	<u>\$(27,979)</u>	<u>\$(38,769)</u>	<u>\$ 0</u>
\$ 0	\$ 1,924	\$ 14,415	\$100,000	\$ 40,491	\$ 0
0	(57)	0	(49,610)	0	(40,491)
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>\$ 0</u>	<u>\$ 1,867</u>	<u>\$ 14,415</u>	<u>\$ 50,390</u>	<u>\$ 40,491</u>	<u>\$(40,491)</u>
\$(127,874)	\$ 12,222	\$ 17	\$ 22,411	\$ 1,722	\$(40,491)
<u>9,600</u>	<u>(22,866)</u>	<u>(57)</u>	<u>(3,500)</u>	<u>24,681</u>	<u>40,491</u>
<u>\$(118,274)</u>	<u>\$(10,644)</u>	<u>\$(40)</u>	<u>\$ 18,911</u>	<u>\$ 26,403</u>	<u>\$ 0</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, 2012

	<u>Debt Service Fund</u>	
	General Obligations Fund	<u>Total</u>
REVENUES:		
Taxes	\$ 0	\$ 3,677,856
Intergovernmental	0	1,511,184
Charges for Services	0	2,750,699
Fines & Forfeits	0	17,412
Miscellaneous	<u>0</u>	<u>413,660</u>
Total Revenues	<u>\$ 0</u>	<u>\$ 8,370,811</u>
EXPENDITURES:		
Current-		
General Government	\$ 0	\$ 1,472,314
Public Safety	0	735,411
Streets & Sanitation	0	3,194,616
Water, Sewer & Utilities	0	2,144,146
Economic Development	0	3,126,099
Recreation & Culture	0	53,526
Health & Welfare	0	67,148
Debt Service	<u>178,034</u>	<u>419,245</u>
Total Expenditures	<u>\$ 178,034</u>	<u>\$ 11,212,505</u>
Excess (Deficiency) of Revenues over Expenditures	<u>\$(178,034)</u>	<u>\$ (2,841,694)</u>
OTHER FINANCING SOURCES (USES):		
Operating Transfers In	\$ 185,568	\$ 4,405,212
Operating Transfers Out	0	(3,761,020)
Debt Proceeds	<u>0</u>	<u>397,276</u>
Total Other Financing	<u>\$ 185,568</u>	<u>\$ 1,041,468</u>
Excess (Deficiency) of Revenues and Other Sources over Expenditures and Other Uses	<u>\$ 7,534</u>	<u>\$ (1,800,226)</u>
Fund Balances-Beginning of Year	<u>0</u>	<u>7,703,134</u>
Fund Balances-End of Year	<u>\$ 7,534</u>	<u>\$ 5,902,908</u>

See notes to financial statements.

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, 2012, which collectively comprise the City's basic financial statements and have issued our report thereon dated November 2, 2012. 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

Management of the City of Natchitoches, Louisiana is responsible for establishing and maintaining effective 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

Johnson, Thomas & Cunningham, CPA's

November 2, 2012
Natchitoches, Louisiana

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON 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 could have a direct and material effect on each of its major federal programs for the year ended May 31, 2012. 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 that could have a direct and material effect on each of its major federal programs for the year ended May 31, 2012.

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 to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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

Johnson, Thomas & Cunningham, CPA's

November 2, 2012
Natchitoches, Louisiana

City of Natchitoches, Louisiana
Schedule of Audit Findings and Questioned Costs
Year Ended May 31, 2012

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, 2012.
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, 2012:

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 not 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*.

III. PRIOR YEAR AUDIT FINDINGS

No findings.

City of Natchitoches, Louisiana
Schedule of Expenditures of Federal Awards
Year Ended May 31, 2012

<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	\$ 12,000	\$ 12,000
U.S. Department of Transportation:				
Federal Aviation Administration				
Airport Improvement Program	20.106	3-22-0034-016-2010	76,586	76,586
Airport Improvement Program	20.106	3-22-0034-017-2011	18,881	18,881
U.S. Department of Justice:				
Passed through La. Department of Public Safety-				
Byrne Formula Grant Program-				
STOP Grant	20.601		18,042	18,042
STOP Grant	20.600		2,935	2,935
STOP Grant	20.205		7,365	7,365
U.S. Department of Justice:				
Passed through La. Commission on				
Law Enforcement and Administration-				
Knock-Knock Grant - ARRA	16.588	M08-1-004	10,196	10,196
Multi-Drug Task Force	16.738	B09-1-008	10,313	10,313
Multi-Drug Task Force	16.738	B11-1-007	11,193	1,494
U.S. Department of Environmental Protection:				
Passed through La. Department				
of Environmental Quality-				
Clean Water State Revolving Funds - ARRA	66.458	-	121,885	121,885
U.S. Department of Environmental Protection:				
Passed through La. Department				
of Health & Hospitals-				
Drinking Water State Revolving Fund - ARRA	66.468	-	<u>327,426</u>	<u>327,426</u>
TOTALS			<u>\$616,822</u>	<u>\$607,123</u>

City of Natchitoches, Louisiana

Notes to the Schedule of Expenditures of Federal Awards
Year Ended May 31, 2012

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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