

CITY OF NATCHITOCHEs, LOUISIANA
ANNUAL FINANCIAL REPORT
MAY 31, 2004

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

Release Date 12-15-04

City of Natchitoches, Louisiana
Annual Financial Report
May 31, 2004

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CITY OF NATCHITOCHEs

Oldest Settlement in the Louisiana Purchase

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FINANCE DEPARTMENT

Patrick G. Jones, Director

Management's Discussion and Analysis (MD&A)

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, 2004. The Management's Discussion and Analysis (MD&A) is an element of the new 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. Certain comparative information between the current year and the prior year is required to be presented in the MD&A. However, because this is the first year of implementing the new reporting model for the City of Natchitoches, certain necessary comparative information of the previous year was not prepared. 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 \$76,615,907 (net assets). Of this amount, \$3,583,784 (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 \$14,663,334. Over 54% of this total amount or \$8,019,075 is unreserved and available for use within the City's designation and policies.
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$1,052,731 or 9.7% of the total general fund expenditures.
- The City's bond payable totaled \$21,666,667.

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.

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, 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 12-13 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 39 governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general, police sales tax, capital projects sales tax, water treatment plant, and utility improvement funds, all of which are considered to be major funds. Data from the other 34 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 and 13.

Propriety Funds – The City maintains only one type of propriety fund called enterprise funds which are 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, and 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 information for the electric, water and sewer operations and are considered to be major funds of the City. 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 52.

Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Natchitoches, assets exceeded liabilities by \$76,615,907 as of May 31, 2004.

The largest portion of the City's net assets (67%) 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, 2004

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Current and other assets	\$18,220,424	\$55,396,108	\$ 73,616,532
Capital Assets	<u>18,696,037</u>	<u>14,579,076</u>	<u>33,275,113</u>
Total Assets	<u>\$36,916,461</u>	<u>69,975,184</u>	<u>\$106,891,645</u>
Long term liabilities	\$10,958,820	\$10,707,847	\$ 21,666,667
Other liabilities	<u>4,689,085</u>	<u>3,909,986</u>	<u>8,609,071</u>
Total Liabilities	<u>\$15,647,905</u>	<u>\$14,627,833</u>	<u>\$ 30,275,738</u>
Net Assets:			
Invested in capital assets, Net of related debt	\$ 7,737,217	\$43,628,239	\$ 51,365,456
Restricted	10,958,820	10,707,847	21,666,667
Unrestricted	<u>2,572,519</u>	<u>1,011,265</u>	<u>3,583,784</u>
Total Net Assets	<u>\$21,268,556</u>	<u>\$55,347,351</u>	<u>\$ 76,615,907</u>

An additional portion of the City's net assets (28%) represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net assets \$3,583,784 may be used to meet the government's ongoing obligation to citizens and creditors.

The following table provides a summary of the City's operations for year ended May 31, 2004. As of May 31, 2004, 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 Net Assets			
As of May 31, 2004			
	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u>
Revenues:			
Program Revenues:			
Fees, fines and charges for services	\$ 1,312,815	\$27,934,329	\$29,247,144
Operating grants and Contributions	805,431	5,850	811,281
Capital grants and Contributions	1,525,011	4,145,343	5,670,354
General Revenues:			
Ad valorem taxes	1,170,987	0	1,170,987
Sales and use tax	7,209,037	0	7,209,037
Franchise fees	205,350	0	205,350
Licenses and permits	687,539	0	687,539
Interest income	386,796	35,147	421,943
Gain (loss) on sale/retirement of fixed assets	87,935	0	87,935
Rental income	159,362	0	159,362
Insurance recoveries	389,331	23,644	412,975
Miscellaneous	<u>375,545</u>	<u>49,680</u>	<u>425,225</u>
Total Revenues	<u>\$14,315,139</u>	<u>\$32,193,993</u>	<u>\$46,509,132</u>
Expenses:			
General government	\$ 3,413,629	\$ 0	\$ 3,413,629
Public safety	5,510,389	0	5,510,389
Streets and sanitation	3,350,715	0	3,350,715
Recreation and cultural	752,021	0	752,021
Interest on long-term debt	672,521	536,366	1,208,887
Water, sewer, and utilities	4,390,744	23,490,487	27,881,231
Economic development	927,322	0	927,322
Health and welfare	<u>161,922</u>	<u>0</u>	<u>161,922</u>
Total Expenses	<u>\$19,179,263</u>	<u>\$24,026,853</u>	<u>\$43,206,116</u>

City of Natchitoches' Changes Net Assets
As of May 31, 2004

	<u>Governmental</u> <u>Activities</u>	<u>Business-Type</u> <u>Activities</u>	<u>Total</u>
Increases in net assets before transfers	\$ (4,864,124)	\$ 8,167,140	\$ 3,303,016
Transfers	<u>6,280,292</u>	<u>(6,280,292)</u>	<u>0</u>
Increase in net assets	\$ (1,416,168)	\$ 1,886,848	\$ 3,303,016
Net assets – June 1, 2004	<u>19,852,388</u>	<u>53,460,503</u>	<u>73,312,891</u>
Net assets – May 31, 2004	<u>\$21,268,556</u>	<u>\$55,347,351</u>	<u>\$76,615,907</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 \$14,663,334. Approximately 55% of this total amount (\$8,019,075) constitutes unreserved fund balance. The remainder of the fund balance is reserved to indicate that it is not available for new spending because it has already been committed to pay for debt service (\$7,532,432) and to cover fund deficits (\$888,173).

In the general fund, the City budgeted for no change in the fund balance. However, actual expenditures were more than budgeted, which resulted in an actual fund balance decrease for fiscal year 2004 of \$51,829.

General Fund Budgetary Highlights – During the year, the City made revisions to the original appropriations approved by the City Council. Both changes were made to reflect additional revenues and expenses in the various funds, and to account for the issuance of new Certificates of Indebtedness.

The general fund's budgeted revenues and expenditures increased by \$500,000.

Capital Assets

The City of Natchitoches' investment in capital assets for its governmental and business-type activities as of May 31, 2004, amounts to \$74,092,145 (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:

- The purchase of land to build a new fire station
- Improvements made to the water and electric systems
- Improvements made at the City's airport
- The purchase of replacement vehicles for the Police Department
- The continuing construction project for a new convention center

**Capital Assets at Year-end
Net of Accumulated Depreciation
As of May 31, 2004**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Land	\$ 3,362,981	\$ 689,908	\$ 4,052,889
Construction in Progress	1,323,660	0	1,323,660
Buildings	4,738,951	885,401	5,624,352
Equipment	1,856,723	4,068,002	5,924,725
Utility System	0	49,752,797	49,752,797
Infrastructure	<u>7,413,722</u>	<u>0</u>	<u>7,413,722</u>
Total	<u>\$18,696,037</u>	<u>\$55,396,108</u>	<u>\$74,092,145</u>

Additional information on the City of Natchitoches' capital assets can be found on pages 41 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 \$22,726,689. Of this amount, \$10,958,820 comprises bonded debt backed by the full faith and credit of the government and \$11,767,869 represents bonds secured solely by utilities revenues.

**Outstanding Debt at Year-end
Bond and Notes Payable
As of May 31, 2004**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
General Obligations	\$10,958,820	\$ 0	\$10,958,820
Revenue Bonds Payable	<u>0</u>	<u>11,767,869</u>	<u>11,767,869</u>
Total	<u>\$10,958,820</u>	<u>\$11,767,869</u>	<u>\$22,726,869</u>

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

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

Economic Factors and Next Year's Budgets and Rates

In the fiscal year 2004-05 budget, general fund revenues are budgeted at a standstill and transfers in are budgeted to increase by 7% from the 2003-04 budget year. Taxes make up about 33% of the general fund budgeted revenues and transfers in make up about 25%. The 2004-05 utility fund operations are budgeted to break even.

Request for Information

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

Johnson, Thomas & Cunningham

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INDEPENDENT AUDITORS' REPORT

To the Mayor and the City Council of
Natchitoches, Louisiana

We have audited the financial statements of the governmental activities, business-type activities, major funds, and remaining fund information, which collectively comprise the basic financial statements, of the City of Natchitoches, Louisiana ("City"), as of and for the year ended May 31, 2004, 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 opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, major funds, and remaining fund information of the City of Natchitoches, Louisiana, at May 31, 2004, and the changes in financial position and cash flows, where applicable, of those activities and funds and the budgetary comparisons presented as Other Required Supplemental Information, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Management's Discussion and Analysis and the schedules presented therewith are not required parts of the basic financial statements, but are supplementary information required by the GASB. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

As described in Note 2 to the basic financial statements, the City adopted the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – For State and Local Governments*; Statement No. 37, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments; Omnibus*; and Interpretation No. 6, *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*, as of June 1, 2003. This results in a change in the format and content of the basic financial statements.

Our audit was conducted for the purpose of forming an opinion on the City's basic financial statements. The combining and individual fund statements and schedules described in the Table of Contents as Other Supplemental Schedules and the Schedule of Expenditures of Federal Awards, which is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Government, and Non-Profit Organizations*, are not required parts of the basic financial statements. Such information has been subjected to the auditing procedures applied by us in the audit of the basic financial statements, and in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued a report dated November 23, 2004, on our consideration of the City of Natchitoches' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

November 23, 2004
Natchitoches, Louisiana

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE
FINANCIAL STATEMENTS

City of Natchitoches, Louisiana
Government-Wide Statement of Net Assets
May 31, 2004

	Government <u>Activities</u>	Business-type <u>Activities</u>	<u>Total</u>
Assets:			
Cash & Cash Equivalents	\$ 16,329,474	\$ 4,081,535	\$ 20,411,009
Receivables, net	1,829,301	2,382,361	4,211,662
Internal Balances	53,787	(53,787)	0
Inventories	0	1,509,881	1,509,881
Prepaid Items	7,862	214,280	222,142
Restricted Assets-			
Cash & Cash Equivalents	0	6,444,806	6,444,806
Capital Assets-			
Land	3,362,981	689,908	4,052,889
Buildings	7,251,119	1,368,423	8,619,542
Machinery & Equipment	1,712,509	9,460,110	11,172,619
Vehicles	3,357,857	799,108	4,156,965
Other Assets	230,190	315,231	545,421
Streets	86,572,025	0	86,572,025
Other Infrastructure	6,017,726	0	6,017,726
Utility Plant & System	0	63,778,316	63,778,316
Accumulated Depreciation	<u>(89,808,370)</u>	<u>(21,014,988)</u>	<u>(110,823,358)</u>
Total Assets	<u>\$ 36,916,461</u>	<u>\$ 69,975,184</u>	<u>\$ 106,891,645</u>
Liabilities:			
Cash Overdrafts	\$ 1,651,145	\$ 0	\$ 1,651,145
Accounts Payable	1,514,331	1,357,796	2,872,127
Accrued Payroll	195,631	87,234	282,865
Accrued Expenses	195,982	36,368	232,350
Payable from Restricted Assets-			
Bond Principal	0	1,060,022	1,060,022
Customer's Deposits	0	741,016	741,016
Long-term Debt-			
Due within One Year	1,017,415	0	1,017,415
Due in More than One Year	9,941,405	10,707,847	20,649,252
Accrued Employee Vacations	<u>1,131,996</u>	<u>637,550</u>	<u>1,769,546</u>
Total Liabilities	<u>\$ 15,647,905</u>	<u>\$ 14,627,833</u>	<u>\$ 30,275,738</u>
Net Assets:			
Invested in Capital Assets, Net of Related Debt	\$ 7,737,217	\$ 43,628,239	\$ 51,365,456
Restricted for Debt Service	10,958,820	10,707,847	21,666,667
Unrestricted	<u>2,572,519</u>	<u>1,011,265</u>	<u>3,583,784</u>
Total Net Assets	<u>\$ 21,268,556</u>	<u>\$ 55,347,351</u>	<u>\$ 76,615,907</u>

See notes to financial statements.

City of Natchitoches, Louisiana
Government-Wide Statement of Activities
For the Year Ended May 31, 2004

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	\$ 3,413,629	\$ 79,971	\$569,545	\$ 0	\$ (2,764,113)	\$ 0	\$ (2,764,113)
Public Safety	5,510,389	109,966	170,542	0	(5,229,881)	0	(5,229,881)
Streets & Sanitations	3,350,715	1,106,015	33,167	228,482	(1,983,051)	0	(1,983,051)
Water, Sewer & Utilities	4,390,744	0	0	0	(4,390,744)	0	(4,390,744)
Economic Development	927,322	0	13,705	1,292,813	379,196	0	379,196
Health & Welfare	161,922	0	0	0	(161,922)	0	(161,922)
Recreation & Culture	752,021	16,863	18,472	3,716	(712,970)	0	(712,970)
Interest on Long-term Debt	<u>672,521</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(672,521)</u>	<u>0</u>	<u>(672,521)</u>
Total Governmental Activities	\$19,179,263	\$ 1,312,815	\$805,431	\$1,525,011	\$(15,536,006)	\$ 0	\$(15,536,006)
Business-Type Activities:							
Utilities Administration	\$ 1,692,490	\$ 31,109	\$ 5,850	\$ 0	\$ 0	\$ (1,655,531)	\$ (1,655,531)
Electric	18,153,576	23,906,328	0	1,343,481	0	7,096,233	7,096,233
Water	1,839,686	2,511,924	0	2,698,969	0	3,371,207	3,371,207
Sewer	1,804,735	1,484,968	0	102,893	0	(216,874)	(216,874)
Interest on Long-term Debt	<u>536,366</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(536,366)</u>	<u>(536,366)</u>
Total Business-Type Activities	\$24,026,853	\$27,934,329	\$ 5,850	\$4,145,343	\$ 0	\$ 8,058,669	\$ 8,058,669
Total Government	\$43,206,116	\$29,247,144	\$811,281	\$5,670,354	\$(15,536,006)	\$ 8,058,669	\$(7,477,337)
General Revenues:							
Taxes-							
Ad Valorem					\$ 1,170,987	\$ 0	\$ 1,170,987
Sales & Use					7,209,037	0	7,209,037
Franchise					205,350	0	205,350
Licenses & Permits					687,539	0	687,539
Interest Income					386,796	35,147	421,943
Gain on Sale of Assets					87,935	0	87,935
Rental Income					159,362	0	159,362
Insurance Recoveries					389,331	23,644	412,975
Miscellaneous					375,545	49,680	425,225
Transfers					<u>6,280,292</u>	<u>(6,280,292)</u>	<u>0</u>
Total General Revenues & Transfers					\$ 16,952,174	\$(6,171,821)	\$ 10,780,353
Change in Net Assets					\$ 1,416,168	\$ 1,886,848	\$ 3,303,016
Net Assets at Beginning of Year (see note 2)					19,852,388	53,460,503	73,312,891
Net Assets at End of Year					\$ 21,268,556	\$55,347,351	\$ 76,615,907

See notes to financial statements.

FUND FINANCIAL STATEMENTS

City of Natchitoches, Louisiana
Balance Sheet-Governmental Funds
May 31, 2004

	Major Funds						Total Governmental Funds
	Special Revenue		Capital Projects			Utility Improvement Fund	
	General Fund	Sales Tax Police Fund	Sales Tax Capital Projects Fund	Water Treatment Plant Fund	Nonmajor Funds		
<u>Assets</u>							
Cash & Cash Equivalents	\$1,771,446	\$1,111,459	\$6,590,136	\$1,570,079	\$3,796,397	\$1,489,957	\$16,329,474
Revenue Receivables	597,097	114,455	228,909	0	888,840	0	1,829,301
Due from Other Funds	1,769	35,810	0	0	51,688	0	89,267
Other Assets	7,861	0	0	0	0	0	7,861
Total Assets	<u>\$2,378,173</u>	<u>\$1,261,724</u>	<u>\$6,819,045</u>	<u>\$1,570,079</u>	<u>\$4,736,925</u>	<u>\$1,489,957</u>	<u>\$18,255,903</u>
<u>Liabilities</u>							
Cash Overdraft	\$ 0	\$ 0	\$ 0	\$ 0	\$1,651,145	\$ 0	\$ 1,651,145
Accounts Payable	655,626	255,587	509,733	3,909	64,875	24,601	1,514,331
Accrued Payroll	191,604	0	0	0	4,027	0	195,631
Accrued Expenses	195,982	0	0	0	0	0	195,982
Due to Other Funds	32,230	0	0	1,481	1,769	0	35,480
Total Liabilities	<u>\$1,075,442</u>	<u>\$ 255,587</u>	<u>\$ 509,733</u>	<u>\$ 5,390</u>	<u>\$1,721,816</u>	<u>\$ 24,601</u>	<u>\$ 3,592,569</u>
<u>Fund Balance</u>							
Unreserved	\$1,052,731	\$ 416,137	\$ 0	\$1,564,689	\$3,520,162	\$1,465,356	\$ 8,019,075
Reserved for Debt Service	250,000	590,000	6,309,312	0	383,120	0	7,532,432
Deficit	0	0	0	0	(888,173)	0	(888,173)
Total Fund Balances	<u>\$1,302,731</u>	<u>\$1,006,137</u>	<u>\$6,309,312</u>	<u>\$1,564,689</u>	<u>\$3,015,109</u>	<u>\$1,465,356</u>	<u>\$14,663,334</u>
Total Liabilities & Fund Balances	<u>\$2,378,173</u>	<u>\$1,261,724</u>	<u>\$6,819,045</u>	<u>\$1,570,079</u>	<u>\$4,736,925</u>	<u>\$1,489,957</u>	<u>\$18,255,903</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, 2004

Total Fund Balances of the Governmental Funds \$ 14,663,334

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	108,504,408
Less, Accumulated Depreciation	(89,808,370)

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	(10,958,820)
Accrued Compensated Absences	<u>(1,131,996)</u>

Net Assets of Governmental Activities \$ 21,268,556

See notes to financial statements.

City of Natchitoches, Louisiana
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
Year Ended May 31, 2004

	Major Funds						Total Governmental Funds
	Special Revenue	Sales Tax		Capital Projects		Utility Improvement Fund	
	General Fund	Police Fund	Capital Projects Fund	Water Treatment Plant Fund	Capital Projects Fund	Nonmajor Funds	
REVENUES:							
Taxes	\$ 3,587,659	\$1,441,807	\$ 2,883,615	\$ 0	\$ 0	\$ 672,293	\$ 8,585,374
Licenses & Permits	687,539	0	0	0	0	0	687,539
Intergovernmental	587,545	29,616	0	0	0	1,713,281	2,330,442
Charges for Services	1,202,849	0	0	0	0	0	1,202,849
Fines & Forfeits	109,966	0	0	0	0	0	109,966
Miscellaneous	484,980	33,463	90,974	0	0	700,132	1,378,969
Total Revenues	\$ 6,660,538	\$ 1,504,886	\$ 2,974,589	\$ 0	\$ 0	\$ 3,085,706	\$ 14,295,139
EXPENDITURES:							
Current-							
General Government	\$ 2,258,471	\$ 1,320	\$ 162,179	\$ 0	\$ 0	\$ 841,288	\$ 3,295,314
Public Safety	5,028,788	314,303	0	0	0	483,730	5,826,821
Streets & Sanitation	2,355,335	0	0	0	0	773,867	3,129,202
Water, Sewer & Utilities	0	0	1,180,779	1,950,120	0	1,947,182	4,390,744
Economic Development	145,434	0	0	0	0	0	163,352
Health & Welfare	163,352	0	0	0	0	0	2,092,616
Recreation & Culture	857,006	0	0	0	0	25,919	882,925
Debt Service	50,000	673,033	132,225	0	0	7,889,878	9,210,211
Total Expenditures	\$10,858,386	\$ 988,656	\$ 1,475,183	\$ 1,950,120	\$ 0	\$ 11,961,864	\$ 28,991,185
Excess (Deficiency) of Revenues over Expenditures	\$ (4,197,848)	\$ 516,230	\$ 1,499,406	\$ (1,950,120)	\$ 0	\$ (8,876,158)	\$ (14,696,046)
OTHER FINANCING SOURCES (USES):							
Operating Transfers In	\$ 4,241,541	\$ 0	\$ 0	\$ 4,205,034	\$ 0	\$ 7,454,228	\$ 17,759,047
Operating Transfers Out	(95,522)	(1,184,291)	(9,665,030)	0	0	(533,912)	(11,478,755)
Debt Proceeds	0	590,000	7,908,246	0	0	1,500,000	9,998,246
Total Other Financing	\$ 4,146,019	\$ (594,291)	\$ (1,756,784)	\$ 4,205,034	\$ 0	\$ 8,420,316	\$ 16,278,538
Excess (Deficiency) of Revenues and Other Sources over Expenditures and Other Uses	\$ (51,829)	\$ (78,061)	\$ (257,378)	\$ 2,254,914	\$ 0	\$ (455,842)	\$ 1,582,492
Fund Balances-Beginning of Year	1,354,560	1,084,198	6,566,690	(690,225)	1,294,668	3,470,951	13,080,842
Fund Balances-End of Year	\$ 1,302,731	\$ 1,006,137	\$ 6,309,312	\$ 1,564,689	\$ 1,465,356	\$ 3,015,109	\$ 14,663,334

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, 2004*

Net Change in Fund Balance - Governmental Funds \$ 1,582,492

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 are 2,355,863

Depreciation expense on capital assets is reported in the
 Government-wide financial statements, but they do not
 require the use of current financial resources and are not
 reported in the Fund Financial Statements. Current year
 depreciation expenses is (1,089,469)

Payments made on Long-term Debt are shown as
 expenditures in the Governmental Funds, but the payments
 reduce Long-term Liabilities in the Statement of Net Assets.
 changes in Long-term Debt were

General Obligation Debt 8,537,690
 Accrued Compensated Absences 27,838

The issuance of Long-term Debt provides current financial
 resources in the Governmental Funds, and is shown as an
 income item in those funds. However, in the Government-
 wide Financial Statements, additional debt issuance
 increases the Long-term Liabilities amounts and is not
 an income item. New debt issued for the year was (9,998,246)

Net Assets of Governmental Activities \$ 1,416,168

See notes to financial statements.

City of Natchitoches, Louisiana
Statement of Net Assets
Proprietary Fund
Year Ended May 31, 2004

	<u>Business-Type Activities</u> <u>Enterprise Fund</u>
Assets-	
Current Assets-	
Cash & Cash Equivalents	\$ 4,081,535
Receivables	1,614,223
Less, Allowance for Doubtful Accounts	(125,000)
Unbilled Receivables	886,578
Inventory of Supplies & Material	1,509,881
Prepaid Expenses	<u>214,280</u>
Total Current Assets	<u>\$ 8,181,497</u>
Restricted Assets-	
Cash & Cash Equivalents-	
Bond Reserve Accounts	\$ 1,436,833
Bond Redemption Accounts	4,604,487
Customer Deposit Accounts	<u>403,486</u>
Total Restricted Assets	<u>\$ 6,444,806</u>
Noncurrent Assets-	
Land	\$ 689,908
Buildings	1,368,423
Machinery & Equipment	9,460,110
Vehicles	799,108
Other Assets	315,231
Electric System	11,508,425
Water System	22,221,148
Sewer System	30,048,743
Less, Accumulated Depreciation	<u>(21,014,988)</u>
Total Noncurrent Assets	<u>\$ 55,396,108</u>
Other Assets-	
Other Receivables	\$ <u>6,560</u>
Total Assets	<u>\$ 70,028,971</u>
Liabilities-	
Current Liabilities-	
Accounts Payable	\$ 1,357,796
Accrued Payroll	87,234
Accrued Expenses	36,368
Accrued Employee Vacations	<u>31,878</u>
Total Current Liabilities	<u>\$ 1,513,276</u>
Liabilities Payable from Restricted Assets-	
Current Portion of Revenue Bonds	\$ 1,060,022
Customer's Deposits	<u>741,016</u>
Total Payable from Restricted Assets	<u>\$ 1,801,038</u>

See notes to financial statements.

Continued next page.

City of Natchitoches, Louisiana
Statement of Net Assets
Proprietary Fund
Year Ended May 31, 2004

	<u>Business-Type Activities</u> <u>Enterprise Fund</u>
Noncurrent Liabilities-	
Revenue Bonds Payable	\$ 10,707,847
Accrued Employee Vacations	605,672
Due to Other Funds	<u>53,787</u>
Total Noncurrent Liabilities	<u>\$ 11,367,306</u>
 Total Liabilities	 <u>\$ 14,681,620</u>
Net Assets-	
Invested in Capital Assets, Net of Related Debt	\$ 43,628,239
Restricted for-	
Revenue Bond Retirement	10,707,847
Unrestricted	<u>1,011,265</u>
Total Net Assets	<u>\$ 55,347,351</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, 2004

	<u>Business-Type Activities</u> <u>Enterprise Fund</u>
Operating Revenues:	
Charges for Services-	
Electric	\$21,803,907
Water	2,466,614
Sewer	1,462,313
Miscellaneous-	
Penalties & Charges	386,312
New Account Fees	48,425
Production Credits	1,717,287
Bad Debt Recovery	18,362
Miscellaneous	<u>31,109</u>
Total Operating Revenues	<u>\$27,934,329</u>
Operating Expenses:	
Utility Administration-	
Personal Services	\$ 1,056,497
Utilities & Telephone	46,814
Supplies	108,246
Maintenance	50,871
Insurance	241,972
Uncollectible Accounts	86,532
Miscellaneous	<u>101,558</u>
Total Administration	<u>\$ 1,692,490</u>
Electric-	
Personal Services	\$ 1,532,994
Power Purchased	15,639,716
System Maintenance	331,112
Depreciation	541,356
Supplies & Miscellaneous	<u>108,398</u>
Total Electric	<u>\$18,153,576</u>
Water-	
Personal Services	\$ 387,902
Treatment Expenses	242,348
System Maintenance	159,680
Utilities	380,208
Depreciation	662,254
Supplies & Miscellaneous	<u>7,294</u>
Total Water	<u>\$ 1,839,686</u>

See notes to financial statements.

Continued next page.

City of Natchitoches, Louisiana
Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Fund
Year Ended May 31, 2004

	<u>Business-Type Activities</u> <u>Enterprise Fund</u>
Sewer-	
Personal Services	\$ 568,569
Treatment Expenses	174,101
System Maintenance	165,268
Utilities	176,597
Depreciation	694,332
Supplies & Miscellaneous	25,868
Total Sewer	<u>\$ 1,804,735</u>
 Total Operating Expenses	 <u>\$23,490,487</u>
 Income from Operations	 <u>\$ 4,443,842</u>
Non-operating Revenues (Expenses):	
Local Operating Grant	\$ 5,850
Interest Income	35,147
Insurance Recoveries	23,644
Miscellaneous Income	49,680
Interest Expenses	(536,366)
Total Non-operating Revenues (Expenses)	<u>\$ (422,045)</u>
 Income Before Contributions and Transfers	 <u>\$ 4,021,797</u>
Contributions and Transfers-	
Capital Contributions from Other Funds	\$ 4,145,343
Transfers In	750,000
Transfers Out	(7,030,292)
Total Contributions and Transfers	<u>\$ (2,134,949)</u>
 Change in Net Assets	 \$ 1,886,848
 Net Assets at Beginning of Year	 <u>53,460,503</u>
 Net Assets at End of Year	 <u>\$55,347,351</u>

See notes to financial statements.

City of Natchitoches, Louisiana
Statement of Cash Flows
Proprietary Fund
Year Ended May 31, 2004

	<u>Business-Type Activities</u> <u>Enterprise Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash Received from Customers	\$ 28,455,069
Cash Received from Operating Grants	5,850
Cash Received from Insurance Recoveries	23,644
Cash Received from Miscellaneous Income	49,680
Cash Received from Customer Deposits	33,743
Cash Received from Interfund Borrowings	33,787
Cash Payments to Suppliers for Goods and Services	(18,636,644)
Cash Payments to Employees	<u>(3,416,462)</u>
Net Cash Provided by Operating Activities	<u>\$ 6,548,667</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:	
Transfers from Other Funds	\$ 750,000
Transfers to Other Funds	<u>(7,030,292)</u>
Net Cash Used by Non-capital Financing Activities	<u>\$ (6,280,292)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Acquisition and Construction of Capital Assets	\$ (3,833,406)
Proceeds from Capital Debt	9,465,000
Principal Paid on Capital Debt	(7,729,379)
Interest Paid on Capital Debt	(536,366)
Contributed Capital	<u>4,145,343</u>
Net Cash Provided by Capital and Related Financing Activities	<u>\$ 1,511,192</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest Income	\$ <u>35,147</u>
Net Increase in Cash & Cash Equivalents	\$ 1,814,714
CASH & CASH EQUIVALENTS:	
Beginning of Year	<u>8,711,627</u>
End of Year	<u>\$ 10,526,341</u>

See notes to financial statements.

Continued next page.

City of Natchitoches, Louisiana
Statement of Cash Flows
Proprietary Fund
Year Ended May 31, 2004

Business-Type Activities
Enterprise Fund

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

Income from Operations \$ 4,443,842

ADJUSTMENTS TO RECONCILE INCOME FROM OPERATIONS TO NET
CASH PROVIDED (USED) BY OPERATING ACTIVITIES:

Depreciation	1,897,942
<i>Changes in Assets and Liabilities-</i>	
Decrease in Accounts Receivable	527,300
Increase in Inventory	(325,959)
Increase in Prepaid Expenses	(82,655)
Increase in Other Receivables	(6,560)
Decrease in Accounts Payable	(101,847)
Increase in Accrued Payroll	87,234
Decrease in Accrued Expenses	(79,600)
Increase in Compensated Absences	42,266
Increase in Customer's Deposits	33,743
Increase in Due to Other Funds	33,787
Operating Grants	5,850
Insurance Recoveries	23,644
Miscellaneous Income	<u>49,680</u>
Net Cash Provided by Operating Activities	<u>\$ 6,548,667</u>

NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:

During the past year, the Enterprise Fund received Capital Assets with a net value of \$3,819,383 that was purchased and/or constructed by the Governmental Funds, and inventory with a net value of \$325,959 that was purchased by the Governmental Funds.

RECONCILIATION OF TOTAL CASH AND CASH EQUIVALENTS:

<i>Current Assets-</i>	
Cash and Cash Equivalents	\$ 4,081,535
<i>Restricted Assets-</i>	
Cash and Cash Equivalents	<u>6,444,806</u>
Total Cash and Cash Equivalents	<u>\$10,526,341</u>

See notes to financial statements.

City of Natchitoches, Louisiana
Statement of Fiduciary Net Assets
Agency Fund
Cash Bond Fund
Year Ended May 31, 2004

<u>Assets</u>	
Cash	<u>\$79,247</u>
<u>Liabilities</u>	
Cash Bonds Held for Future Disposition	<u>\$79,247</u>

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

City of Natchitoches, Louisiana
Notes to Financial Statements
May 31, 2004

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 generates and 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 government 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, 2004

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.

As required by generally accepted accounting principles, these financial statements present the City (the primary government) and its component units. The component units discussed below are included in the City's reporting entity because of the significance of their operational or financial relationships with the City.

Blended 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 agency funds 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 Changes in Net Assets) 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. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

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

City of Natchitoches, Louisiana
Notes to Financial Statements
May 31, 2004

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

Fund Financial Statements

Fund 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.

Debt Service Funds

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

City of Natchitoches, Louisiana
Notes to Financial Statements
May 31, 2004

Capital Projects Funds

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

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.

Fiduciary Fund-

Trust and Agency Funds

Trust and 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.

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.

C. Measurement Focus and Basis of Accounting

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

City of Natchitoches, Louisiana
Notes to Financial Statements
May 31, 2004

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

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:

General Fund-To account for resources traditionally associated with governments that are not required to be accounted for in another fund.

Sales Tax Police Fund-To account for a one-half percent sales tax which is dedicated to the City's police department.

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.

Water Treatment Plant Fund-To account for a bond issue for the construction of a new water treatment plant.

Utility System Fund-To account for the provision of electric, water and sewer services for the residents of the City. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt service, and billing and collections.

Utility Improvements Fund-To account for transfers from the Proprietary Fund which is for special capital projects constructed for the Utility Fund.

City of Natchitoches, Louisiana
Notes to Financial Statements
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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.
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

City of Natchitoches, Louisiana
Notes to Financial Statements
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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, 2004 was \$125,000 and \$125,000 at May 31, 2003.

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 \$1,000 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.

In order to comply with *Government Accounting Standards Board* Statement No. 34, estimates were required to arrive at the costs shown for streets and sidewalks. The City used information provided by the Louisiana Legislative Auditor's Office, and the Louisiana Department of Transportation and Development to estimate the following costs as of June 1, 2003:

Streets	\$86,572,025
Sidewalks	<u>5,026,503</u>
Total Estimated Costs	<u>\$91,598,528</u>

City of Natchitoches, Louisiana
Notes to Financial Statements
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All capital assets, other than land and construction in progress, are depreciated using the straight-line method over the following useful lives:

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

I. Compensated Absences

Employees of the City earn vacation by the number of years in 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 and 480 hours vacation. 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".

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.

City of Natchitoches, Louisiana
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The following are summaries of interfund receivables and payables, and interfund operating transfers:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ 1,769	\$32,230
Special Revenue Funds-		
STOP Grant Fund		1,769
Liability Insurance Fund	50,207	
Sales Tax Police	35,810	
Debt Service Sales Tax	1,481	
Capital Projects Funds-		
Water Treatment Plant Fund		1,481
Enterprise Fund-		
Utility Fund	_____	<u>53,787</u>
Totals	<u>\$89,267</u>	<u>\$89,267</u>

City of Natchitoches, Louisiana
Notes to Financial Statements
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	<u>Operating Transfers In</u>	<u>Operating Transfers Out</u>
General Fund	\$ 4,241,541	\$ 95,521
Special Revenue Funds-		
Airport Fund	25,000	
Hazard Tax Fund		367,480
Police Sales Tax Fund		1,184,291
Drug Recovery Fund		2,759
Multi-Drug Task Force Fund	5,738	
Liability Insurance Fund	110,207	
Main Street Assessment Fund		892
DCRT LA Retirement Fund	3,000	
Debt Service Sales Tax Fund	6,703,229	
Capital Projects Funds-		
Sales Tax Capital Projects		7,453,229
LCDBG Sewer Fund	411	
DOTD Trans Equity Act	111,244	
Utility Improvement Fund	1,858,244	
Capital Improvement Streets	250,000	
Capital Improvement Fund Special		162,781
LLEBG Fund	8,143	
DOTD Gateway	9,518	
HDDC Projects	4,093	
Twin Valley RC&D Fence	3,500	
Ben Johnson Donations Fund	51,537	
Trane Project Grant Fund	527,992	359,384
Enterprise Funds-		
Utility Fund	<u>1,109,384</u>	<u>5,396,484</u>
Totals	<u>\$15,022,781</u>	<u>\$15,022,781</u>

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 after the fiscal year.

City of Natchitoches, Louisiana
Notes to Financial Statements
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M. Long-term Obligations

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

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

N. Restricted Assets

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

O. Fund Equity

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

P. Net Assets

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

Q. Bond Issuance Costs

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

R. Estimates

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

City of Natchitoches, Louisiana
Notes to Financial Statements
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2. Changes in Accounting Principles

For the year ended May 31, 2004, the City has implemented GASB Statement No. 34, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments. GASB No. 34 creates new basic financial statements for reporting on the City's financial activities.

The financial statements now include government-wide financial statements prepared on the accrual basis of accounting, and fund financial statements which present information for individual major funds rather than by fund type which has been the mode of presentation in previously issued financial statements.

The implementation of GASB No. 34 caused the opening fund balance at May 31, 2003, to be restated in terms of "net assets" as follows:

	Total Fund Balance	<u>Adjustments Necessary to Convert to Net Assets</u>			Net Assets 05/31/2003
		<i>Add:</i> Cost of Capital Assets 05/31/2003	<i>Less:</i> Accumulated Depreciation Capital Assets at 05/31/2003	<i>Less:</i> Long-Term Obligations 05/31/2003	
Major Funds:					
General Fund	\$ 1,354,560	\$103,787,629	\$(88,460,866)	\$ (1,456,115)	\$15,225,208
Police Sales Tax Fund	1,084,198	0	0	(655,000)	429,198
Sales Tax- Capital Projects	6,566,690	0	0	(6,735,212)	(168,522)
Water Treatment Plant Fund	(690,225)	0	0	0	(690,225)
Utility Improvement Fund	1,294,668	0	0	(450,000)	844,668
Nonmajor Funds	<u>3,470,951</u>	<u>2,415,539</u>	<u>(312,658)</u>	<u>(1,361,771)</u>	<u>4,212,061</u>
Total	<u>\$13,080,842</u>	<u>\$106,203,168</u>	<u>\$(88,773,524)</u>	<u>\$(10,658,098)</u>	<u>\$19,852,388</u>

The changes necessary to convert the non-major fund balances to "net assets" are as follows:

City of Natchitoches, Louisiana
Notes to Financial Statements
May 31, 2004

	Total Fund Balance	Adjustments Necessary to Convert to Net Assets			Net Assets 05/31/2003
		Add: Cost of Capital Assets 05/31/2003	Less: Accumulated Depreciation Capital Assets at 05/31/2003	Less: Long-Term Obligations 05/31/2003	
NonMajor Funds:					
Special Revenue Funds-					
Airport Fund	\$ (129,514)	\$ 1,428,671	\$ (312,658)	\$ (3,719)	\$ 982,780
Hazard Tax Fund	566,918	0	0	(378,052)	188,866
Employee Insurance Fund	139,063	0	0	0	139,063
Workman's Compensation Fund	825,786	0	0	0	825,786
Drug Recovery Fund	103,681	0	0	0	103,681
Multi-Drug Task Force Fund	(795)	0	0	0	(795)
STOP Grant Fund	6,204	0	0	0	6,204
Prisoner Bond Fund	11,221	0	0	0	11,221
DARE Grant Fund	527	0	0	0	527
911 Grant Fund	51,832	0	0	0	51,832
Animal Shelter Fund	16,475	0	0	0	16,475
Litter Abatement Fund	9,865	0	0	0	9,865
Liability Insurance Fund	27,567	0	0	0	27,567
Main Street Promotions Fund	5,226	0	0	0	5,226
Main Street Assessment Fund	1,007	0	0	0	1,007
NHDDC Sidewalks Fund	20,500	0	0	0	20,500
Arts Funding Fund	69	0	0	0	69
Retirement Development Fund	(3,000)	0	0	0	(3,000)
LA Purchase Fund	4,247	0	0	0	4,247
Green Market Fund	5,609	0	0	0	5,609
LCDBG Water Fund	(3,100)	0	0	0	(3,100)
LCDBG Sewer Fund	(411)	0	0	0	(411)
Front Street Fund	2,159	0	0	0	2,159
LLEBG Grant Fund	81,713	0	0	0	81,713
Main Street Façade Fund	6,491	0	0	0	6,491
Capital Projects Funds-					
DOTD Sidewalks Fund	11,270	0	0	0	11,270
Street Improvements Fund	74,643	0	0	0	74,643
Capital Improvements Fund	955,148	0	0	(210,000)	745,148
DOTD Runways Fund	(53)	0	0	0	(53)
DOTD Gateway Fund	2,625	0	0	0	2,625
NHDDC Projects Fund	(205)	0	0	0	(205)
Trane Project Fund	614,976	0	0	(770,000)	(155,024)
Convention Center Fund	(1,610)	986,868	0	0	985,258
Debt Service Fund-					
Sales Tax Bond Fund	64,817	0	0	0	64,817
Total	\$ 3,470,951	\$ 2,415,539	\$ (312,658)	\$ (1,361,771)	\$ 4,212,061

City of Natchitoches, Louisiana
Notes to Financial Statements
May 31, 2004

3. 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.

Property Tax Calendar

Assessment date	January 1, 2003
Levy date	June 30, 2003
Tax bills mailed	October 15, 2003
Total taxes are due	December 31, 2003
Penalties & interest added	January 31, 2004
Lien date	January 31, 2004
Tax sale	May 15, 2004

For the year ended May 31, 2004, taxes of 17.03 mills were levied on property with an assessed valuation totaling \$68,915,180, and were dedicated as follows:

General Corporate Purposes	7.03 mills
Special Taxes	10.00 mills

Total taxes collected were \$1,170,987 after small adjustments were made to the original tax roll. A tax sale was held on May 19, 2004, 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>
Conagra Poultry	\$ 3,954,970
Alliance Compressors	3,565,100
BellSouth Communications	3,445,830
Wal-Mart Stores, Inc.	2,119,110
Exchange Bank	<u>1,567,300</u>
Total	<u>\$14,652,310</u>

City of Natchitoches, Louisiana
Notes to Financial Statements
May 31, 2004

4. Restricted Assets-Proprietary Fund Type

Restricted assets of the Utility Fund were applicable to the following at May 31, 2004 and 2003:

	<u>2004</u>	<u>2003</u>
Bond Reserve Account	\$1,436,833	\$1,420,710
Customer's Deposit Account	403,486	396,188
Bond Interest & Redemption Account	<u>4,604,488</u>	<u>4,593,718</u>
Total	<u>\$6,444,807</u>	<u>\$6,410,616</u>

5. Capital Assets

Capital assets and depreciation activity as of and for the year ended May 31, 2004 is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
General Fund-				
Capital Assets-				
Land	\$ 2,350,481	\$ 220,000	\$ 0	\$ 2,570,481
Buildings	5,054,945	29,304	0	5,084,249
Furniture & Fixtures	25,524	0	0	25,524
Machinery & Equipment	1,441,379	303,630	(32,500)	1,712,509
Vehicles	3,229,421	150,500	(22,124)	3,357,857
Other Assets	19,500	185,166	0	204,666
Streets	86,572,025	0	0	86,572,025
Other Infrastructure	<u>5,094,354</u>	<u>230,421</u>	<u>0</u>	<u>5,324,775</u>
Total Assets	<u>\$103,787,629</u>	<u>\$ 1,119,081</u>	<u>\$(54,624)</u>	<u>\$104,852,086</u>
Accumulated Depreciation-				
Buildings	\$ 1,142,464	\$ 122,315	\$ 0	\$ 1,264,779
Furniture & Fixtures	24,550	494	0	25,044
Machinery & Equipment	395,236	146,937	(32,500)	1,009,673
Vehicles	2,142,535	271,916	(22,124)	2,392,327
Other Assets	0	16,789	0	16,789
Streets	80,736,337	324,568	0	81,060,905
Other Infrastructure	<u>3,519,745</u>	<u>138,070</u>	<u>0</u>	<u>3,657,815</u>
Total Accumulated Depn.	<u>\$ 88,460,867</u>	<u>\$ 1,021,089</u>	<u>\$(54,624)</u>	<u>\$ 89,427,332</u>

City of Natchitoches, Louisiana
Notes to Financial Statements
May 31, 2004

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Airport Fund-				
Capital Assets-				
Land	\$ 325,000	\$ 18,500	\$ 0	\$ 343,500
Construction in Progress	0	175,472	0	175,472
Buildings	745,600	273,082	0	1,018,682
Other Infrastructure	<u>358,071</u>	<u>159,408</u>	<u>0</u>	<u>517,479</u>
Total Assets	<u>\$ 1,428,671</u>	<u>\$ 626,462</u>	<u>\$ 0</u>	<u>\$ 2,055,133</u>
Accumulated Depreciation-				
Buildings	\$ 78,944	\$ 25,257	\$ 0	\$ 99,201
Other Infrastructure	<u>238,714</u>	<u>43,123</u>	<u>0</u>	<u>281,837</u>
Total Accumulated Depn.	<u>\$ 312,658</u>	<u>\$ 68,380</u>	<u>\$ 0</u>	<u>\$ 381,038</u>
Convention Center Fund-				
Capital Assets-				
Land	\$ 449,000	\$ 0	\$ 0	\$ 449,000
Construction in Progress	<u>537,868</u>	<u>610,320</u>	<u>0</u>	<u>1,148,188</u>
Total Assets	<u>\$ 986,868</u>	<u>\$ 610,320</u>	<u>\$ 0</u>	<u>\$ 1,597,188</u>
Total Assets	<u>\$106,203,168</u>	<u>\$ 2,355,863</u>	<u>\$(54,625)</u>	<u>\$108,504,407</u>
Total Accumulated Depn.	<u>\$(88,773,525)</u>	<u>\$(1,089,469)</u>	<u>\$ 54,625</u>	<u>\$(89,808,370)</u>

Depreciation expense of \$1,089,469 for the year ended May 31, 2004, was charged to the following governmental functions:

General Fund-	
Finance Department	\$ 64,583
Community Development Department	31,880
Planning & Zoning Department	2,869
Fire Department	90,984
Recreation Department	82,148
Public Works Department	555,603
Purchasing Department	20,974
Police Department	172,048
Airport Fund	<u>68,380</u>
Total	<u>\$1,089,469</u>

City of Natchitoches, Louisiana
Notes to Financial Statements
May 31, 2004

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type Activities:				
Utility Fund-				
Capital Assets-				
Land	\$ 689,908	\$ 0	\$ 0	\$ 689,908
Building	1,368,423	0	0	1,368,423
Furniture & Fixtures	313,036	2,195	0	315,231
Machinery & Equipment	9,398,527	70,398	(8,815)	9,460,110
Vehicles	757,527	41,581	0	799,108
Electric System	10,884,771	981,287	(357,633)	11,508,425
Water System	19,750,735	2,656,358	(185,945)	22,221,148
Sewer System	<u>29,989,184</u>	<u>81,587</u>	<u>(22,028)</u>	<u>30,048,743</u>
Total Assets	<u>\$73,152,111</u>	<u>\$3,833,406</u>	<u>\$(574,421)</u>	<u>\$76,411,096</u>
Accumulated Depreciation-				
Buildings	\$ 455,654	\$ 27,368	\$ 0	\$ 483,022
Furniture & Fixtures	313,036	2,196	0	315,232
Machinery & Equipment	4,910,708	473,005	(8,815)	5,374,898
Vehicles	696,511	119,806	0	816,317
Electric System	1,762,420	230,169	(357,633)	1,634,956
Water System	5,218,470	444,423	(185,945)	5,476,948
Sewer System	<u>6,334,668</u>	<u>600,975</u>	<u>(22,028)</u>	<u>6,913,615</u>
Total Accumulated Depn.	<u>\$19,691,467</u>	<u>\$1,897,942</u>	<u>\$(574,421)</u>	<u>\$21,014,988</u>

Depreciation expense of \$1,897,941 for the year ended May 31, 2004, was charged to the following business-type functions:

Utility Fund	<u>\$1,897,942</u>
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6. Long-Term Debt

General Obligation-At May 31, 2004, the City had the following outstanding general obligation bond issues:

- 1) Bonds payable to the Louisiana Department of Environmental Quality. These bonds are also referred to as DHH/DEQ #6. The bonds are being issued to help with the construction of a new water treatment plant. The issuance of these bonds is not yet finalized. These bonds are to be repaid from the Water and Sewer Sales Tax.
- 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 1% Water and Sewer Sales Tax.

City of Natchitoches, Louisiana
Notes to Financial Statements
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- 3) Series 2003 Certificate of Indebtedness in the amount of \$2,090,000 was issued during the year ended May 31, 2004, to refund \$590,000 in outstanding bonds and to provide new funds in the amount of \$1,500,000. The \$590,000 in refunded bonds was for the Police Department, and \$590,000 of the new debt issue is to be paid from the Police Sales Tax Fund. The remaining \$1,500,000 is to be used to purchase various equipment items for the City, and is to be repaid from excess funds from any source. The City expects to pay this debt with transfers from the Utility Fund.
- 4) Capital lease with Government Capital Corporation for the purchase of a fire truck. This lease was entered into in October 1999, and was originally for \$223,621. The lease is to be repaid from the Hazard Tax Fund.
- 5) Capital lease with Suntrust, Inc., for the purchase of a fire truck. This lease was entered into on August 23, 2001, and was originally for \$247,491. The lease is to be repaid from the Hazard Tax Fund.
- 6) Purchase agreement with the Natchitoches Parish School Board for the purchase of a building to house the Council on Aging. The original purchase price was \$400,000, with annual payments of \$50,000 to be made over eight years with no interest payments. This debt is being paid by the General 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 bonds 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.

Bonds Outstanding at May 31, 2004, are as follows:

<u>Issue</u>	<u>Issue Date</u>	<u>Final Maturity Date</u>	<u>Interest Rates</u>	<u>Balance Outstanding</u>
General Obligation- DEQ #6	08-15-02	01-01-23	3.95%	\$2,827,863
Series 2003 Refunding	08-13-03	07-01-14	3.00%	5,465,000
Series 2003 C/I	08-13-03	08-01-13	3.00%	2,090,000
GCC Lease	10-01-99	07-01-09	5.78%	148,877
Suntrust Lease	08-23-01	08-23-08	3.55%	177,080
Natchitoches Parish School Board	12-31-01	12-31-09	0	<u>250,000</u>
Total General Obligation Debt				<u>\$10,958,820</u>

City of Natchitoches, Louisiana
Notes to Financial Statements
May 31, 2004

<u>Issue</u>	<u>Issue Date</u>	<u>Final Maturity Date</u>	<u>Interest Rates</u>	<u>Balance Outstanding</u>
Revenue Bonds-				
1993 Series A, DEQ #3	06-01-99	12-01-13	2.95%	\$ 2,667,869
Series 2003 A	08-13-03	12-01-22	4.00%	1,995,000
Series 2003 B	08-13-03	12-01-22	4.00%	5,800,000
1999 Revenue, DEQ #5	07-20-99	07-20-19	3.95%	<u>1,305,000</u>
Total Revenue Bonds				<u>\$11,767,869</u>
Total Bonds Payable				<u>\$22,726,689</u>

The annual debt service requirements to maturity of all bonds outstanding at May 31, 2004, including interest payments of \$5,310,671 are as follows:

<u>Year Ending May 31</u>	<u>General Obligation</u>	<u>Revenue Bonds</u>	<u>Total</u>
2005	\$ 1,401,895	\$ 1,431,076	\$ 2,832,971
2006	1,398,619	1,431,876	2,830,495
2007	1,395,443	1,367,376	2,762,819
2008	1,388,217	1,262,865	2,651,082
2009	1,392,030	1,272,508	2,664,538
2010	1,176,253	1,264,209	2,440,462
2011	1,147,849	1,273,439	2,421,288
2012	1,095,474	1,269,388	2,364,862
2013	915,981	1,267,724	2,183,705
2014	707,422	1,264,080	1,971,502
Thereafter	<u>1,487,271</u>	<u>1,426,365</u>	<u>2,913,636</u>
Total	<u>\$13,506,454</u>	<u>\$14,530,906</u>	<u>\$28,037,360</u>

The following is a summary of changes in long-term debt for the year ended May 31, 2004:

	<u>Balance 06-01-03</u>	<u>Additions</u>	<u>Balance Reduction</u>	<u>Balance 05-31-04</u>
General Obligation	\$ 9,498,264	\$ 9,998,246	\$ (8,537,690)	\$10,958,820
Revenue Bonds	<u>10,032,248</u>	<u>7,965,000</u>	<u>(6,229,379)</u>	<u>11,767,869</u>
Total	<u>\$19,530,512</u>	<u>\$17,963,246</u>	<u>\$(14,767,069)</u>	<u>\$22,726,689</u>

City of Natchitoches, Louisiana
Notes to Financial Statements
May 31, 2004

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

The City of Natchitoches levies two 1%, and one .5% sales and use tax. One of the 1% sales and use tax levies is dedicated to the General Fund, to be used as operating monies. Collections for 2004 were \$2,883,615. The .5% levy is dedicated to the Police Department. Collections for this levy were \$1,441,807.

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.*

The total collections for this 1% tax were \$2,883,615.

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

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

1. Out of revenue, to the "Operations and Maintenance Account", an amount sufficient to provide for expenses of the system.
2. Each month, there should be set aside into an account called the "Sinking Fund", an amount constituting 1/12 of the next maturing yearly installment principal payment, and 1/6 of the next six month interest payment. These funds can only be used for payment of bond principal and interest.
3. There should also be set aside into a "Bond Reserve Account", an amount equal to 20% of the principal and interest payments required during the current fiscal year until there shall have been accumulated in the Reserve Account an amount equal to the maximum principal and interest requirements in any one maturity year. These monies may be used only for the payment of maturing bonds and interest for which sufficient funds are not on deposit in the "Bond and Interest Redemption Account".

City of Natchitoches, Louisiana
Notes to Financial Statements
May 31, 2004

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.

9. 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 are eligible to participate in 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-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 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.

City of Natchitoches, Louisiana
Notes to Financial Statements
May 31, 2004

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 11.0 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, 2004, 2003 and 2002, were \$467,844, \$332,285, and \$224,901, respectively, equal to the required contributions for each year.

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

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

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

Funding Policy. Plan members are required by state statute to contribute 7.50 percent of their annual covered salary and the City of Natchitoches is required to contribute at an actuarially determined rate. The current rate is 15.25 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, 2004, 2003, and 2002, were \$257,086, \$153,166, and \$159,039, respectively, equal to the required contributions for each year.

City of Natchitoches, Louisiana
Notes to Financial Statements
May 31, 2004

C. Firefighters Retirement System of Louisiana

Plan Description. Membership in the Louisiana Firefighters Retirement System is mandatory for all full-time firefighters employed by a municipality, parish, or fire protection district that did not enact an ordinance before January 1, 1980, exempting itself from participation in the System. Employees are eligible to retire with 25 years or more at any age, at or after age 55 with at least 12 years of creditable service or at or after age 50 with at least 20 years of creditable service. Upon retirement, members are entitled to a retirement benefit, payable monthly for life, equal to 3 1/3 percent of their final-average salary for each year of creditable service, not to exceed 100 percent of their final-average salary. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least 12 years of service and do not withdraw their employee contributions may retire at or after age 55 (or at or after age 50 with at least 20 years of creditable service at termination) and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

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

Funding Policy. Plan members are required by state statute to contribute 8.0 percent of their annual covered salary and the City is required to contribute at an actuarially determined rate. The current rate is 9.0 percent of annual covered payroll. The contribution requirements of plan members and the City of Natchitoches are established and may be amended by state statute. As 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, 2004, 2003, and 2002, were \$182,957, \$116,264, and \$103,008, respectively, equal to the required contributions for each year.

10. Pending Litigation

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 City was found not liable for the remaining case by the lower and appeal courts. However, the plaintiffs have appealed to the Louisiana Supreme Court. City attorneys believe that the decisions of the lower courts will be upheld, but if not, the City would have no insurance coverage for this claim.

City of Natchitoches, Louisiana
Notes to Financial Statements
May 31, 2004

11. Cash and Investments

Cash and investments are held separately by each of the City's funds. At May 31, 2004, cash and investments totaled \$25,204,670. Bank account and investment balances at May 31, 2004, totaled \$26,280,517. Of the amounts held in commercial banks and savings and loan associations, \$410,009 was covered by federal depository insurance, \$21,170,019 was secured by pledged securities, and \$3,431 was held on hand.

The City's cash and investments are categorized below to give an indication of the level of risk assumed by the City at May 31, 2004. Category 1 includes cash that is held by the City, cash and investments that are insured or registered, or investments held by the City or its brokers in the City's name. Category 2 would include uninsured and unregistered investments for which the securities are held by the broker's dealer's trust department or agent in the City's name. Category 3 would include uninsured or unregistered investments for which the securities are held by the broker or dealer, or by its trust department or agent, but not in the City's name.

	Category			Carrying Value
	1	2	3	
Cash-				
Petty Cash	\$ 3,431	\$0	\$0	\$ 3,431
Demand Deposits	18,567,828	0	0	18,567,828
Certificates of Deposit	3,012,200	0	0	3,012,200
Investments-				
U.S. Government Securities	<u>4,700,489</u>	<u>0</u>	<u>0</u>	<u>4,700,489</u>
Total	<u>\$26,283,948</u>	<u>\$0</u>	<u>\$0</u>	<u>\$26,283,948</u>

12. Compensation of City Councilmen

A detail of compensation paid to individual council members for the year ended May 31, 2004 follows:

Don Mims	\$ 8,403
Jack McCain, Jr.	5,762
Lee Posey	5,762
Billy Evans	5,762
Sylvia Morrow	<u>5,762</u>
Total	<u>\$31,451</u>

City of Natchitoches, Louisiana
Notes to Financial Statements
May 31, 2004

13. Lease Agreement-Waterworks District Number One

The City of Natchitoches has entered into a long-term lease agreement with 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.

14. Receivables

The following is a summary of receivables at May 31, 2004:

<u>Class of Receivable</u>	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Capital Projects Funds</u>	<u>Proprietary Funds</u>
Tax, Licenses & Permits-				
Sales & Use Tax	\$374,957	\$114,590	\$ 228,909	\$ 0
Licenses & Permits	4,360	0	0	0
Intergovernmental-				
Federal	10,005	2,295	224,929	0
State	24,645	18,901	612,676	0
Local	7,837	49	1,527	0
Other Receivables	<u>175,292</u>	<u>28,328</u>	<u>0</u>	<u>2,375,801</u>
Total	<u>\$597,097</u>	<u>\$164,163</u>	<u>\$1,068,041</u>	<u>\$2,375,801</u>

All receivables for the governmental funds are considered to be collectible, and no allowance for bad debt is used.

15. Accounts, Salaries, and Other Payables

The payables of \$3,387,342 at May 31, 2004, are as follows:

<u>Class of Receivable</u>	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Capital Projects Funds</u>	<u>Proprietary Funds</u>
Accounts Payable	\$ 655,626	\$289,956	\$568,749	\$1,357,796
Accrued Payroll	191,604	4,027	0	87,234
Accrued Liabilities	<u>195,982</u>	<u>0</u>	<u>0</u>	<u>36,368</u>
Total	<u>\$1,043,212</u>	<u>\$293,983</u>	<u>\$568,749</u>	<u>\$1,481,398</u>

City of Natchitoches, Louisiana
Notes to Financial Statements
May 31, 2004

16. Fund Deficits

The following individual funds have deficits in unreserved fund balances at May 31, 2004:

<u>Fund</u>	<u>Deficit Amount</u>
Special Revenue Funds-	
Airport Fund	\$359,303
Employee Insurance Fund	293,272
LCDBG Water Fund	3,100
Capital Projects Funds-	
Street Improvements	70,295
DOTD Runways Fund	1,963
DOTD Safety Fund	131,205
Convention Center Fund	2,970
Debt Service Funds-	
C of I 2003 Fund	<u>26,065</u>
Total	<u>\$888,173</u>

The deficits in the Airport Fund, LCDBG Water Fund, Street Improvements Fund, Convention Center Fund, and the two DOTD Airport Construction Funds are being caused by ongoing construction projects. These deficits will be funded in the next fiscal year by grant revenues and by transfers from other funds. The deficit in the Employee Insurance Fund was caused by benefit expenses in excess of charges to the funds which had payroll expenditures, and will be funded by increasing the charges in future years. The deficit in the Debt Service Fund will be funded by transfers from the Enterprise Fund in the next fiscal year.

In addition to deficit fund balances, the City has various funds which have cash overdrafts. Of the total cash deficits of \$1,651,145, \$870,455 will be funded by the receipt of revenue receivables, \$293,272 will be funded by increasing charges in the next year, and the remaining \$487,418 will be funded by interfund transfers in future years.

17. Postemployment Benefits

On October 23, 1995, the City Council passed Resolution #111 approving a plan to continue paying one-half of the health insurance premiums for employees who worked for the City at least 20 years and that have reached age 50 at retirement until they have reached age 65. The plan went into effect on January 1, 1996. In 1998, this was changed to 60% of the total premium. Effective August 2000, the City, for employees leaving after this date, will pay 100% of the employee premium only, with the employee paying for any additional coverage. The City intends to fund these benefits on a "pay-as-you-go" basis. For the year ended May 31, 2004, this benefit cost \$78,251. Approximately 24 employees are receiving this benefit.

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, 2004

	<u>Budgeted Amounts</u>		<u>2004 Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Taxes	\$ 3,195,000	\$ 3,545,000	\$ 3,587,659	\$ 42,659
Licenses & Permits	606,500	643,500	687,539	44,039
Intergovernmental	385,020	459,900	587,545	127,645
Charges for Services	1,173,670	1,170,920	1,202,849	31,929
Fines & Forfeits	154,000	150,000	109,966	(40,034)
Miscellaneous	<u>319,000</u>	<u>413,770</u>	<u>484,980</u>	<u>71,210</u>
Total Revenues	\$ <u>5,833,190</u>	\$ <u>6,383,090</u>	\$ <u>6,660,538</u>	\$ <u>277,448</u>
EXPENDITURES:				
Current-				
General Government	\$ 2,646,627	\$ 2,462,867	\$ 2,258,471	\$ 204,396
Public Safety	5,156,428	5,224,028	5,028,788	195,240
Streets & Sanitation	2,031,515	2,079,515	2,355,335	(275,820)
Health & Welfare	129,480	129,480	163,352	(33,872)
Recreation & Culture	441,474	591,254	857,006	(265,752)
Economic Development	125,570	125,570	145,434	(19,864)
Debt Service	<u>23,000</u>	<u>23,000</u>	<u>50,000</u>	<u>(27,000)</u>
Total Expenditures	\$ <u>10,554,094</u>	\$ <u>10,635,714</u>	\$ <u>10,858,386</u>	\$ <u>(222,672)</u>
Excess (Deficiency) of Revenues over Expenditures	\$ <u>(4,720,904)</u>	\$ <u>(4,252,624)</u>	\$ <u>(4,197,848)</u>	\$ <u>54,776</u>
OTHER FINANCING SOURCES (USES):				
Operating Transfers In	\$ 4,303,938	\$ 4,303,938	\$ 4,241,541	\$ (62,397)
Operating Transfers Out	<u>(75,000)</u>	<u>(75,000)</u>	<u>(95,522)</u>	<u>(20,522)</u>
Total Other Financing	\$ <u>4,228,938</u>	\$ <u>4,228,938</u>	\$ <u>4,146,019</u>	\$ <u>(82,919)</u>
Excess (Deficiency) of Revenues and Other Sources over Expen- ditures and Other Uses	\$ (491,966)	\$ (23,686)	\$ (51,829)	\$ (28,143)
Fund Balance-Beginning of Year	<u>1,354,560</u>	<u>1,354,560</u>	<u>1,354,560</u>	<u>0</u>
Fund Balance-End of Year	\$ <u>862,594</u>	\$ <u>1,330,874</u>	\$ <u>1,302,731</u>	\$ <u>(28,143)</u>

See notes to financial statements.

City of Natchitoches, Louisiana
Major Funds

General Fund
Statement of Revenues-
Budget (GAAP Basis) and Actual
Year Ended May 31, 2004

	<u>Budgeted Amounts</u>		<u>2004 Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Taxes-				
Cable TV Franchise	\$ 25,000	\$ 30,000	\$ 37,351	\$ 7,351
Atmos Franchise	135,000	135,000	167,999	32,999
Sales & Use Tax	2,600,000	2,915,000	2,883,615	(31,385)
Ad Valorem Taxes	<u>435,000</u>	<u>465,000</u>	<u>498,694</u>	<u>33,694</u>
Total Taxes	<u>\$3,195,000</u>	<u>\$3,545,000</u>	<u>\$3,587,659</u>	<u>\$ 42,659</u>
Licenses & Permits-				
Insurance Licenses	\$ 175,000	\$ 175,000	\$ 226,222	\$ 51,222
Liquor Licenses	23,000	23,000	21,217	(1,783)
Occupational Licenses	338,000	375,000	359,017	(15,983)
Building Permits	70,000	70,000	80,683	10,683
Mobile Home Permits	<u>500</u>	<u>500</u>	<u>400</u>	<u>(100)</u>
Total Licenses & Permits	<u>\$ 606,500</u>	<u>\$ 643,500</u>	<u>\$ 687,539</u>	<u>\$ 44,039</u>
Intergovernmental-				
Beer Taxes	\$ 40,000	\$ 40,000	\$ 36,640	\$ (3,360)
Payments in Lieu of Taxes	55,000	55,000	51,972	(3,028)
Housing Authority	16,000	16,000	20,000	4,000
Main Street Program-DOTD	33,000	33,000	40,186	7,186
Fire Insurance Tax	34,120	41,000	40,890	(110)
State of LA-Christmas Festival	0	45,000	45,000	0
Cane River Heritage	78,900	78,900	136,180	57,280
School Board-Crossing Guards	60,000	60,000	56,269	(3,731)
City Court	5,000	5,000	6,000	1,000
FINS Grant	26,000	26,000	22,041	(3,959)
NHDDC	16,000	16,000	18,500	2,500
DARE Reimbursement	21,000	21,000	19,752	(1,248)
Police Jury	0	5,000	3,131	(1,869)
Homeland Security Grant	0	0	59,054	59,054
Miscellaneous	0	0	9,500	9,500
City Marshal's Office	<u>0</u>	<u>18,000</u>	<u>22,430</u>	<u>4,430</u>
Total Intergovernmental	<u>\$ 385,020</u>	<u>\$ 459,900</u>	<u>\$ 587,545</u>	<u>\$127,645</u>

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, 2004

	<u>Budgeted Amounts</u>		<u>2004 Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Charges for Services-				
Animal Shelter	\$ 6,000	\$ 6,000	\$ 7,252	\$ 1,252
Garbage Collection	1,100,000	1,100,000	1,129,330	29,330
Recreation Department	52,670	49,920	48,349	(1,571)
Police Fees	12,000	12,000	12,258	258
Demolition/Grass Cutting	1,500	1,500	3,960	2,460
Rezoning	<u>1,500</u>	<u>1,500</u>	<u>1,700</u>	<u>200</u>
Total Charges for Services	<u>\$1,173,670</u>	<u>\$1,170,920</u>	<u>\$1,202,849</u>	<u>\$ 31,929</u>
Fines & Forfeits-				
Court Costs	\$ 19,000	\$ 15,000	\$ 11,897	\$ (3,103)
Court Fines	<u>135,000</u>	<u>135,000</u>	<u>98,069</u>	<u>(36,931)</u>
Total Fines & Forfeits	<u>\$ 154,000</u>	<u>\$ 150,000</u>	<u>\$ 109,966</u>	<u>\$ (40,034)</u>
Miscellaneous-				
Insurance Recovery	\$ 4,000	\$ 4,000	\$ 0	\$ (4,000)
Interest Income	220,000	220,000	270,842	50,842
Rent Income	68,800	68,800	95,835	27,035
Sales of Surplus	0	85,000	87,935	2,935
Miscellaneous	<u>26,200</u>	<u>35,970</u>	<u>30,368</u>	<u>(5,602)</u>
Total Miscellaneous	<u>\$ 319,000</u>	<u>\$ 413,770</u>	<u>\$ 484,980</u>	<u>\$ 71,210</u>
TOTAL REVENUES	<u>\$5,833,190</u>	<u>\$6,383,090</u>	<u>\$6,660,538</u>	<u>\$277,448</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, 2004

	<u>Budgeted Amounts</u>		<u>2004 Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
GENERAL GOVERNMENT:				
City Hall-				
Personnel Cost	\$ 531,035	\$ 530,535	\$ 484,451	\$ 46,084
Supplies & Postage	14,200	18,300	18,211	89
Maintenance	15,150	15,150	1,439	13,711
Mayor's Expense	10,700	10,700	9,339	1,361
Municipal Code Publication	9,750	9,750	350	9,400
Fuel, Travel & Auto	15,300	13,700	14,424	(724)
Utilities	13,500	13,500	6,222	7,278
Miscellaneous	9,900	7,400	7,994	(594)
Capital Expenditures	<u>3,750</u>	<u>3,750</u>	<u>1,150</u>	<u>2,600</u>
Total	<u>\$ 623,285</u>	<u>\$ 622,785</u>	<u>\$ 543,580</u>	<u>\$ 79,205</u>
Purchasing Department-				
Personnel Cost	\$ 178,548	\$ 178,548	\$ 190,490	\$ (11,942)
Supplies & Postage	13,950	15,750	16,552	(802)
Fuel, Travel & Auto	4,000	4,000	2,844	1,156
Maintenance	10,750	10,600	9,280	1,320
Utilities	13,400	14,200	13,640	560
Miscellaneous	4,900	3,950	2,928	1,022
Capital Expenditures	<u>3,000</u>	<u>2,100</u>	<u>1,445</u>	<u>655</u>
Total	<u>\$ 228,548</u>	<u>\$ 229,148</u>	<u>\$ 237,179</u>	<u>\$ (8,031)</u>
City Garage-				
Personnel Cost	\$ 144,502	\$ 144,502	\$ 136,058	\$ 8,444
Supplies & Repairs	16,330	15,725	13,330	2,395
Uniforms & Miscellaneous	2,600	2,600	2,088	512
Utilities	9,200	9,200	8,583	617
Capital Expenditures	<u>3,500</u>	<u>3,500</u>	<u>0</u>	<u>3,500</u>
Total	<u>\$ 176,132</u>	<u>\$ 175,527</u>	<u>\$ 160,059</u>	<u>\$ 15,468</u>

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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, 2004

	<u>Budgeted Amounts</u>		<u>2004 Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
City Court-				
Personnel Cost	\$ 101,910	\$ 101,910	\$ 109,638	\$ (7,728)
Office & Supplies	<u>1,500</u>	<u>1,500</u>	<u>1,547</u>	<u>(47)</u>
Total	\$ <u>103,410</u>	\$ <u>103,410</u>	\$ <u>111,185</u>	\$ <u>(7,775)</u>
Community Affairs-				
Personnel Cost	\$ 317,889	\$ 206,910	\$ 181,613	\$ 25,297
Fuel & Travel	15,120	7,050	4,787	2,263
Repairs & Miscellaneous	51,896	14,750	8,519	6,231
Supplies & Postage	5,110	5,350	2,756	2,594
Utilities	34,010	17,750	11,662	6,088
Capital Expenditures	<u>18,450</u>	<u>7,410</u>	<u>2,860</u>	<u>4,550</u>
Total	\$ <u>442,475</u>	\$ <u>259,220</u>	\$ <u>212,197</u>	\$ <u>47,023</u>
Planning & Zoning-				
Personnel Cost	\$ 72,181	\$ 72,181	\$ 59,706	\$ 12,475
Utilities	1,800	1,800	1,679	121
Supplies & Postage	3,000	3,000	3,695	(695)
Repairs & Miscellaneous	4,450	4,450	5,880	(1,430)
Travel	2,550	2,550	2,793	(243)
Capital Expenditures	<u>0</u>	<u>0</u>	<u>11,675</u>	<u>(11,675)</u>
Total	\$ <u>83,981</u>	\$ <u>83,981</u>	\$ <u>85,428</u>	\$ <u>(1,447)</u>
Beautification-				
Personnel Cost	\$ 66,220	\$ 66,220	\$ 77,502	\$ (11,282)
Supplies	9,330	9,330	6,464	2,866
Projects	14,346	14,346	18,555	(4,209)
Travel	<u>3,000</u>	<u>3,000</u>	<u>2,267</u>	<u>733</u>
Total	\$ <u>92,896</u>	\$ <u>92,896</u>	\$ <u>104,788</u>	\$ <u>(11,892)</u>

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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, 2004

	<u>Budgeted Amounts</u>		<u>2004 Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Municipal Buildings-				
Utilities	\$ 38,920	\$ 38,920	\$ 18,111	\$ 20,809
Repairs & Maintenance	40,529	40,529	68,040	(27,511)
Other	15,280	15,280	15,667	(387)
Total	<u>\$ 94,729</u>	<u>\$ 94,729</u>	<u>\$ 101,818</u>	<u>\$ (7,089)</u>
General Accounts-				
Legal & Audit	\$ 85,700	\$ 85,700	\$ 59,838	\$ 25,862
Fire & Casualty Insurance	220,000	220,000	155,984	64,016
Municipal Utilities	165,500	163,500	140,332	23,168
Employee Benefits	199,471	200,221	213,457	(13,236)
Miscellaneous	110,500	111,750	121,340	(9,590)
Capital Expenditures	20,000	20,000	11,286	8,714
Total	<u>\$ 801,171</u>	<u>\$ 801,171</u>	<u>\$ 702,237</u>	<u>\$ 98,934</u>
TOTAL GENERAL GOVERNMENT	<u>\$ 2,646,627</u>	<u>\$ 2,462,867</u>	<u>\$ 2,258,471</u>	<u>\$ 204,396</u>
PUBLIC SAFETY:				
Fire Department-				
Personnel Cost	\$ 1,845,143	\$ 1,895,143	\$ 1,786,805	\$ 108,338
Fuel & Oil	6,200	6,200	8,966	(2,766)
Maintenance	27,155	25,355	25,627	(272)
Supplies & Miscellaneous	27,300	15,250	17,731	(2,481)
School & Travel	5,500	5,500	4,784	716
Uniforms	8,000	8,000	7,131	869
Utilities	25,800	25,300	30,839	(5,539)
Capital Expenditures	0	0	21,456	(21,456)
Total	<u>\$ 1,945,098</u>	<u>\$ 1,980,748</u>	<u>\$ 1,903,339</u>	<u>\$ 77,409</u>

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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, 2004

	<u>Budgeted Amounts</u>		<u>2004 Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Police Department-				
Personnel Cost	\$ 2,766,155	\$ 2,754,155	\$ 2,530,323	\$ 223,832
Fuel	62,300	62,300	82,168	(19,868)
Maintenance	65,250	62,700	80,259	(17,559)
Prisoner Maintenance	70,000	95,000	102,977	(7,977)
Utilities	52,500	53,000	58,629	(5,629)
Miscellaneous	17,450	17,450	33,160	(15,710)
Supplies & Uniforms	39,675	37,875	31,757	6,118
Office Expense	22,300	25,100	33,208	(8,108)
Travel & Training	11,500	11,500	11,773	(273)
Marshal's Expense	99,200	119,200	118,297	903
Civil Defense	5,000	5,000	5,000	0
Capital Expenditures	<u>0</u>	<u>0</u>	<u>37,898</u>	<u>(37,898)</u>
Total	\$ <u>3,211,330</u>	\$ <u>3,243,280</u>	\$ <u>3,125,449</u>	\$ <u>117,831</u>
TOTAL PUBLIC SAFETY	\$ <u>5,156,428</u>	\$ <u>5,224,028</u>	\$ <u>5,028,788</u>	\$ <u>195,240</u>
STREETS & SANITATION:				
Personnel Cost	\$ 814,195	\$ 812,195	\$ 849,509	\$ (37,314)
Street Materials	69,800	119,800	192,043	(72,243)
Maintenance	65,800	65,800	137,303	(71,503)
Fuel & Oil	27,000	27,000	41,697	(14,697)
Supplies & Miscellaneous	21,520	21,520	22,241	(721)
Garbage Disposal	959,000	959,000	1,046,890	(87,890)
Utilities	9,200	9,200	10,232	(1,032)
Uniforms	5,000	5,000	6,747	(1,747)
Capital Expenditures	<u>60,000</u>	<u>60,000</u>	<u>48,673</u>	<u>11,327</u>
TOTAL STREETS & SANITATION	\$ <u>2,031,515</u>	\$ <u>2,079,515</u>	\$ <u>2,355,335</u>	\$ <u>(275,820)</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, 2004

	<u>Budgeted Amounts</u>		<u>2004 Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
HEALTH & WELFARE:				
Animal Shelter-				
Personnel Cost	\$ 93,930	\$ 92,430	\$ 99,919	\$ (7,489)
Food & Medicine	4,500	4,500	4,751	(251)
Fuel & Maintenance	3,050	2,550	1,948	602
Supplies & Miscellaneous	1,740	1,740	1,216	524
Utilities	<u>11,500</u>	<u>13,500</u>	<u>15,794</u>	<u>(2,294)</u>
Total	\$ <u>114,720</u>	\$ <u>114,720</u>	\$ <u>123,628</u>	\$ <u>(8,908)</u>
Other Health & Welfare-				
Coroner's Expense	\$ 9,000	\$ 9,000	\$ 33,508	\$ (24,508)
Veteran's Service Officer	<u>5,760</u>	<u>5,760</u>	<u>6,216</u>	<u>(456)</u>
Total	\$ <u>14,760</u>	\$ <u>14,760</u>	\$ <u>39,724</u>	\$ <u>(24,964)</u>
TOTAL HEALTH & WELFARE	\$ <u>129,480</u>	\$ <u>129,480</u>	\$ <u>163,352</u>	\$ <u>(33,872)</u>
RECREATION & CULTURE:				
MLK Recreation Center-				
Personnel Cost	\$ 76,380	\$ 76,380	\$ 72,660	\$ 3,720
Telephone & Utilities	35,000	62,000	39,434	22,566
Office Expense	2,450	2,450	3,502	(1,052)
Facility Maintenance	10,250	10,250	14,830	(4,580)
Capital Expenditures	<u>3,050</u>	<u>3,050</u>	<u>3,052</u>	<u>(2)</u>
Total	\$ <u>127,130</u>	\$ <u>154,130</u>	\$ <u>133,478</u>	\$ <u>20,652</u>

See notes to financial statements.

Continued next page.

City of Natchitoches, Louisiana
Major Funds

General Fund
Statement of Expenditures-
Budget (GAAP Basis) and Actual
Year Ended May 31, 2004

	<u>Budgeted Amounts</u>		<u>2004 Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Recreation Department:				
Personnel Cost	\$ 211,834	\$ 276,834	\$ 318,385	\$ (41,551)
Repairs & Maintenance	28,100	28,600	50,001	(21,401)
Materials & Supplies	3,850	4,823	19,013	(14,190)
Services & Miscellaneous	3,610	3,250	12,301	(9,051)
Christmas Festival	0	45,000	45,000	0
Programs	36,150	17,817	35,373	(17,556)
Utilities	28,300	28,300	26,384	1,916
Capital Expenditures	<u>2,500</u>	<u>32,500</u>	<u>217,071</u>	<u>(184,571)</u>
Total Recreation Department	\$ <u>314,344</u>	\$ <u>437,124</u>	\$ <u>723,528</u>	\$ <u>(286,404)</u>
TOTAL RECREATION & CULTURE	\$ <u>441,474</u>	\$ <u>591,254</u>	\$ <u>857,006</u>	\$ <u>(265,752)</u>
ECONOMIC DEVELOPMENT:				
Main Street-				
Personnel Cost	\$ 40,020	\$ 40,020	\$ 48,259	\$ (8,239)
Supplies & Postage	2,380	2,380	2,152	228
Telephone & Utilities	1,500	1,500	1,589	(89)
Fuel & Travel	1,520	1,520	1,413	107
Miscellaneous	100	100	88	12
Outside Appropriations	39,000	39,000	38,950	50
Promotional Expenditures	<u>41,050</u>	<u>41,050</u>	<u>52,983</u>	<u>(11,933)</u>
TOTAL ECONOMIC DEVELOPMENT	\$ <u>125,570</u>	\$ <u>125,570</u>	\$ <u>145,434</u>	\$ <u>(19,864)</u>
DEBT SERVICE:				
Council on Aging Building- Principal	\$ <u>23,000</u>	\$ <u>23,000</u>	\$ <u>50,000</u>	\$ <u>(27,000)</u>
TOTAL EXPENDITURES	\$ <u>10,554,094</u>	\$ <u>10,635,714</u>	\$ <u>10,858,386</u>	\$ <u>(222,672)</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, 2004

	<u>Budgeted Amounts</u>		<u>2004 Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
OTHER FINANCING SOURCES (USES):				
Transfers from Other Funds-				
Enterprise (Utility) Fund	\$2,500,000	\$2,500,000	\$2,700,000	\$ 200,000
Hazard Tax Fund	549,225	549,225	367,480	(181,745)
Police Sales Tax	1,254,713	1,254,713	1,173,169	(81,544)
Main Street Assessment	<u>0</u>	<u>0</u>	<u>892</u>	<u>892</u>
Total Transfers In	<u>\$4,303,938</u>	<u>\$4,303,938</u>	<u>\$4,241,541</u>	<u>\$ (62,397)</u>
Transfers to Other Funds-				
DOTD Gateway Fund	\$ 0	\$ 0	\$ (9,518)	\$ (9,518)
LCDBG Sewer Fund	0	0	(411)	(411)
NHDDC Projects Fund	0	0	(4,093)	(4,093)
Liability Insurance Fund	(50,000)	(50,000)	(50,000)	0
Airport Grant Fund	(25,000)	(25,000)	(25,000)	0
DCRT Retirement Fund	0	0	(3,000)	(3,000)
RC&D Fence Fund	<u>0</u>	<u>0</u>	<u>(3,500)</u>	<u>(3,500)</u>
Total Transfers Out	<u>\$ (75,000)</u>	<u>\$ (75,000)</u>	<u>\$ (95,522)</u>	<u>\$ (20,522)</u>
TOTAL OTHER FINANCING	<u>\$4,228,938</u>	<u>\$4,228,938</u>	<u>\$4,146,019</u>	<u>\$ (82,919)</u>

See notes to financial statements.

City of Natchitoches, Louisiana
Major Funds

Special Revenue Fund
Police Sales Tax Fund
Statement of Revenues, Expenditures and Changes in Fund Balance-
Budget (GAAP Basis) and Actual
Year Ended May 31, 2004

	<u>Budgeted Amounts</u>		<u>2004 Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Taxes-				
Sales & Use Tax	\$ 1,200,000	\$ 1,200,000	\$ 1,441,807	\$241,807
Intergovernmental-				
State Grant	0	0	25,116	25,116
Local Grant	0	0	4,500	4,500
Miscellaneous-				
Interest Income	20,000	20,000	11,926	(8,074)
Gain on Bond Refunding	<u>0</u>	<u>0</u>	<u>21,537</u>	<u>21,537</u>
Total Revenues	<u>\$ 1,220,000</u>	<u>\$ 1,220,000</u>	<u>\$ 1,504,886</u>	<u>\$284,886</u>
EXPENDITURES:				
Current-				
General Government-				
Administration	\$ 0	\$ 0	\$ 1,320	\$ (1,320)
Public Safety-				
Supplies & Uniforms	0	0	9,509	(9,509)
Maintenance	0	0	31,974	(31,974)
Training	0	0	33,912	(33,912)
Travel	0	0	28,943	(28,943)
Miscellaneous	0	0	861	(861)
Capital Expenditures	325,000	325,000	209,104	115,896
Debt Service-				
Principal	90,000	655,000	655,000	0
Interest	<u>55,000</u>	<u>55,000</u>	<u>18,033</u>	<u>36,967</u>
Total Expenditures	<u>\$ 470,000</u>	<u>\$ 1,035,000</u>	<u>\$ 988,656</u>	<u>\$ 46,344</u>
Excess (Deficiency) of Revenues over Expenditures	<u>\$ 750,000</u>	<u>\$ 185,000</u>	<u>\$ 516,230</u>	<u>\$331,230</u>

Continued next page.

See notes to financial statements.

City of Natchitoches, Louisiana
Major Funds

Special Revenue Fund
Police Sales Tax Fund
Statement of Revenues, Expenditures and Changes in Fund Balance-
Budget (GAAP Basis) and Actual
Year Ended May 31, 2004

	<u>Budgeted Amounts</u>		<u>2004 Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
OTHER FINANCING SOURCES (USES):				
Transfer to-				
General Fund	\$(1,254,713)	\$(1,254,713)	\$(1,173,169)	\$ 81,544
Multi-drug Taskforce	0	0	(2,979)	(2,979)
LLEBG Fund	0	0	(8,143)	(8,143)
Bond Proceeds	<u>0</u>	<u>590,000</u>	<u>590,000</u>	<u>0</u>
Total Other Financing	<u>\$(1,254,713)</u>	<u>\$ (664,713)</u>	<u>\$ (594,291)</u>	<u>\$ 70,422</u>
Excess (Deficiency) of Revenues and Other Sources over Expen- ditures and Other Uses	\$ (504,713)	\$ (479,713)	\$ (78,061)	\$401,652
Fund Balance-Beginning of Year	<u>1,084,198</u>	<u>1,084,198</u>	<u>1,084,198</u>	<u>0</u>
Fund Balance-End of Year	<u>\$ 579,485</u>	<u>\$ 604,485</u>	<u>\$ 1,006,137</u>	<u>\$401,652</u>

See notes to financial statements.

City of Natchitoches, Louisiana
Major Funds

Capital Projects Funds
Sales Tax Fund

Statement of Revenues, Expenditures and Changes in Fund Balance-
Budget (GAAP Basis) and Actual
Year Ended May 31, 2004

	<u>Budgeted Amounts</u>		<u>2004 Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Taxes-				
Sales & Use Tax	\$ 2,600,000	\$ 2,600,000	\$ 2,883,615	\$ 283,615
Miscellaneous-				
Interest	100,000	100,000	87,416	(12,584)
Miscellaneous	<u>0</u>	<u>0</u>	<u>3,558</u>	<u>3,558</u>
Total Revenues	<u>\$ 2,700,000</u>	<u>\$ 2,700,000</u>	<u>\$ 2,974,589</u>	<u>\$ 274,589</u>
EXPENDITURES:				
Current-				
General Government	\$ 157,000	\$ 157,000	\$ 162,179	\$ (5,179)
Water & Sewer-				
Maintenance	206,600	131,600	95,499	36,101
Capital Expenditures	1,844,500	1,819,000	1,085,280	733,720
Debt Service	<u>0</u>	<u>130,000</u>	<u>132,225</u>	<u>(2,225)</u>
Total Expenditures	<u>\$ 2,208,100</u>	<u>\$ 2,237,600</u>	<u>\$ 1,475,183</u>	<u>\$ 762,417</u>
Excess (Deficiency) of Revenues over Expenditures	<u>\$ 491,900</u>	<u>\$ 462,400</u>	<u>\$ 1,499,406</u>	<u>\$1,037,006</u>
OTHER FINANCING SOURCES (USES):				
Debt Proceeds	\$ 0	\$ 7,900,000	\$ 7,908,246	\$ 8,246
Transfer To-				
Debt Service Fund	(900,000)	(6,700,000)	(6,703,229)	(3,229)
Utility Fund	(750,000)	(750,000)	(750,000)	0
Water Plant Fund	<u>0</u>	<u>(2,200,000)</u>	<u>(2,211,801)</u>	<u>(11,801)</u>
Total Other Financing	<u>\$(1,650,000)</u>	<u>\$(1,750,000)</u>	<u>\$(1,756,784)</u>	<u>\$ (6,784)</u>
Excess (Deficiency) of Revenues and Other Sources over Expen- ditures and Other Uses	<u>\$(1,158,100)</u>	<u>\$(1,287,600)</u>	<u>\$ (257,378)</u>	<u>\$1,030,222</u>
Fund Balance-Beginning of Year	<u>6,566,690</u>	<u>6,566,690</u>	<u>6,566,690</u>	<u>0</u>
Fund Balance-End of Year	<u>\$ 5,408,590</u>	<u>\$ 5,279,090</u>	<u>\$ 6,309,312</u>	<u>\$1,030,222</u>

See notes to financial statements.

City of Natchitoches, Louisiana
Major Funds

Capital Projects Funds
Water Plant Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance-
Budget (GAAP Basis) and Actual
Year Ended May 31, 2004

	<u>Budgeted Amounts</u>		<u>2004 Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES	\$ 0	\$ 0	\$ 0	\$ 0
EXPENDITURES:				
Current-				
Water & Sewer-				
Capital Expenditures	<u>2,000,000</u>	<u>2,000,000</u>	<u>1,950,120</u>	<u>49,880</u>
Excess (Deficiency) of Revenues over Expenditures	<u>\$(2,000,000)</u>	<u>\$(2,000,000)</u>	<u>\$(1,950,120)</u>	<u>\$49,880</u>
OTHER FINANCING SOURCES:				
Operating Transfer From-				
Utility Fund	\$ 2,000,000	\$ 2,000,000	\$ 1,993,233	\$ (6,767)
Sales Tax Capital Projects	<u>0</u>	<u>2,200,000</u>	<u>2,211,801</u>	<u>11,801</u>
Total Other Financing	<u>\$ 2,000,000</u>	<u>\$ 4,200,000</u>	<u>\$ 4,205,034</u>	<u>\$ 5,034</u>
Excess (Deficiency) of Revenues and Other Sources over Expenditures	\$ 0	\$ 2,200,000	\$ 2,254,914	\$54,914
Fund Balance-Beginning of Year	<u>(690,225)</u>	<u>(690,225)</u>	<u>(690,225)</u>	<u>0</u>
Fund Balance-End of Year	<u>\$(690,225)</u>	<u>\$ 1,509,775</u>	<u>\$ 1,564,689</u>	<u>\$54,914</u>

See notes to financial statements.

City of Natchitoches, Louisiana
Major Funds

Capital Projects Funds
Utility Improvement Fund
Statement of Revenues, Expenditures and Changes in Fund Balance-
Budget (GAAP Basis) and Actual
Year Ended May 31, 2004

	<u>Budgeted Amounts</u>		<u>2004 Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Miscellaneous-				
Interest	\$ 20,000	\$ 20,000	\$ 4,917	\$ (15,083)
Insurance Recoveries	0	0	63,534	63,534
Miscellaneous	0	0	969	969
Total Revenues	<u>\$ 20,000</u>	<u>\$ 20,000</u>	<u>\$ 69,420</u>	<u>\$ 49,420</u>
EXPENDITURES:				
Current-				
General Government-				
Finance & Administration	\$ 39,550	\$ 39,550	\$ 32,056	\$ 7,494
Water, Sewer & Utilities-				
System Maintenance	316,000	316,000	202,289	113,711
Capital Expenditures	775,000	1,525,000	1,057,556	467,444
Debt Service-				
Principal	195,000	450,000	450,000	0
Interest	55,000	55,000	15,075	39,925
Total Expenditures	<u>\$ 1,380,550</u>	<u>\$ 2,385,550</u>	<u>\$ 1,756,976</u>	<u>\$ 628,574</u>
Excess (Deficiency) of Revenues over Expenditures	<u>\$(1,360,550)</u>	<u>\$(2,365,550)</u>	<u>\$(1,687,556)</u>	<u>\$677,994</u>
OTHER FINANCING SOURCES (USES):				
Transfer From-				
Utility Fund	<u>\$ 1,850,000</u>	<u>\$ 1,850,000</u>	<u>\$ 1,858,244</u>	<u>\$ 8,244</u>
Excess (Deficiency) of Revenues and Other Sources over Expen- ditures and Other Uses	\$ 489,450	\$ (515,550)	\$ 170,688	\$686,238
Fund Balance-Beginning of Year	<u>1,294,668</u>	<u>1,294,668</u>	<u>1,294,668</u>	<u>0</u>
Fund Balance-End of Year	<u>\$ 1,784,118</u>	<u>\$ 779,118</u>	<u>\$ 1,465,356</u>	<u>\$686,238</u>

See notes to financial statements.

City of Natchitoches, Louisiana
Nonmajor Governmental Funds

Statement of Revenues, Expenditures and Changes in Fund Balance-
Budget (GAAP Basis) and Actual
Year Ended May 31, 2004

	Budgeted Amounts		2004 Actual	Variance- Favorable (Unfavorable)
	Original	Final		
REVENUES:				
Taxes	\$ 610,000	\$ 610,000	\$ 672,293	\$ 62,293
Intergovernmental	1,922,601	2,172,601	1,713,281	(459,320)
Miscellaneous	<u>949,750</u>	<u>1,023,568</u>	<u>700,132</u>	<u>(323,436)</u>
Total Revenues	<u>\$ 3,482,351</u>	<u>\$ 3,806,169</u>	<u>\$ 3,085,706</u>	<u>\$ (720,463)</u>
EXPENDITURES:				
Current-				
General Government	\$ 585,263	\$ 585,263	\$ 841,288	\$ (256,025)
Public Safety	513,000	594,000	483,730	110,270
Streets & Sanitation	2,018,613	2,018,613	773,867	1,244,746
Economic Development	1,670,954	2,060,954	1,947,182	113,772
Recreation & Culture	152,337	152,337	25,919	126,418
Debt Service	<u>1,433,908</u>	<u>7,843,644</u>	<u>7,889,878</u>	<u>(46,234)</u>
Total Expenditures	<u>\$ 6,374,075</u>	<u>\$13,254,811</u>	<u>\$11,961,864</u>	<u>\$1,292,947</u>
Excess (Deficiency) of Revenues over Expenditures	<u>\$(2,891,724)</u>	<u>\$ (9,448,642)</u>	<u>\$ (8,876,158)</u>	<u>\$ 572,484</u>
OTHER FINANCING SOURCES (USES):				
Operating Transfers In	\$ 1,275,000	\$ 7,075,000	\$ 7,454,228	\$ 379,228
Operating Transfers Out	(549,225)	(549,225)	(533,912)	15,313
Debt Proceeds	<u>1,500,000</u>	<u>1,500,000</u>	<u>1,500,000</u>	<u>0</u>
Total Other Financing	<u>\$ 2,225,775</u>	<u>\$ 8,025,775</u>	<u>\$ 8,420,316</u>	<u>\$ 394,541</u>
Excess (Deficiency) of Revenues and Other Sources over Expen- ditures and Other Uses	<u>\$ (665,949)</u>	<u>\$ (1,422,867)</u>	<u>\$ (455,842)</u>	<u>\$ 967,025</u>
Fund Balance-Beginning of Year	<u>3,470,951</u>	<u>3,470,951</u>	<u>3,470,951</u>	<u>0</u>
Fund Balance-End of Year	<u>\$ 2,805,002</u>	<u>\$ 2,048,084</u>	<u>\$ 3,015,109</u>	<u>\$ 967,025</u>

See notes to financial statements.

OTHER SUPPLEMENTAL SCHEDULES

City of Natchitoches, Louisiana
 Nonmajor Governmental Funds

Combining Balance Sheet
 May 31, 2004

	<u>Special Revenue Funds</u>			
	<u>Airport Fund</u>	<u>Hazard Tax Fund</u>	<u>Employee Benefits Fund</u>	<u>Workman's Compensation Fund</u>
<u>Assets</u>				
Cash & Cash Equivalents	\$ 0	\$574,082	\$ 0	\$732,278
Revenue Receivables	28,328	135	0	0
Due from Other Funds	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Assets	<u>\$ 28,328</u>	<u>\$574,217</u>	<u>\$ 0</u>	<u>\$732,278</u>
<u>Liabilities & Fund Balances</u>				
Liabilities-				
Cash Overdraft	\$ 383,970	\$ 0	\$ 293,272	\$ 0
Accounts Payable	1,696	0	0	13,090
Accrued Payroll	1,965	0	0	0
Due to Other Funds	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Liabilities	<u>\$ 387,631</u>	<u>\$ 0</u>	<u>\$ 293,272</u>	<u>\$ 13,090</u>
Fund Balances-				
Unreserved-				
Undesignated	\$ 0	\$248,260	\$ 0	\$719,188
Deficit	(359,303)	0	(293,272)	0
Reserved for Debt Retirement	<u>0</u>	<u>325,957</u>	<u>0</u>	<u>0</u>
Total Fund Balances	<u>\$(359,303)</u>	<u>\$574,217</u>	<u>\$(293,272)</u>	<u>\$719,188</u>
Total Liabilities & Fund Balances				
	<u>\$ 28,328</u>	<u>\$574,217</u>	<u>\$ 0</u>	<u>\$732,278</u>

See notes to financial statements.

Special Revenue Funds				
Drug Recovery Fund	Multi-Drug Tax Force Fund	STOP Grant Fund	Prisoner Bond Fund	DARE Grant Fund
\$72,290	\$732	\$ 2,687	\$11,416	\$757
0	0	13,201	0	0
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>\$72,290</u>	<u>\$732</u>	<u>\$15,888</u>	<u>\$11,416</u>	<u>\$757</u>
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
19,378	0	0	0	0
0	0	1,979	0	0
<u>0</u>	<u>0</u>	<u>1,769</u>	<u>0</u>	<u>0</u>
<u>\$19,378</u>	<u>\$ 0</u>	<u>\$ 3,748</u>	<u>\$ 0</u>	<u>\$ 0</u>
\$52,912	\$732	\$12,140	\$11,416	\$757
0	0	0	0	0
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>\$52,912</u>	<u>\$732</u>	<u>\$12,140</u>	<u>\$11,416</u>	<u>\$757</u>
<u>\$72,290</u>	<u>\$732</u>	<u>\$15,888</u>	<u>\$11,416</u>	<u>\$757</u>

Continued on next page.

City of Natchitoches, Louisiana
Nonmajor Governmental Funds

Combining Balance Sheet
May 31, 2004

	<u>Special Revenue Funds</u>			
	911 Grant <u>Fund</u>	Animal Shelter <u>Fund</u>	Litter Abatement <u>Fund</u>	Liability Insurance <u>Fund</u>
<u>Assets</u>				
Cash & Cash Equivalents	\$80,600	\$20,355	\$12,520	\$18,170
Revenue Receivables	0	0	0	0
Due from Other Funds	<u>0</u>	<u>0</u>	<u>0</u>	<u>50,207</u>
Total Assets	<u>\$80,600</u>	<u>\$20,355</u>	<u>\$12,520</u>	<u>\$68,377</u>
<u>Liabilities & Fund Balances</u>				
Liabilities-				
Cash Overdraft	\$ 0	\$ 0	\$ 0	\$ 0
Accounts Payable	0	0	0	0
Accrued Payroll	0	0	0	0
Due to Other Funds	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Liabilities	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Fund Balances-				
Unreserved-				
Undesignated	\$80,600	\$20,355	\$12,520	\$68,377
Deficit	0	0	0	0
Reserved for Debt Retirement	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Fund Balances	<u>\$80,600</u>	<u>\$20,355</u>	<u>\$12,520</u>	<u>\$68,377</u>
Total Liabilities & Fund Balances	<u>\$80,600</u>	<u>\$20,355</u>	<u>\$12,520</u>	<u>\$68,377</u>

See notes to financial statements.

<u>Special Revenue Funds</u>				
<u>Main Street Promotions Fund</u>	<u>Main Street Assessment Fund</u>	<u>NHDDC Sidewalks Fund</u>	<u>Arts Funding Fund</u>	<u>Retirement Development Fund</u>
\$7,752	\$0	\$25,926	\$ 0	\$0
0	0	0	49	0
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>\$7,752</u>	<u>\$0</u>	<u>\$25,926</u>	<u>\$49</u>	<u>\$0</u>
\$ 0	\$0	\$ 0	\$49	\$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>\$49</u>	<u>\$0</u>
\$7,752	\$0	\$25,926	\$ 0	\$0
0	0	0	0	0
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>\$7,752</u>	<u>\$0</u>	<u>\$25,926</u>	<u>\$ 0</u>	<u>\$0</u>
<u>\$7,752</u>	<u>\$0</u>	<u>\$25,926</u>	<u>\$49</u>	<u>\$0</u>

Continued on next page.

City of Natchitoches, Louisiana
Nonmajor Governmental Funds

Combining Balance Sheet
May 31, 2004

	Special Revenue Funds			
	LA Purchase Fund	Heritage Education Fund	Green Market Fund	LCDBG Water Fund
<u>Assets</u>				
Cash & Cash Equivalents	\$3,155	\$ 0	\$5,342	\$ 0
Revenue Receivables	0	700	0	0
Due from Other Funds	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Assets	<u>\$3,155</u>	<u>\$700</u>	<u>\$5,342</u>	<u>\$ 0</u>
<u>Liabilities & Fund Balances</u>				
Liabilities-				
Cash Overdraft	\$ 0	\$700	\$ 0	\$ 3,100
Accounts Payable	0	0	205	0
Accrued Payroll	0	0	83	0
Due to Other Funds	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Liabilities	<u>\$ 0</u>	<u>\$700</u>	<u>\$ 288</u>	<u>\$ 3,100</u>
Fund Balances-				
Unreserved-				
Undesignated	\$3,155	\$ 0	\$5,054	\$ 0
Deficit	0	0	0	(3,100)
Reserved for Debt Retirement	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Fund Balances	<u>\$3,155</u>	<u>\$ 0</u>	<u>\$5,054</u>	<u>\$(3,100)</u>
Total Liabilities & Fund Balances	<u>\$3,155</u>	<u>\$700</u>	<u>\$5,342</u>	<u>\$ 0</u>

See notes to financial statements.

Special Revenue Funds					
LCDBG Sewer Fund	Alliance Grant Fund	Front Street Fund	LLEBG Grant Fund	Main Street Façade Fund	Training Grant Fund
\$0	\$0	\$2,159	\$13,213	\$ 8,991	\$ 0
0	0	0	0	5,000	2,295
<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>\$2,159</u>	<u>\$13,213</u>	<u>\$13,991</u>	<u>\$2,295</u>
\$0	\$0	\$ 0	\$ 0	\$ 0	\$2,295
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>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$2,295</u>
\$0	\$0	\$2,159	\$13,213	\$13,991	\$ 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>\$2,159</u>	<u>\$13,213</u>	<u>\$13,991</u>	<u>\$ 0</u>
<u>\$0</u>	<u>\$0</u>	<u>\$2,159</u>	<u>\$13,213</u>	<u>\$13,991</u>	<u>\$2,295</u>

Continued on next page.

City of Natchitoches, Louisiana
Nonmajor Governmental Funds

Combining Balance Sheet
May 31, 2004

	<u>Capital Projects Funds</u>			
	<u>DOTD Sidewalks Fund</u>	<u>Street Improvements Fund</u>	<u>Capital Improvements Fund</u>	<u>DOTD Runways Fund</u>
<u>Assets</u>				
Cash & Cash Equivalents	\$ 0	\$ 0	\$768,038	\$ 0
Revenue Receivables	185,000	0	0	0
Due from Other Funds	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Assets	<u>\$185,000</u>	<u>\$ 0</u>	<u>\$768,038</u>	<u>\$ 0</u>
<u>Liabilities & Fund Balances</u>				
Liabilities-				
Cash Overdraft	\$107,468	\$ 43,956	\$ 0	\$ 1,963
Accounts Payable	0	26,339	0	0
Accrued Payroll	0	0	0	0
Due to Other Funds	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Liabilities	<u>\$107,468</u>	<u>\$ 70,295</u>	<u>\$ 0</u>	<u>\$ 1,963</u>
Fund Balances-				
Unreserved-				
Undesignated	\$ 77,532	\$ 0	\$768,038	\$ 0
Deficit	0	(70,295)	0	(1,963)
Reserved for Debt Retirement	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Fund Balances	<u>\$ 77,532</u>	<u>\$(70,295)</u>	<u>\$768,038</u>	<u>\$(1,963)</u>
Total Liabilities & Fund Balances	<u>\$185,000</u>	<u>\$ 0</u>	<u>\$768,038</u>	<u>\$ 0</u>

See notes to financial statements.

Capital Projects Funds				
DOTD Gateway Fund	NHDDC Projects Fund	2003 C of I Fund	RC&D Fence Fund	DOTD Safety Fund
\$7,069	\$0	\$1,321,541	\$ 0	\$ 0
0	0	0	1,527	39,929
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>\$7,069</u>	<u>\$0</u>	<u>\$1,321,541</u>	<u>\$1,527</u>	<u>\$ 39,929</u>
\$ 0	\$0	\$ 0	\$1,527	\$ 171,134
0	0	4,150	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>\$ 4,150</u>	<u>\$1,527</u>	<u>\$ 171,134</u>
\$7,069	\$0	\$1,317,391	\$ 0	\$ 0
0	0	0	0	(131,205)
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>\$7,069</u>	<u>\$0</u>	<u>\$1,317,391</u>	<u>\$ 0</u>	<u>\$(131,205)</u>
<u>\$7,069</u>	<u>\$0</u>	<u>\$1,321,541</u>	<u>\$1,527</u>	<u>\$ 39,929</u>

Continued on next page.

City of Natchitoches, Louisiana
Nonmajor Governmental Funds

Combining Balance Sheet
May 31, 2004

	<u>Capital Projects Funds</u>				
	<u>Keyser Bridge Fund</u>	<u>Johnson Donation Fund</u>	<u>NSU Track Fund</u>	<u>Trane Project Fund</u>	<u>Convention Center Fund</u>
<u>Assets</u>					
Cash & Cash Equivalents	\$3,750	\$47,892	\$ 0	\$0	\$ 0
Revenue Receivables	0	0	3,716	0	608,960
Due from Other Funds	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Assets	<u>\$3,750</u>	<u>\$47,892</u>	<u>\$3,716</u>	<u>\$0</u>	<u>\$608,960</u>
<u>Liabilities & Fund Balances</u>					
<u>Liabilities-</u>					
Cash Overdraft	\$ 0	\$ 0	\$3,716	\$0	\$611,930
Accounts Payable	0	17	0	0	0
Accrued Payroll	0	0	0	0	0
Due to Other Funds	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Liabilities	<u>\$ 0</u>	<u>\$ 17</u>	<u>\$3,716</u>	<u>\$0</u>	<u>\$611,930</u>
<u>Fund Balances-</u>					
<u>Unreserved-</u>					
Undesignated	\$3,750	\$47,875	\$ 0	\$0	\$ 0
Deficit	0	0	0	0	(2,970)
Reserved for Debt Retirement	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Fund Balances	<u>\$3,750</u>	<u>\$47,875</u>	<u>\$ 0</u>	<u>\$0</u>	<u>\$ (2,970)</u>
Total Liabilities & Fund Balances	<u>\$3,750</u>	<u>\$47,892</u>	<u>\$3,716</u>	<u>\$0</u>	<u>\$608,960</u>

See notes to financial statements.

<u>Debt Service Funds</u>		
<u>Sales</u> <u>Tax Bonds</u> <u>Fund</u>	<u>C of I</u> <u>2003</u> <u>Fund</u>	<u>Total</u>
\$55,682	\$ 0	\$3,796,397
0	0	888,840
<u>1,481</u>	<u>0</u>	<u>51,688</u>
<u>\$57,163</u>	<u>\$ 0</u>	<u>\$4,736,925</u>
\$ 0	\$ 26,065	\$1,651,145
0	0	64,875
0	0	4,027
<u>0</u>	<u>0</u>	<u>1,769</u>
<u>\$ 0</u>	<u>\$ 26,065</u>	<u>\$1,721,816</u>
\$ 0	\$ 0	\$3,520,162
0	(26,065)	(888,173)
<u>57,163</u>	<u>0</u>	<u>383,120</u>
<u>\$57,163</u>	<u>\$(26,065)</u>	<u>\$3,015,109</u>
<u>\$57,163</u>	<u>\$ 0</u>	<u>\$4,736,925</u>

City of Natchitoches, Louisiana
Nonmajor Funds

Combining Schedule of Revenues, Expenditures and Changes in Fund Balance
Year Ended May 31, 2004

	Special Revenue Funds			
	Airport Fund	Hazard Tax Fund	Employee Insurance Fund	Workman's Compensation Fund
REVENUES:				
Taxes	\$ 0	\$ 672,293	\$ 0	\$ 0
Intergovernmental	0	0	0	0
Miscellaneous	<u>249,383</u>	<u>732</u>	<u>0</u>	<u>214,391</u>
Total Revenues	<u>\$ 249,383</u>	<u>\$ 673,025</u>	<u>\$ 0</u>	<u>\$ 214,391</u>
EXPENDITURES:				
Current-				
General Government	\$ 9,568	\$ 611	\$ 432,335	\$ 320,989
Public Safety	0	228,232	0	0
Streets & Sanitation	0	0	0	0
Economic Development	494,604	0	0	0
Recreation & Culture	0	0	0	0
Debt Service	<u>0</u>	<u>69,403</u>	<u>0</u>	<u>0</u>
Total Expenditures	<u>\$ 504,172</u>	<u>\$ 298,246</u>	<u>\$ 432,335</u>	<u>\$ 320,989</u>
Excess (Deficiency) of Revenues over Expenditures	<u>\$(254,789)</u>	<u>\$ 374,779</u>	<u>\$(432,335)</u>	<u>\$(106,598)</u>
OTHER FINANCING SOURCES (USES):				
Operating Transfers In	\$ 25,000	\$ 0	\$ 0	\$ 0
Operating Transfers Out	0	(367,480)	0	0
Debt Proceeds	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Other Financing	<u>\$ 25,000</u>	<u>\$(367,480)</u>	<u>\$ 0</u>	<u>\$ 0</u>
Excess (Deficiency) of Revenues and Other Sources over Expenditures and Other Uses	<u>\$(229,789)</u>	<u>\$ 7,299</u>	<u>\$(432,335)</u>	<u>\$(106,598)</u>
Fund Balances-Beginning of Year	<u>(129,514)</u>	<u>566,918</u>	<u>139,063</u>	<u>825,786</u>
Fund Balances-End of Year	<u>\$(359,303)</u>	<u>\$ 574,217</u>	<u>\$(293,272)</u>	<u>\$ 719,188</u>

See notes to financial statements.

Special Revenue Funds				
Drug Recovery Fund	Multi-Drug Task Force Fund	STOP Grant Fund	Prisoner Bond Fund	DARE Grant Fund
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
0	17,697	32,633	0	1,500
<u>12,749</u>	<u>0</u>	<u>0</u>	<u>6,626</u>	<u>0</u>
\$ <u>12,749</u>	\$ <u>17,697</u>	\$ <u>32,633</u>	\$ <u>6,626</u>	\$ <u>1,500</u>
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
60,759	21,908	26,697	6,431	1,270
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>60,759</u>	\$ <u>21,908</u>	\$ <u>26,697</u>	\$ <u>6,431</u>	\$ <u>1,270</u>
\$ <u>(48,010)</u>	\$ <u>(4,211)</u>	\$ <u>5,936</u>	\$ <u>195</u>	\$ <u>230</u>
\$ 0	\$ 5,738	\$ 0	\$ 0	\$ 0
(2,759)	0	0	0	0
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
\$ <u>(2,759)</u>	\$ <u>5,738</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>
\$ (50,769)	\$ 1,527	\$ 5,936	\$ 195	\$ 230
<u>103,681</u>	<u>(795)</u>	<u>6,204</u>	<u>11,221</u>	<u>527</u>
\$ <u>52,912</u>	\$ <u>732</u>	\$ <u>12,140</u>	\$ <u>11,416</u>	\$ <u>757</u>

Continued on next page.

City of Natchitoches, Louisiana
Nonmajor Funds

Combining Schedule of Revenues, Expenditures and Changes in Fund Balance
Year Ended May 31, 2004

	Special Revenue Funds			
	911 Grant Fund	Animal Shelter Fund	Litter Abatement Fund	Liability Insurance Fund
REVENUES:				
Taxes	\$ 0	\$ 0	\$ 0	\$ 0
Intergovernmental	30,000	0	8,167	0
Miscellaneous	<u>0</u>	<u>5,342</u>	<u>0</u>	<u>189</u>
Total Revenues	<u>\$30,000</u>	<u>\$ 5,342</u>	<u>\$ 8,167</u>	<u>\$ 189</u>
EXPENDITURES:				
Current-				
General Government	\$ 0	\$ 0	\$ 0	\$ 69,586
Public Safety	1,232	1,462	0	0
Streets & Sanitation	0	0	5,512	0
Economic Development	0	0	0	0
Recreation & Culture	0	0	0	0
Debt Service	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures	<u>\$ 1,232</u>	<u>\$ 1,462</u>	<u>\$ 5,512</u>	<u>\$ 69,586</u>
Excess (Deficiency) of Revenues over Expenditures	<u>\$28,768</u>	<u>\$ 3,880</u>	<u>\$ 2,655</u>	<u>\$ (69,397)</u>
OTHER FINANCING SOURCES (USES):				
Operating Transfers In	\$ 0	\$ 0	\$ 0	\$110,207
Operating Transfers Out	0	0	0	0
Debt Proceeds	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Other Financing	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$110,207</u>
Excess (Deficiency) of Revenues and Other Sources over Expenditures and Other Uses	\$28,768	\$ 3,880	\$ 2,655	\$ 40,810
Fund Balances-Beginning of Year	<u>51,832</u>	<u>16,475</u>	<u>9,865</u>	<u>27,567</u>
Fund Balances-End of Year	<u>\$80,600</u>	<u>\$20,355</u>	<u>\$12,520</u>	<u>\$ 68,377</u>

See notes to financial statements.

Special Revenue Funds				
Main Street Promotions Fund	Main Street Assessment Fund	NHDDC Sidewalks Fund	Arts Funding Fund	Retirement Development Fund
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
500	0	25,000	1,478	0
<u>7,217</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>\$7,717</u>	<u>\$ 0</u>	<u>\$25,000</u>	<u>\$1,478</u>	<u>\$ 0</u>
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
0	0	0	0	0
0	0	19,574	0	0
5,191	115	0	0	0
0	0	0	1,547	0
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>\$5,191</u>	<u>\$ 115</u>	<u>\$19,574</u>	<u>\$1,547</u>	<u>\$ 0</u>
<u>\$2,526</u>	<u>\$ (115)</u>	<u>\$ 5,426</u>	<u>\$ (69)</u>	<u>\$ 0</u>
\$ 0	\$ 0	\$ 0	\$ 0	\$ 3,000
0	(892)	0	0	0
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>\$ 0</u>	<u>\$ (892)</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 3,000</u>
\$2,526	\$(1,007)	\$ 5,426	\$ (69)	\$ 3,000
<u>5,226</u>	<u>1,007</u>	<u>20,500</u>	<u>69</u>	<u>(3,000)</u>
<u>\$7,752</u>	<u>\$ 0</u>	<u>\$25,926</u>	<u>\$ 0</u>	<u>\$ 0</u>

Continued on next page.

City of Natchitoches, Louisiana
Nonmajor Funds

Combining Schedule of Revenues, Expenditures and Changes in Fund Balance
Year Ended May 31, 2004

	Special Revenue Funds			
	LA Purchase Fund	Heritage Education Fund	Green Market Fund	LCDBG Water Fund
REVENUES:				
Taxes	\$ 0	\$ 0	\$ 0	\$ 0
Intergovernmental	1,205	3,700	0	0
Miscellaneous	<u>0</u>	<u>0</u>	<u>7,058</u>	<u>0</u>
Total Revenues	<u>\$ 1,205</u>	<u>\$ 3,700</u>	<u>\$ 7,058</u>	<u>\$ 0</u>
EXPENDITURES:				
Current-				
General Government	\$ 0	\$ 0	\$ 0	\$ 0
Public Safety	0	0	0	0
Streets & Sanitation	0	0	0	0
Economic Development	2,297	0	7,613	0
Recreation & Culture	0	3,700	0	0
Debt Service	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures	<u>\$ 2,297</u>	<u>\$ 3,700</u>	<u>\$ 7,613</u>	<u>\$ 0</u>
Excess (Deficiency) of Revenues over Expenditures	<u>\$(1,092)</u>	<u>\$ 0</u>	<u>\$ (555)</u>	<u>\$ 0</u>
OTHER FINANCING SOURCES (USES):				
Operating Transfers In	\$ 0	\$ 0	\$ 0	\$ 0
Operating Transfers Out	0	0	0	0
Debt Proceeds	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Other Financing	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Excess (Deficiency) of Revenues and Other Sources over Expenditures and Other Uses	<u>\$(1,092)</u>	<u>\$ 0</u>	<u>\$ (555)</u>	<u>\$ 0</u>
Fund Balances-Beginning of Year	<u>4,247</u>	<u>0</u>	<u>5,609</u>	<u>(3,100)</u>
Fund Balances-End of Year	<u>\$ 3,155</u>	<u>\$ 0</u>	<u>\$ 5,054</u>	<u>\$(3,100)</u>

See notes to financial statements.

Special Revenue Funds					
LCDBG Sewer Fund	Alliance Grant Fund	Front Street Fund	LLEBG Grant Fund	Main Street Façade Fund	Training Grant Fund
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
0	482,088	0	59,096	12,500	13,294
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>\$ 0</u>	<u>\$482,088</u>	<u>\$ 0</u>	<u>\$ 59,096</u>	<u>\$12,500</u>	<u>\$13,294</u>
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
0	0	0	135,739	0	0
0	0	0	0	0	0
0	482,088	0	0	5,000	0
0	0	0	0	0	13,294
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>\$ 0</u>	<u>\$482,088</u>	<u>\$ 0</u>	<u>\$135,739</u>	<u>\$ 5,000</u>	<u>\$13,294</u>
<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (76,643)</u>	<u>\$ 7,500</u>	<u>\$ 0</u>
\$ 411	\$ 0	\$ 0	\$ 8,143	\$ 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>\$ 411</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 8,143</u>	<u>\$ 0</u>	<u>\$ 0</u>
\$ 411	\$ 0	\$ 0	\$ (68,500)	\$ 7,500	\$ 0
(411)	<u>0</u>	<u>2,159</u>	<u>81,713</u>	<u>6,491</u>	<u>0</u>
<u>\$ 0</u>	<u>\$ 0</u>	<u>\$2,159</u>	<u>\$ 13,213</u>	<u>\$13,991</u>	<u>\$ 0</u>

Continued on next page.

City of Natchitoches, Louisiana
Nonmajor Funds

Combining Schedule of Revenues, Expenditures and Changes in Fund Balance
Year Ended May 31, 2004

	Capital Projects Funds			
	DOTD Sidewalks Fund	Street Improvements Fund	Capital Improvements Fund	DOTD Runways Fund
REVENUES:				
Taxes	\$ 0	\$ 0	\$ 0	\$ 0
Intergovernmental	185,000	0	0	157,498
Miscellaneous	<u>0</u>	<u>0</u>	<u>185,671</u>	<u>0</u>
Total Revenues	<u>\$185,000</u>	<u>\$ 0</u>	<u>\$ 185,671</u>	<u>\$157,498</u>
EXPENDITURES:				
Current-				
<i>General Government</i>	\$ 0	\$ 0	\$ 0	\$ 0
Public Safety	0	0	0	0
Streets & Sanitation	229,982	394,938	0	0
Economic Development	0	0	0	159,408
Recreation & Culture	0	0	0	0
Debt Service	<u>0</u>	<u>0</u>	<u>210,000</u>	<u>0</u>
Total Expenditures	<u>\$229,982</u>	<u>\$ 394,938</u>	<u>\$ 210,000</u>	<u>\$159,408</u>
Excess (Deficiency) of Revenues over Expenditures	\$ <u>(44,982)</u>	\$ <u>(394,938)</u>	\$ <u>(24,329)</u>	\$ <u>(1,910)</u>
OTHER FINANCING SOURCES (USES):				
Operating Transfers In	\$111,244	\$ 250,000	\$ 0	\$ 0
Operating Transfers Out	0	0	(162,781)	0
Debt Proceeds	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Other Financing	<u>\$111,244</u>	<u>\$ 250,000</u>	<u>\$(162,781)</u>	<u>\$ 0</u>
Excess (Deficiency) of Revenues and Other Sources over Expenditures and Other Uses	\$ 66,262	\$(144,938)	\$(187,110)	\$ (1,910)
Fund Balances-Beginning of Year	<u>11,270</u>	<u>74,643</u>	<u>955,148</u>	<u>(53)</u>
Fund Balances-End of Year	<u>\$ 77,532</u>	<u>\$ (70,295)</u>	<u>\$ 768,038</u>	<u>\$ (1,963)</u>

See notes to financial statements.

Capital Projects Funds				
DOTD Gateway Fund	NHDDC Projects Fund	2003 C of I Fund	RC&D Fence Fund	DOTD Safety Fund
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
0	19,705	0	1,527	44,267
<u>0</u>	<u>169</u>	<u>0</u>	<u>0</u>	<u>0</u>
\$ <u>0</u>	\$ <u>19,874</u>	\$ <u>0</u>	\$ <u>1,527</u>	\$ <u>44,267</u>
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
0	0	0	0	0
0	23,762	95,072	5,027	0
5,074	0	0	0	175,472
0	0	0	0	0
<u>0</u>	<u>0</u>	<u>87,537</u>	<u>0</u>	<u>0</u>
\$ <u>5,074</u>	\$ <u>23,762</u>	\$ <u>182,609</u>	\$ <u>5,027</u>	\$ <u>175,472</u>
\$(5,074)	\$(3,888)	\$(182,609)	\$(3,500)	\$(131,205)
\$ 9,518	\$ 4,093	\$ 0	\$ 3,500	\$ 0
0	0	0	0	0
<u>0</u>	<u>0</u>	<u>1,500,000</u>	<u>0</u>	<u>0</u>
\$ <u>9,518</u>	\$ <u>4,093</u>	\$ <u>1,500,000</u>	\$ <u>3,500</u>	\$ <u>0</u>
\$ 4,444	\$ 205	\$1,317,391	\$ 0	\$(131,205)
<u>2,625</u>	<u>(205)</u>	<u>0</u>	<u>0</u>	<u>0</u>
\$ <u>7,069</u>	\$ <u>0</u>	\$ <u>1,317,391</u>	\$ <u>0</u>	\$ <u>(131,205)</u>

Continued on next page.

City of Natchitoches, Louisiana
Nonmajor Funds

Combining Schedule of Revenues, Expenditures and Changes in Fund Balance
Year Ended May 31, 2004

	Capital Projects Funds				
	Keyser Bridge Fund	Johnson Donation Fund	NSU Track Fund	Trane Project Fund	Convention Center Fund
REVENUES:					
Taxes	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Intergovernmental	3,750	0	3,716	0	608,960
Miscellaneous	<u>0</u>	<u>0</u>	<u>0</u>	<u>10,060</u>	<u>0</u>
Total Revenues	<u>\$3,750</u>	<u>\$ 0</u>	<u>\$3,716</u>	<u>\$ 10,060</u>	<u>\$608,960</u>
EXPENDITURES:					
Current-					
General Government	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Public Safety	0	0	0	0	0
Streets & Sanitation	0	0	0	0	0
Economic Development	0	0	0	0	610,320
Recreation & Culture	0	3,662	3,716	0	0
Debt Service	<u>0</u>	<u>0</u>	<u>0</u>	<u>793,644</u>	<u>0</u>
Total Expenditures	<u>\$ 0</u>	<u>\$ 3,662</u>	<u>\$3,716</u>	<u>\$ 793,644</u>	<u>\$610,320</u>
Excess (Deficiency) of Revenues over Expenditures	<u>\$3,750</u>	<u>\$ (3,662)</u>	<u>\$ 0</u>	<u>\$ (783,584)</u>	<u>\$ (1,360)</u>
OTHER FINANCING SOURCES (USES):					
Operating Transfers In	\$ 0	\$51,537	\$ 0	\$ 168,608	\$ 0
Operating Transfers Out	0	0	0	0	0
Debt Proceeds	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Other Financing	<u>\$ 0</u>	<u>\$51,537</u>	<u>\$ 0</u>	<u>\$ 168,608</u>	<u>\$ 0</u>
Excess (Deficiency) of Revenues and Other Sources over Expenditures and Other Uses	<u>\$3,750</u>	<u>\$47,875</u>	<u>\$ 0</u>	<u>\$ (614,976)</u>	<u>\$ (1,360)</u>
Fund Balances-Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>614,976</u>	<u>(1,610)</u>
Fund Balances-End of Year	<u>\$3,750</u>	<u>\$47,875</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (2,970)</u>

See notes to financial statements.

<u>Debt Service Funds</u>		
<u>Sales</u>	<u>C of I</u>	
<u>Tax Bonds</u>	<u>2003</u>	
<u>Fund</u>	<u>Fund</u>	<u>Total</u>
\$ 0	\$ 0	\$ 672,293
0	0	1,713,281
<u>545</u>	<u>0</u>	<u>700,132</u>
\$ <u>545</u>	\$ <u>0</u>	\$ <u>3,085,706</u>
\$ 8,199	\$ 0	\$ 841,288
0	0	483,730
0	0	773,867
0	0	1,947,182
0	0	25,919
<u>6,703,229</u>	<u>26,065</u>	<u>7,889,878</u>
\$ <u>6,711,428</u>	\$ <u>26,065</u>	\$ <u>11,961,864</u>
<u>\$(6,710,883)</u>	<u>\$(26,065)</u>	<u>\$(8,876,158)</u>
\$ 6,703,229	\$ 0	\$ 7,454,228
0	0	(533,912)
<u>0</u>	<u>0</u>	<u>1,500,000</u>
\$ <u>6,703,229</u>	\$ <u>0</u>	\$ <u>8,420,316</u>
\$ (7,654)	\$(26,065)	\$ (455,842)
<u>64,817</u>	<u>0</u>	<u>3,470,951</u>
\$ <u>57,163</u>	\$ <u>(26,065)</u>	\$ <u>3,015,109</u>

OTHER REPORTS

Johnson, Thomas & Cunningham
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REPORT ON COMPLIANCE AND ON INTERNAL CONTROL
OVER FINANCIAL REPORTING 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 basic financial statements of the City of Natchitoches, Louisiana, as of and for the year ended May 31, 2004, and have issued our report thereon dated November 23, 2004. 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*.

Compliance

As part of obtaining reasonable assurance about whether the City of Natchitoches, Louisiana's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Natchitoches, Louisiana's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the City of Natchitoches, Louisiana's ability to record, process, summarize and report financial data consistent with the assertions of management in the basic financial statements. Reportable conditions are described in the accompanying schedule of findings and questioned costs as items 04-01 through 04-04.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the basic financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we consider all to be material weaknesses.

This report is intended solely for the information of the Louisiana Legislative Auditor, management, others within the organization, City Council, and 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, the report is distributed by the Legislative Auditor as a public document.

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

November 23, 2004
Natchitoches, Louisiana

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

To the Mayor and the City Council of
Natchitoches, Louisiana

Compliance

We have audited the compliance of the City of Natchitoches, Louisiana, with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended May 31, 2004. The City of Natchitoches, Louisiana'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 of Natchitoches, Louisiana's management. Our responsibility is to express an opinion on the City of Natchitoches, Louisiana'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 of Natchitoches, Louisiana'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 of Natchitoches, Louisiana's compliance with those requirements.

In our opinion, the City of Natchitoches, Louisiana, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended May 31, 2004.

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 of Natchitoches, Louisiana's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

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

This report is intended solely for the information and use of the Louisiana Legislative Auditor, management, others within the organization, City Council, and 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 23, 2004
Natchitoches, Louisiana

City of Natchitoches, Louisiana
Schedule of Findings and Questioned Costs
Year Ended May 31, 2004

I. SUMMARY OF AUDIT RESULTS

The following summarizes the audit results in accordance with OMB Circular A-133:

1. An unqualified opinion was issued on the basic financial statements of the City of Natchitoches, Louisiana, as of and for the year ended May 31, 2004.
2. The audit disclosed four reportable conditions in internal control and all of these conditions were considered to be material weaknesses.
3. The audit disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.
4. The audit did not disclose reportable conditions 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, 2004:

U.S. Office of Homeland Security	(CFDA #97.004)
Federal Aviation Authority – Runway Safety Zone Grant	(CFDA #20.106)
Federal Highway Administration – Sidewalks Program	(CFDA #20.600)
8. The 50% rule was 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*

The following findings relate to the financial statements and is required to be reported in accordance with *Government Auditing Standards*:

Internal Control-

04-01 *Inventory Reconciliation Procedures*

Condition-The City's purchasing department is in charge of the City's inventory and warehouse. A computerized perpetual inventory system is in place to provide controls over the inventory. However, a physical inventory count is not being made at the end of the City's fiscal year and errors within the computerized system are not being investigated and corrected.

Recommendation-The physical inventory count should be made as close to May 31, which is the City's fiscal year end, as possible. Differences between the amounts in the inventory count and amounts shown on the computerized system should be investigated.

City of Natchitoches, Louisiana
Schedule of Findings and Questioned Costs (cont'd)
Year Ended May 31, 2004

04-02 *Reconciliation of Utility Receivables*

Condition-The utility accounts receivable balances and the balances owed back to customers for refunds are updated through the billing department's system. The totals from the billing department should be reconciled to the amount shown on the City's general ledger. At May 31, 2004, the amounts shown as total receivables and due to customers within the billing department ledgers did not agree with the amounts shown in the City's general ledgers.

Recommendation-Procedures should be established to reconcile customer account balances between the billing department and finance department on a monthly basis.

04-03 *Cash Receipts at Airport*

Condition-The Airport does not have control procedures in place to ensure the accuracy of the daily sales records and the daily deposits are not reconciled to the daily sales records. In addition, bank deposits are not always made on a timely basis.

Recommendation-The City should institute procedures immediately to require that daily sales of fuel and merchandise be reconciled to inventory records and cash receipts. A subsidiary ledger for revenues should be created, and procedures should be established to reconcile this ledger to cash receipts.

04-04 *Cash Receipts at Police Department*

Condition-The cash receipt function at the City Police Department has shown considerable improvement over the past few years. However, the software system used, and the internal control system in place does not have procedures to reconcile cash receipts to tickets canceled. In addition, procedures are not in place to determine or control the total amount owed to the City for fines and forfeits. The City would also benefit if a system were in place which integrated the functions of the City Court and City Marshal's office.

Recommendation-The City should consider purchasing software for the Police Department that would perform the necessary procedures and produce the necessary reports to allow a subsidiary ledger system to be put in place, with reconciling procedures applied to this system periodically. The City should also study the possibility of integrating this system with the City Court and City Marshal systems.

City of Natchitoches, Louisiana
Summary Schedule of Prior Audit Findings
Year Ended May 31, 2004

Internal Control Findings from Prior Year-

03-01 *Cash Receipts at Police Department*

*Condition-*At May 31, 2003, the internal control system for the cash receipts function of the Police Department needed improvement.

*Current Status-*This condition still existed at May 31, 2004, and is shown as finding 04-04 for the current year.

03-02 *Cash Receipts at Airport*

*Condition-*At May 31, 2003, the internal control system for the cash receipts function of the Airport needed improvement.

*Current Status-*This condition still existed at May 31, 2004, and is shown as finding 04-03 for the current year.

03-03 *Approval of Contract Change Orders*

*Condition-*The City's policy for approving change orders needed to be strengthened.

*Current Status-*This condition was corrected during the year.

03-04 *Subsidiary Ledger for Miscellaneous Receipts*

*Condition-*At May 31, 2003, the City had numerous agreements for rentals, which were not accounted for in the City's subsidiary ledger system.

*Current Status-*This condition was corrected during the year.

03-05 *Approval of Invoices*

*Condition-*The City had paid invoices without documentation of approval by a responsible official.

*Current Status-*This condition was corrected during the year.

03-06 *Reconciliation of Utility Receivables*

*Condition-*At May 31, 2004, the amounts shown as total receivables and due to customers within the billing department ledgers did not agree with the amounts shown in the City's general ledgers.

*Current Status-*This condition still existed at May 31, 2004, and is shown as finding 04-02 for the current year.

CITY OF NATCHITOCHES

Oldest Settlement in the Louisiana Purchase

*

FINANCE DEPARTMENT

Patrick G. Jones, Director

MANAGEMENT'S CORRECTIVE ACTION PLAN

November 26, 2004

To the Louisiana Legislative Auditor
Federal Awarding Agencies, Louisiana
Pass-Through Entities and Other
Specified Parties

The following proposed actions constitute the City of Natchitoches' Corrective Action Plan for the conditions noted in our May 31, 2004 audit report:

04-01 Inventory Errors –

The City will review its policies regarding the inventory process and make the changes deemed necessary

04-02 Reconciliation of Utility Receivables –

The City has contracted with HTE (its software vendor) to assist with the analysis of its reconciliation problems

04-03 Cash Receipts at Airport –

The City has ordered automated pumps at the airport to strengthen the reconciliation process

04-04 Cash Receipts at Police Department –

The City Police Department has purchased and installed the records portion of the Police Crimes Module software, and plan to implement the other portions which will assist with the tracking of outstanding tickets.

Sincerely,

Patrick G. Jones

Patrick G. Jones
Director of Finance

PGJ/dmt

City of Natchitoches, Louisiana
Schedule of Expenditures of Federal Awards
Year Ended May 31, 2004

<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. Office of Homeland Security	97.004	2003-TE-TX-0163	\$ 59,054	\$ 59,054
<i>Department of Justice:</i>				
Passed through La. Department of Public Safety-				
Byrne Formula Grant Program-				
Multi-Drug Task Force	16.579	B02-1-023	14,718	14,718
STOP Grant	16.579	PT-02-07-00	32,633	32,633
<i>National Park Service:</i>				
Passed through La. Department of Culture, Recreation and Tourism-				
NCPTT Heritage Education	15.923	MT-2210-02-NC-02	3,700	3,700
Certified Local Government Training	15.904	22-03-18218	13,294	13,294
<i>Federal Highway Administration:</i>				
Passed through La. Department of Transportation and Development-				
Sidewalks Project	20.600	ENH-MISC-(346)	185,000	185,000
<i>U.S. Department of Justice:</i>				
2003 Local Law Enforcement Block Grant	16.592	2003-LB-BK-1446	59,096	59,096
<i>Federal Aviation Authority:</i>				
Airport Runways Grant	20.106	3-22-0034-11	143,587	143,587
Runway Safety Zone Grant	20.106	3-22-0034-012-2003	<u>39,929</u>	<u>39,929</u>
TOTALS			<u>\$551,011</u>	<u>\$551,011</u>

City of Natchitoches, Louisiana

Notes to the Schedule of Expenditures of Federal Awards
Year Ended May 31, 2004

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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