

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

**MAY 31, 2017**

City of Natchitoches, Louisiana  
Annual Financial Report  
May 31, 2017

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# CITY OF NATCHITOCHEs

*Oldest Settlement in the Louisiana Purchase*

FINANCE DEPARTMENT

Patrick G. Jones, Director

## Management's Discussion and Analysis

This section of the City of Natchitoches' annual financial report offers readers a narrative overview and analysis of the financial performance of the City for the fiscal year ended on May 31, 2017. The Management's Discussion and Analysis (MD&A) is an element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in their No. 34 Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments issued June, 1999. Readers are encouraged to consider the information presented here in conjunction with additional

information furnished in the City's financial statements, which immediately follow this section.

### Financial Highlights

- The assets of the City of Natchitoches exceeded its liabilities at the close of the most recent fiscal year by \$110,228,834 (net position). Of this amount, \$10,261,595 (unrestricted net position) 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 \$26,014,031. Of this total amount, \$9,107,362 is committed and intended for a specific purpose, but may be unassigned at any time.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$2,197,487 or 15% of the total general fund expenditures.
- The City's bond and notes payable totaled \$7,191,830.

### 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 Position presents information on all of the City's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

## CITY OF NATCHITOCHEs, LOUISIANA

### Management's Discussion and Analysis For Year Ended May 31, 2017

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

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, streets and sanitation, water, sewer, and utilities, economic development, health and welfare, recreation and culture, and interest on long-term debt. The business-type activities of the City include utilities administration, electric, water and sewer, and interest on long-term debt. The government-wide financial statements can be found on pages 14 and 15 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 58 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, capital projects sales tax, utility improvements, and sales tax rededication funds, all of which are considered to be major funds. Data from the other funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report. The basic governmental funds financial statements can be found on pages 17 through 20.

## CITY OF NATCHITOCHEs, LOUISIANA

### Management's Discussion and Analysis For Year Ended May 31, 2017

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

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the electric, water and sewer funds. The basic proprietary fund financial statements can be found on pages 21 through 26 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 29 through 76.

### Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of government's financial position. In the case of the City of Natchitoches, assets exceeded liabilities by \$110,228,834 as of May 31, 2017, which is a decrease from May 31, 2016.

The largest portion of the City's net position (84%) 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 services 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 Position

	As of May 31, 2017			As of May 31, 2016		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Current and other assets	\$31,675,436	\$16,014,913	\$ 47,690,349	\$37,571,346	\$39,864,917	\$ 77,436,263
Capital assets	<u>42,627,253</u>	<u>57,339,986</u>	<u>99,967,239</u>	<u>39,052,982</u>	<u>31,617,699</u>	<u>70,670,681</u>
Total Assets	<u>\$74,302,689</u>	<u>\$73,354,899</u>	<u>\$147,657,588</u>	<u>\$76,624,328</u>	<u>\$71,482,616</u>	<u>\$148,106,944</u>
Long term liabilities	\$29,774,440	\$ 8,223,258	\$ 37,997,698	\$26,632,956	\$ 6,929,868	\$ 33,562,824
Other liabilities	<u>5,787,838</u>	<u>680,372</u>	<u>6,468,210</u>	<u>4,674,386</u>	<u>1,222,499</u>	<u>5,896,885</u>
Total Liabilities	<u>\$35,562,278</u>	<u>\$ 8,903,630</u>	<u>\$ 44,465,908</u>	<u>\$31,307,342</u>	<u>\$ 8,152,367</u>	<u>\$ 39,459,709</u>
Deferred outflows of resources	<u>\$ 6,588,669</u>	<u>\$ 1,999,868</u>	<u>\$ 8,588,537</u>	<u>\$ 4,051,986</u>	<u>\$ 1,539,351</u>	<u>\$ 5,591,337</u>
Deferred inflows of Resources	<u>\$ 1,252,640</u>	<u>\$ 298,743</u>	<u>\$ 1,551,383</u>	<u>\$ 1,252,848</u>	<u>\$ 270,020</u>	<u>\$ 270,020</u>

**CITY OF NATCHITOCHEs, LOUISIANA**

**Management's Discussion and Analysis  
For Year Ended May 31, 2017**

**City of Natchitoches' Net Position (continued)**

**City of Natchitoches' Net Position**

	<u>As of May 31, 2017</u>			<u>As of May 31, 2016</u>		
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Net Position:						
Net investment in capital assets	\$36,140,423	\$56,634,986	\$ 92,775,409	\$32,238,778	\$54,157,901	\$ 86,396,679
Restricted	6,486,830	705,000	7,191,830	6,814,205	870,000	7,684,205
Unrestricted	<u>1,449,187</u>	<u>8,812,408</u>	<u>10,261,595</u>	<u>9,063,141</u>	<u>9,571,679</u>	<u>18,634,820</u>
Total Net Position	<u>\$44,076,440</u>	<u>\$66,152,394</u>	<u>\$110,228,834</u>	<u>\$48,116,124</u>	<u>\$64,599,580</u>	<u>\$112,715,704</u>

An additional portion of the City's net position (7%) represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position of \$10,261,595 may be used to meet the government's ongoing obligations to citizens and creditors.

The following table provides a summary of the City's operations for year ended May 31, 2016 and May 31, 2017. For both years, the City is able to report positive balances in all three categories of net position, both for the government, as a whole, as well as for its separate governmental and business-type activities.

**City of Natchitoches' Changes in Net Position**

	<u>As of May 31, 2017</u>			<u>As of May 31, 2016</u>		
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Program Revenues:						
Fees, fines and charges for services	\$ 2,711,634	\$29,362,350	\$ 32,073,984	\$ 2,718,363	\$28,992,606	\$ 31,710,969
Operating grants and contributions	1,628,491	0	1,628,491	1,860,099	590,882	2,450,981
Capital grants and contributions	2,660,389	3,899,632	6,560,021	2,206,030	0	2,206,030
General Revenues:						
Taxes-						
Ad valorem taxes	2,185,565	0	2,185,565	2,098,252	0	2,098,252
Sales and use tax	10,151,650	0	10,151,650	10,125,424	0	10,125,424
Franchise fees	359,646	0	359,646	355,110	0	355,110
Video bingo	503,239	0	503,239	533,847	0	533,847
Licenses and permits	952,469	0	952,469	839,274	0	839,274
Interest income	289,912	91,284	381,196	277,655	60,650	338,305
Gain (loss) on sale/ retirement of fixed assets	9,315	1,745	11,060	4,467	(97,920)	(93,453)
Rental income	98,204	179,026	277,230	91,584	149,935	241,519
Insurance recoveries	149,636	5,225	154,861	2,936	10,811	13,747
Nonemployer						
Pension Revenue	465,550	84,407	549,957	462,814	85,548	548,362
Miscellaneous	<u>133,847</u>	<u>21,929</u>	<u>155,776</u>	<u>227,965</u>	<u>(3,657)</u>	<u>224,308</u>
Total Revenues	<u>\$22,299,547</u>	<u>\$33,645,598</u>	<u>\$ 55,945,145</u>	<u>\$21,803,820</u>	<u>\$29,788,855</u>	<u>\$ 51,592,675</u>

**CITY OF NATCHITOCHES, LOUISIANA**

**Management's Discussion and Analysis  
For Year Ended May 31, 2017**

**City of Natchitoches' Changes in Net Position (continued)**

	<b>As of May 31, 2017</b>			<b>As of May 31, 2016</b>		
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Expenses:						
General government	\$ 7,499,940	\$ 0	\$ 7,499,940	\$ 7,318,054	\$ 0	\$ 7,318,054
Public safety	9,482,384	0	9,482,384	8,792,757	0	8,792,757
Streets and sanitation	3,489,129	0	3,489,129	4,935,258	0	4,935,258
Recreation and cultural	923,690	0	923,690	851,290	0	851,290
Interest on long-term debt	216,391	0	216,391	133,254	22,395	155,649
Water, sewer, and utilities	3,997,332	26,586,062	30,583,394	1,138,854	26,286,586	27,425,440
Economic development	6,014,128	0	6,014,128	2,631,598	0	2,631,598
Health and welfare	222,652	0	222,652	213,991	0	213,991
Information tech	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>287,774</u>	<u>287,774</u>
Total Expenses	<u>\$31,845,646</u>	<u>\$26,586,062</u>	<u>\$ 58,431,708</u>	<u>\$26,015,056</u>	<u>\$26,596,755</u>	<u>\$ 52,611,811</u>
Increases in net position before transfers	\$ (9,546,099)	\$ 7,059,536	\$ (2,486,563)	\$ (4,211,236)	\$ 3,192,100	\$ (1,019,136)
Transfers	<u>5,506,415</u>	<u>(5,506,415)</u>	<u>0</u>	<u>5,231,403</u>	<u>(5,231,403)</u>	<u>0</u>
Increase in net position	\$ (4,039,684)	\$ 1,553,121	\$ (2,486,563)	\$ 1,020,167	\$ (2,039,303)	\$ (1,019,136)
Net Position-June 1, 2016	<u>48,116,124</u>	<u>64,599,273</u>	<u>112,715,397</u>	<u>47,095,957</u>	<u>66,638,883</u>	<u>113,734,533</u>
Net Position-May 31, 2017	<u>\$44,076,440</u>	<u>\$66,152,394</u>	<u>\$110,228,834</u>	<u>\$48,116,124</u>	<u>\$64,599,580</u>	<u>\$112,715,397</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.

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

## CITY OF NATCHITOCHEs, LOUISIANA

Management's Discussion and Analysis  
For Year Ended May 31, 2017

### Capital Assets

The City of Natchitoches' investment in capital assets for its governmental and business-type activities as of May 31, 2017 amounts to \$99,967,239 (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:

- Improvements made to the water, sewer, and electric systems.
- Improvements made to the City airport.
- Improvements to City Parks.
- Improvements to City Streets.

#### Capital Assets at Year-end Net of Accumulated Depreciation As of May 31, 2017

	Governmental <u>Activities</u>	Business-Type <u>Activities</u>	<u>Total</u>
Capital Assets, not depreciated			
Land	\$ 10,065,583	\$ 845,995	\$ 10,911,578
Construction in Progress	6,982,843	0	6,982,843
Capital Assets, depreciated			
Buildings	11,576,616	958,751	12,535,367
Machinery & Equipment	465,228	87,183	552,411
Vehicles	1,886,101	725,943	2,612,044
Other Assets	805,312	0	805,312
Streets	4,799,443	0	4,799,443
Other Infrastructure	6,046,127	0	6,046,127
Utility Plant & System	<u>0</u>	<u>54,722,114</u>	<u>54,722,114</u>
Total	<u>\$ 42,627,253</u>	<u>\$ 57,339,986</u>	<u>\$ 99,967,239</u>

Additional information on the City of Natchitoches' capital assets can be found on pages 42 through 44 of this report.

## CITY OF NATCHITOCHEs, LOUISIANA

Management's Discussion and Analysis  
For Year Ended May 31, 2017

### Debt Administration

At the end of the current fiscal year, the City of Natchitoches had total long term debt of \$28,009,046. Long-term debt of the City includes a newly recognized net pension liability based on actuarially determined amounts in accordance with GASB No. 68.

#### Outstanding Debt at Year End As of May 31, 2017

	Governmental <u>Activities</u>	Business-Type <u>Activities</u>	<u>Total</u>
General Obligation Debt	\$ 213,433	\$ 0	\$ 213,433
Net Other Post Employment Obligation	1,271,236	379,697	1,650,933
Net Pension Liability	19,889,994	5,709,619	25,599,613
Accrued Employee Vacations	2,252,813	588,977	2,841,790
Revenue Bonds Payable	<u>6,273,397</u>	<u>705,000</u>	<u>6,978,397</u>
Total	<u>\$29,900,873</u>	<u>\$7,383,293</u>	<u>\$37,285,166</u>

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

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

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

In the fiscal year 2017-18 budget, general fund revenues are budgeted at a 2 percent increase from the 2016-17 budget year. Sales taxes are budgeted at a 2 percent increase. Taxes make up about 35% of the general fund budgeted revenues, and transfers make up about 50%. The 2017-18 utility fund operations are budgeted to break even. Economic growth and housing development are beginning to show growth.

#### Request for Information

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

# Johnson, Thomas & Cunningham

## Certified Public Accountants

Eddie G. Johnson, CPA - A Professional Corporation (1927-1996)

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### INDEPENDENT AUDITOR'S REPORT

To the Mayor and the City Council of  
Natchitoches, Louisiana

#### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the fiduciary fund, and the aggregate remaining fund information of the City of Natchitoches, Louisiana (City) as of and for the year ended May 31, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

#### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in

the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### **Basis for Adverse Opinion on Aggregate Discretely Presented Component Units**

The financial statements referred to above do not include financial data for the City's legally separate component units. Accounting principles generally accepted in the United States of America require financial data for those component units to be reported with the financial data of the City's primary government unless the City also issues financial statements for the financial reporting entity that include the financial data for its component units. The City has not issued such reporting entity financial statements. Because of this departure from accounting principles generally accepted in the United States of America, the assets, liabilities, net position, revenues and expenses of the aggregate discretely presented component units that would have been reported is unknown.

#### **Adverse Opinion on Aggregate Discretely Presented Component Units – The Reporting Entity**

In our opinion, because of the significance of the matter described in the "Basis for Adverse Opinion on Aggregate Discretely Component Units" paragraph, the financial statements referred to above do not present fairly the financial position of the aggregate discretely presented component units of the City of Natchitoches, the reporting entity, as of May 31, 2017, or the changes in financial position thereof for the year then ended.

#### **Unmodified Opinions – The Primary Government**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, the fiduciary fund, and the aggregate remaining fund information of the City of Natchitoches, the primary government, as of May 31, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

### *Required Supplementary Information*

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

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of the City of Natchitoches' primary government. The budgetary comparison schedule, schedule of employer's share of net pension liability, schedule of employer contributions, and the schedule of compensation, benefits and other payments to agency head or chief executive officer listed as other required supplementary information in the table of contents and the combining nonmajor fund financial statements, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The budgetary comparison schedule, schedule of employer's share of net pension liability, schedule of employer contributions, schedule of compensation, benefits and other payments to agency head or chief executive officer, and combining nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary comparison schedule, schedule of employer's share of net pension liability, schedule of employer contributions, schedule of compensation, benefits and other payments to agency head or chief executive office, and combining nonmajor fund financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated November 13, 2017, on our consideration of the City of Natchitoches' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Natchitoches' internal control over financial reporting and compliance.

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

November 13, 2017  
Natchitoches, Louisiana

## BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE  
FINANCIAL STATEMENTS

City of Natchitoches, Louisiana  
Government-Wide Statement of Net Position  
May 31, 2017

	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash & Cash Equivalents	\$28,410,250	\$ 4,022,030	\$ 32,432,280
Receivables, net	3,077,434	3,349,229	6,426,663
Other Receivables	0	9,925	9,925
Inventories at Cost	0	1,270,725	1,270,725
Prepaid Expenses	187,752	16,216	203,968
Restricted Assets-			
Cash & Cash Equivalents	0	7,346,788	7,346,788
Capital Assets	<u>42,627,253</u>	<u>57,339,986</u>	<u>99,967,239</u>
Total Assets	<u>\$74,302,689</u>	<u>\$73,354,899</u>	<u>\$147,657,588</u>
Deferred Outflows of Resources	<u>\$ 6,588,669</u>	<u>\$ 1,999,868</u>	<u>\$ 8,588,537</u>
Liabilities:			
Cash Overdrafts	\$ 3,593,568	\$ 0	\$ 3,593,568
Accounts Payable	1,122,748	535,556	1,658,304
Accrued Payroll	388,000	126,409	514,409
Accrued Expenses	557,089	18,407	575,496
Payable from Restricted Assets-			
Bond Principal	6,273,397	705,000	6,978,397
Customer's Deposits	0	839,965	839,965
Long-term Debt-			
Due Within One Year	126,433	0	126,433
Due in More than One Year	87,000	0	87,000
Net OPEB Obligation	1,271,236	379,697	1,650,933
Net Pension Liability	19,889,994	5,709,619	25,599,613
Accrued Employee Vacations	<u>2,252,813</u>	<u>588,977</u>	<u>2,841,790</u>
Total Liabilities	<u>\$35,562,278</u>	<u>\$ 8,903,630</u>	<u>\$ 44,465,908</u>
Deferred Inflows of Resources	<u>\$ 1,252,640</u>	<u>\$ (298,743)</u>	<u>\$ 1,551,383</u>
Net Position:			
Net Investment in Capital Assets	\$36,140,423	\$56,634,986	\$ 92,775,409
Restricted for Debt Service	6,486,830	705,000	7,191,830
Unrestricted	<u>1,449,187</u>	<u>8,812,408</u>	<u>10,261,595</u>
Total Net Position	<u>\$44,076,440</u>	<u>\$66,152,394</u>	<u>\$110,228,834</u>

See notes to financial statements.

City of Natchitoches, Louisiana  
Government-Wide Statement of Activities  
For the Year Ended May 31, 2017

Program Activities	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position		
		Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Governmental Activities:</b>							
General Government	\$ 7,499,940	\$ 10	\$ 447,191	\$ 0	\$ (7,052,739)	\$ 0	\$ (7,052,739)
Public Safety	9,482,384	229,714	705,796	0	(8,546,874)	0	(8,546,874)
Streets & Sanitation	3,489,129	1,958,147	0	0	(1,530,982)	0	(1,530,982)
Water, Sewer & Utilities	3,997,332	0	0	52,299	(3,945,033)	0	(3,945,033)
Economic Development	6,014,128	447,890	99,964	2,608,090	(2,858,184)	0	(2,858,184)
Health & Welfare	222,652	0	0	0	(222,652)	0	(222,652)
Recreation & Culture	923,690	75,873	375,540	0	(472,277)	0	(472,277)
Interest on Long-term Debt	216,391	0	0	0	(216,391)	0	(216,391)
<b>Total Governmental Activities</b>	<b>\$31,845,646</b>	<b>\$ 2,711,634</b>	<b>\$1,628,491</b>	<b>\$2,660,389</b>	<b>\$(24,845,132)</b>	<b>\$ 0</b>	<b>\$(24,845,132)</b>
<b>Business-Type Activities:</b>							
Utilities Administration	\$ 1,628,604	\$ 1,000,220	\$ 0	\$ 0	\$ 0	\$ (628,384)	\$ (628,384)
Electric	19,279,198	23,846,053	0	0	0	4,566,855	4,566,855
Water	3,311,898	3,098,414	0	3,899,632	0	3,686,148	3,686,148
Sewer	2,081,755	1,417,663	0	0	0	(664,092)	(664,092)
Information Technology	284,607	0	0	0	0	(284,607)	(284,607)
<b>Total Business-Type Activities</b>	<b>\$26,586,062</b>	<b>\$29,362,350</b>	<b>\$ 0</b>	<b>\$3,899,632</b>	<b>\$ 0</b>	<b>\$ 6,675,920</b>	<b>\$ 6,675,920</b>
<b>Total Government</b>	<b>\$58,431,708</b>	<b>\$32,073,984</b>	<b>\$1,628,491</b>	<b>\$6,560,021</b>	<b>\$(24,845,132)</b>	<b>\$ 6,675,920</b>	<b>\$(18,169,212)</b>
<b>General Revenues:</b>							
Taxes-							
Ad Valorem					\$ 2,185,565	\$ 0	\$ 2,185,565
Sales & Use					10,151,650	0	10,151,650
Franchise					359,646	0	359,646
Video Bingo					503,239	0	503,239
Licenses & Permits					952,469	0	952,469
Interest Income					289,912	91,284	381,196
Gain (Loss) on Sale of Assets					9,315	1,745	11,060
Rental Income					98,204	179,026	277,230
Insurance Recoveries					149,636	5,225	154,861
Nonemployer Pension Revenue					465,550	84,407	549,957
Miscellaneous					133,847	21,929	155,776
Transfers					5,506,415	(5,506,415)	0
<b>Total General Revenues &amp; Transfers</b>					<b>\$ 20,805,448</b>	<b>\$ (5,122,799)</b>	<b>\$ 15,682,649</b>
<b>Change in Net Position</b>					<b>\$ (4,039,684)</b>	<b>\$ 1,553,121</b>	<b>\$ (2,486,563)</b>
<b>Net Position at Beginning of Year</b>					<b>48,116,124</b>	<b>64,599,273</b>	<b>112,715,397</b>
<b>Net Position at End of Year</b>					<b>\$ 44,076,440</b>	<b>\$66,152,394</b>	<b>\$110,228,834</b>

See notes to financial statements.

## FUND FINANCIAL STATEMENTS

City of Natchitoches, Louisiana  
Balance Sheet-Governmental Funds  
May 31, 2017

	Major Funds					Total Governmental Funds
	General Fund	Capital Projects Sales Tax Fund	Utility Improvements Fund	Sales Tax Rededication Fund	Nonmajor Funds	
<u>Assets</u>						
Cash & Cash Equivalents	\$2,314,960	\$8,693,334	\$4,083,215	\$5,847,301	\$ 7,471,440	\$28,410,250
Revenue Receivables	505,539	167,268	0	167,268	2,237,359	3,077,434
Prepaid Expenses	18,167	0	0	28,333	141,252	187,752
Total Assets	<u>\$2,838,666</u>	<u>\$8,860,602</u>	<u>\$4,083,215</u>	<u>\$6,042,902</u>	<u>\$ 9,850,051</u>	<u>\$31,675,436</u>
<u>Liabilities</u>						
Cash Overdrafts	\$ 0	\$ 0	\$ 0	\$ 429,304	\$ 3,593,568	\$ 3,593,568
Accounts Payable	72,049	30,236	0	0	591,159	1,122,748
Accrued Expenses	170,236	133,576	0	0	253,277	557,089
Accrued Payroll	380,727	0	0	0	7,273	388,000
Total Liabilities	<u>\$ 623,012</u>	<u>\$ 163,812</u>	<u>\$ 0</u>	<u>\$ 429,304</u>	<u>\$ 4,445,277</u>	<u>\$ 5,661,405</u>
<u>Fund Balances</u>						
Nonspendable	\$ 18,167	\$ 0	\$ 0	\$ 28,333	\$ 141,252	\$ 187,752
Restricted	0	8,696,790	0	5,585,265	3,057,797	17,339,852
Committed	0	0	4,083,215	0	5,024,147	9,107,362
Unassigned	2,197,487	0	0	0	(2,818,422)	(620,935)
Total Fund Balances	<u>\$2,215,654</u>	<u>\$8,696,790</u>	<u>\$4,083,215</u>	<u>\$5,613,598</u>	<u>\$ 5,404,774</u>	<u>\$26,014,031</u>
Total Liabilities & Fund Balances	<u>\$2,838,666</u>	<u>\$8,860,602</u>	<u>\$4,083,215</u>	<u>\$6,042,902</u>	<u>\$ 9,850,051</u>	<u>\$31,675,436</u>

See notes to financial statements.

City of Natchitoches, Louisiana  
Reconciliation of the Governmental Funds Balance Sheet  
to the Statement of Net Position  
May 31, 2017

Total Fund Balances of the Governmental Funds	\$ 26,014,031
Amounts reported for Governmental Activities in the Statement of Net Position are different because:	
<i>Capital Assets used in Governmental Activities are not current financial resources and, therefore, are not reported in the Governmental Funds Balance Sheet-</i>	
Capital Assets	42,627,253
Deferred Outflows of Resources used in Governmental Activities are not financial resources and, therefore, are not reported in the Governmental Funds Balance Sheet-	
	6,588,669
Long-term Liabilities are not due and payable in the <i>current period and, therefore, are not reported in the Governmental Funds Balance Sheet-</i>	
Long-term Debt	(6,486,830)
Net OPEB Obligation	(1,271,236)
Net Pension Liability	(19,889,994)
Accrued Compensated Absences	(2,252,813)
Deferred Inflows of Resources are not due and payable in in the current period and, therefore, are not reported in the Governmental Funds Balance Sheet-	
	<u>(1,252,640)</u>
Total Net Position of Governmental Activities	<u>\$ 44,076,440</u>

See notes to financial statements.

City of Natchitoches, Louisiana  
Statement of Revenues, Expenditures, and Changes in Fund Balance  
Governmental Funds  
Year Ended May 31, 2017

	Major Funds					Total Governmental Funds
	General Fund	Capital Projects Sales Tax Fund	Utility Improvements Fund	Sales Tax Rededication Fund	Nonmajor Funds	
<b>REVENUES:</b>						
Taxes	\$ 5,254,678	\$ 1,990,082	\$ 0	\$ 1,990,082	\$ 3,956,258	\$ 13,200,100
Licenses & Permits	952,469	0	0	0	0	952,469
Intergovernmental	1,434,050	0	0	85,500	2,769,329	4,288,879
Charges for Services	105,410	0	0	0	2,403,703	2,509,113
Fines & Forfeits	97,871	0	0	0	104,651	202,522
Miscellaneous	<u>243,054</u>	<u>50,997</u>	<u>8,500</u>	<u>0</u>	<u>378,361</u>	<u>680,912</u>
Total Revenues	<u>\$ 8,087,532</u>	<u>\$ 2,041,079</u>	<u>\$ 8,500</u>	<u>\$ 2,075,582</u>	<u>\$ 9,621,302</u>	<u>\$ 21,833,995</u>
<b>EXPENDITURES:</b>						
Current-						
General Government	\$ 3,391,243	\$ 307,807	\$ 20,698	\$ 0	\$ 1,946,772	\$ 5,666,520
Public Safety	8,544,098	0	0	0	436,265	8,980,363
Streets & Sanitation	1,282,922	0	0	0	1,981,086	3,264,008
Water, Sewer & Utilities	0	1,516,029	947,141	0	276,104	2,739,274
Economic Development	391,875	0	0	3,455,269	8,455,457	12,302,601
Recreation & Culture	222,652	0	0	0	172,073	394,725
Health & Welfare	806,066	0	0	0	0	806,066
Debt Service	<u>0</u>	<u>777</u>	<u>0</u>	<u>0</u>	<u>665,019</u>	<u>665,796</u>
Total Expenditures	<u>\$14,638,856</u>	<u>\$ 1,824,613</u>	<u>\$ 967,839</u>	<u>\$ 3,455,269</u>	<u>\$13,932,776</u>	<u>\$ 34,819,353</u>
Excess (Deficiency) of Revenues over Expenditures	<u>\$ (6,551,324)</u>	<u>\$ 216,466</u>	<u>\$ (959,339)</u>	<u>\$(1,379,687)</u>	<u>\$ (4,311,474)</u>	<u>\$(12,985,358)</u>
<b>OTHER FINANCING SOURCES (USES):</b>						
Operating Transfers In	\$ 7,316,629	\$ 0	\$ 560,857	\$ 0	\$ 5,741,016	\$ 13,618,502
Operating Transfers Out	(702,654)	(1,588,431)	0	(2,206,715)	(3,614,287)	(8,112,087)
Debt Proceeds	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>122,030</u>	<u>122,030</u>
Total Other Financing	<u>\$ 6,613,975</u>	<u>\$(1,588,431)</u>	<u>\$ 560,857</u>	<u>\$(2,206,715)</u>	<u>\$ 2,248,759</u>	<u>\$ 5,628,445</u>
Excess (Deficiency) of Revenues and Other Sources over Expenditures and Other Uses	\$ 62,651	\$ (1,371,965)	\$ (398,482)	\$(3,586,402)	\$ (2,062,715)	\$ (7,356,913)
Fund Balances- Beginning of Year	<u>2,153,003</u>	<u>10,068,755</u>	<u>4,481,697</u>	<u>9,200,000</u>	<u>7,467,489</u>	<u>33,370,944</u>
Fund Balances- End of Year	<u>\$ 2,215,654</u>	<u>\$ 8,696,790</u>	<u>\$4,083,215</u>	<u>\$ 5,613,598</u>	<u>\$ 5,404,774</u>	<u>\$ 26,014,031</u>

See notes to financial statements.

City of Natchitoches, Louisiana  
Reconciliation of the Statement of Revenues, Expenditures and  
Changes in Fund Balance of the Governmental Funds  
to the Statement of Activities  
Year Ended May 31, 2017

Net Change in Fund Balance - Governmental Funds \$(7,356,913)

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

Governmental Funds report Capital Outlays as expenditures.

However, in the Statement of Activities, the cost of these assets is allocated over their estimated useful lives as depreciation expense.

The cost of capital assets recorded in the current period is 5,637,058

Depreciation expense on capital assets is reported in the Government-Wide financial statements, but does not require the use of current financial resources and is not reported in the Fund Financial Statements. Current year depreciation expense is (2,062,785)

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

General Obligation Revenue Bond Debt Payments	449,405
Non-Employer Pension Revenue	465,550
Net OPEB Obligation	(272,742)
Pension Expense	(668,776)
Accrued Compensated Absences	(108,451)

Proceeds of Long-term Debt are shown as revenues in the Governmental Funds, but the debt increases Long-term Liabilities in the Statement of Net Position (122,030)

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

Decrease in Capital Assets	(280,862)
Decrease in Accumulated Depreciation	<u>280,862</u>

Change in Net Position of Governmental Activities \$(4,039,684)

City of Natchitoches, Louisiana  
Statement of Net Position  
Proprietary Fund  
Year Ended May 31, 2017

	<u>Business-Type Activities</u> <u>Enterprise Fund</u>
Assets-	
Current Assets-	
Cash & Cash Equivalents	\$ 4,022,030
Receivables	1,670,743
Less, Allowance for Doubtful Accounts	(300,000)
Unbilled Receivables	1,978,486
Inventory at Cost	1,270,725
Prepaid Expenses	16,216
Total Current Assets	<u>\$ 8,658,200</u>
Restricted Assets-	
Cash & Cash Equivalents	<u>\$ 7,346,788</u>
Noncurrent Assets-	
Capital Assets, Net	<u>\$57,339,986</u>
Other Assets-	
Other Receivables	<u>\$ 9,925</u>
Total Assets	<u>\$73,354,899</u>
Deferred Outflows of Resources	<u>\$ 1,999,868</u>
Liabilities-	
Current Liabilities-	
Accounts Payable	\$ 535,556
Accrued Payroll	126,409
Accrued Expenses	18,407
Accrued Employee Vacations	58,898
Total Current Liabilities	<u>\$ 739,270</u>
Liabilities Payable from Restricted Assets-	
Current Portion of Revenue Bonds	\$ 165,000
Customer's Deposits	839,965
Total Payable from Restricted Assets	<u>\$ 1,004,965</u>

Continued next page.

See notes to financial statements.

City of Natchitoches, Louisiana  
Statement of Net Position  
Proprietary Fund  
Year Ended May 31, 2017

	<u>Business-Type Activities</u> <u>Enterprise Fund</u>
Noncurrent Liabilities-	
Revenue Bonds Payable	\$ 540,000
Net OPEB Obligation	379,697
Net Pension Liability	5,709,619
Accrued Employee Vacations	<u>530,079</u>
Total Noncurrent Liabilities	<u>\$ 7,159,395</u>
Total Liabilities	<u>\$ 8,903,630</u>
Deferred Inflows of Resources	<u>\$ 298,743</u>
Net Position-	
Net Investment in Capital Assets	\$56,634,986
Restricted for-	
Debt Service	705,000
Unrestricted	<u>8,812,408</u>
Total Net Position	<u>\$66,152,394</u>

See notes to financial statements.

City of Natchitoches, Louisiana  
Statement of Revenues, Expenses and Changes in Net Position  
Proprietary Fund  
Year Ended May 31, 2017

	<u>Business-Type Activities</u> <u>Enterprise Fund</u>
Operating Revenues:	
Charges for Services-	
Electric	\$23,846,053
Water	3,098,414
Sewer	1,417,663
Miscellaneous-	
Penalties & Charges	368,869
New Account and Reconnect Fees	65,215
Production Credits	560,857
Bad Debt Recovery	784
Other	<u>4,495</u>
Total Operating Revenues	<u>\$29,362,350</u>
Operating Expenses:	
Utility Administration-	
Personnel Services	\$ 1,069,998
Utilities & Telephone	24,234
Supplies	339,431
Maintenance	117,252
Uncollectible Accounts	<u>77,689</u>
Total Administration	<u>\$ 1,628,604</u>
Electric-	
Personnel Services	\$ 1,281,575
Power Purchased	16,577,358
System Maintenance	752,486
Depreciation	455,950
Supplies & Miscellaneous	<u>211,829</u>
Total Electric	<u>\$19,279,198</u>
Water-	
Personnel Services	\$ 713,423
Treatment Expenses	971,790
System Maintenance	408,727
Utilities	172,616
Depreciation	877,024
Supplies & Miscellaneous	<u>168,318</u>
Total Water	<u>\$ 3,311,898</u>

Continued next page.

See notes to financial statements.

City of Natchitoches, Louisiana  
Statement of Revenues, Expenses and Changes in Net Position  
Proprietary Fund  
Year Ended May 31, 2017

	<u>Business-Type Activities</u> <u>Enterprise Fund</u>
Sewer-	
Personnel Services	\$ 805,266
Treatment Expenses	102,676
System Maintenance	267,754
Utilities	199,844
Depreciation	470,565
Supplies & Miscellaneous	<u>235,650</u>
Total Sewer	<u>\$ 2,081,755</u>
Information Technology Department-	
Personnel Services	\$ 163,145
Computer Software & Maintenance	113,484
Supplies & Maintenance	<u>7,978</u>
Total Information Technology Department	<u>\$ 284,607</u>
Total Operating Expenses	<u>\$26,586,062</u>
Income from Operations	<u>\$ 2,776,288</u>
Non-operating Revenues (Expenses):	
Interest Income	\$ 91,284
Insurance Recoveries	30,050
Gain (Loss) on Sale of Assets	5,225
Loss on Investments	1,745
Nonemployer Pension Revenue	(8,121)
Rental Income	84,407
Interest Expense	<u>179,026</u>
Total Non-operating Revenues (Expenses)	<u>\$ 383,616</u>
Income Before Contributions and Transfers	<u>\$ 3,159,904</u>
Contributions and Transfers-	
Capital Contributions from Other Funds	\$ 3,899,632
Transfers Out	(7,085,665)
Transfers In	<u>1,579,250</u>
Total Contributions and Transfers	<u>\$ (1,606,783)</u>
Change in Net Position	\$ 1,553,121
Net Position at Beginning of Year	<u>64,599,273</u>
Net Position at End of Year	<u>\$66,152,394</u>

See notes to financial statements.

City of Natchitoches, Louisiana  
Statement of Cash Flows  
Proprietary Fund  
Year Ended May 31, 2017

	<u>Business-Type Activities</u> <u>Enterprise Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash Received from Customers	\$ 29,894,182
Cash Payments to Employees	(3,757,187)
Cash Payments to Suppliers for Goods and Services	<u>(20,534,272)</u>
Net Cash Provided by Operating Activities	<u>\$ 5,602,723</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:	
Rental Income	\$ 179,026
Grant Revenue	30,500
Transfers to Other Funds	(7,085,665)
Transfers from Other Funds	<u>1,579,250</u>
Net Cash Used by Non-capital Financing Activities	<u>\$ (5,297,339)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Gain on Sale of Assets	\$ 1,745
Insurance Recoveries	5,225
Acquisition of Capital Assets-	
Total Asset Additions	(4,115,624)
Less, Capital Contributed from Other Funds	3,899,632
Principal Paid on Capital Debt	<u>(165,000)</u>
Net Cash Provided by Capital and Related Financing Activities	<u>\$ (374,022)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest Income	\$ 91,284
Loss on Investments	<u>(8,121)</u>
Net Cash Provided by Investing Activities	<u>\$ 83,163</u>
Net Increase in Cash & Cash Equivalents	\$ 14,525
Cash & Cash Equivalents-Beginning of Year	<u>11,354,293</u>
Cash & Cash Equivalents-End of Year	<u>\$ 11,368,818</u>

Continued next page.

See notes to financial statements.

City of Natchitoches, Louisiana  
Statement of Cash Flows  
Proprietary Fund  
Year Ended May 31, 2017

	<u>Business-Type Activities</u> <u>Enterprise Fund</u>
RECONCILIATION OF OPERATING INCOME FROM OPERATIONS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:	
Operating Income	\$ 2,776,288
ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:	
Depreciation	1,803,539
Changes in Assets & Liabilities-	
(Increase)/Decrease in Accounts Receivable	(70,922)
(Increase)/Decrease in Inventory	(77,835)
(Increase)/Decrease in Prepaid Expenses	(4,661)
(Increase)/Decrease in Other Receivables	607,745
Increase/(Decrease) in Accounts Payable	297,340
Increase/(Decrease) in Accrued Payroll	5,488
Increase/(Decrease) in Accrued Expenses	0
Increase/(Decrease) in Compensated Absences	(25,923)
Increase/(Decrease) in Net OPEB	81,467
Increase/(Decrease) in Net Pension Liability	215,188
Increase/(Decrease) in Customer Deposits	<u>(4,991)</u>
Total Adjustments	<u>\$ 2,826,435</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 5,602,723</u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:	
During the past year, the Enterprise Fund received Capital Assets with a net value of \$3,899,632 that were purchased and/or constructed by the Governmental Funds.	
RECONCILIATION OF TOTAL CASH AND CASH EQUIVALENTS:	
Current Assets-	
Cash and Cash Equivalents	\$ 4,022,030
Restricted Assets-	
Cash and Cash Equivalents	<u>7,346,788</u>
Total Cash and Cash Equivalents	<u>\$ 11,368,818</u>

See notes to financial statements.

City of Natchitoches, Louisiana  
Statement of Fiduciary Net Position  
Agency Fund  
Cash Bond Fund  
Year Ended May 31, 2017

<u>Assets</u>	
Accounts Receivable	<u>\$28,957</u>
Total Assets	<u>\$28,957</u>
<u>Liabilities</u>	
Cash Overdraft	<u>\$28,957</u>
Total Liabilities	<u>\$28,957</u>

See notes to financial statements.

## NOTES TO FINANCIAL STATEMENTS

City of Natchitoches, Louisiana  
Notes to Financial Statements  
May 31, 2017

## Introduction

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

### 1. Summary of Significant Accounting Policies

The financial statements of the City of Natchitoches have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. 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 is described below.

1. Appointing a voting majority of an organization's governing body and
  - a. The ability of the City of Natchitoches to impose its will on that organization and/or
  - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the City of Natchitoches.
2. Organizations for which the City of Natchitoches does not appoint a voting majority but are fiscally dependent on the City.
3. Organizations for which the reporting entity's financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

City of Natchitoches, Louisiana  
Notes to Financial Statements  
May 31, 2017

Based on the previous criteria, the City of Natchitoches has determined that the following component units are part of the reporting entity:

<u>Component Unit</u>	<u>Criteria Used</u>
Natchitoches City Court	2 and 3
Natchitoches City Marshal	2 and 3
Waterworks City No. 1	1 and 3

The City of Natchitoches has chosen to issue financial statements of the primary government (City) which exclude the above listed component units. Individual financial statements for the above agencies 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 Position and the Statement of Activities) report information on all of the activities of the primary government. They include all funds of the reporting entity except for fiduciary funds. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

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

City of Natchitoches, Louisiana  
Notes to Financial Statements  
May 31, 2017

Fund Financial Statements

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

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

The funds of the City are described below:

Governmental Funds-

General Fund

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

Special Revenue Funds

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

Capital Projects Funds

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

Debt Service Funds

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

City of Natchitoches, Louisiana  
Notes to Financial Statements  
May 31, 2017

Proprietary Fund-

Enterprise Fund

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for the proprietary funds include the cost of personal and contractual services, supplies and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Fiduciary Fund-

Agency Funds

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

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

City of Natchitoches, Louisiana  
Notes to Financial Statements  
May 31, 2017

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, post employment benefit obligations, pension expense and claims and judgments, are recorded only when payment is due.

The City reports the following major governmental funds:

1. General Fund-To account for resources traditionally associated with governments that are not required to be accounted for in another fund.
2. Sales Tax Capital Projects Fund-To account for the payment of the DEQ Bonds issued to construct a new wastewater treatment plant.
3. Utility Improvements Fund-To account for revenues earned by the Utility System’s electrical production plant which are used for improvements to the Utility System.
4. Sales Tax Rededication-To account for the collection and administration of a 1% sales tax levy which is dedicated to water, sewer, street, parks and recreation expenditures.

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.

City of Natchitoches, Louisiana  
Notes to Financial Statements  
May 31, 2017

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 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, 2017 was \$300,000, which was not changed from the prior year.

City of Natchitoches, Louisiana  
Notes to Financial Statements  
May 31, 2017

H. Capital Assets

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

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

Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

<u>Description</u>	<u>Estimated Lives</u>
Sewer System	50 years
Water & Utility	50 years
Buildings & building improvements	40-50 years
Streets & sidewalks	25 years
Furniture & fixtures	5-7 years
Vehicles	5-15 years
Equipment	5-14 years

I. Compensated Absences

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

City of Natchitoches, Louisiana  
Notes to Financial Statements  
May 31, 2017

J. Interfund Transactions

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

The following is a summary of interfund operating transfers:

	<u>Operating Transfers In</u>	<u>Operating Transfers Out</u>
General Fund	\$ 7,316,629	\$ 702,654
Special Revenue Funds-		
Hazard Tax	0	1,038,920
Sales Tax Police	0	1,682,177
Events Center Operations	27,604	0
Airport Operations	50,690	0
Miss Merry Christmas	7,300	0
Employee Benefits	1,000,000	0
Liability Insurance	807,000	200,000
Workman's Compensation Fund	0	125,972
Economic Development District	0	29,756
Local Government Assistance	4,617	0
Community Program	43,250	0
2015 Revenue Note Reserve Fund	29,756	0
BJA Byrne JAG	3,077	0
Drug Recovery Fund	0	3,077
Rapides Foundation Fund	73,837	0
Capital Projects Funds-		
Capital Projects-Sales Tax	0	1,588,431
Capital Improvements-Special	800,000	534,385
Utility Improvements-CLECO	560,857	0
Capital Improvements - Streets	375,244	0
Community Water Enrichment	24,337	0
LCDBG Sibley Lake Fund	14,094	0
Sales Tax Rededication	0	2,206,715
Water Treatment Plant Fund	300,057	0
Chaplain's Lake Water Imp.	92,751	0
LWCF-City Park	694,882	0
Rue Beauport Riverfront Fund	1,385,000	0
Sports Complex Construction Fund	0	0
Breda Town Park	12,137	0
Enterprise Fund-		
Utility	<u>1,579,250</u>	<u>7,085,665</u>
Totals	<u>\$15,197,752</u>	<u>\$23,637,585</u>

City of Natchitoches, Louisiana  
Notes to Financial Statements  
May 31, 2017

Transfers are primarily used to move funds:

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

K. Prepays

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

L. Long-term Obligations

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

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

M. 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.

N. Pensions

For purposes of measuring the Net Pension Liability, Deferred Outflows of Resources and Deferred Inflows of Resources related to pensions, and pension expense, information about the fiduciary net position of the retirement systems and additions to/deductions from the fiduciary net position have been determined on the same basis as they are reported by the retirement systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. See note 7, for more information on the individual retirement systems.

City of Natchitoches, Louisiana  
Notes to Financial Statements  
May 31, 2017

O. Deferred Outflows/Inflows of Resources

The Statement of Net Position reports a separate section for deferred outflows and (or) deferred inflows of financial resources. Deferred outflows of resources represent a consumption of net position that applies to future periods and will not be recognized as an outflow of resources (expense/expenditure) until the applicable period. Deferred inflows of resources represent an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources until that time.

P. Fund Equity

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

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

The General Fund has an unassigned fund balance of \$2,134,732. If applicable, the City would typically use restricted fund balances first, followed by committed resources and assigned resources as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first and to defer the use of these other classified funds.

City of Natchitoches, Louisiana  
Notes to Financial Statements  
May 31, 2017

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

	Prepaid Items	Debt Service	Acquisition of Capital Assets	Public Safety	Recreation & Culture	Economic Development	Workman's Compensation Insurance	Liability Insurance	Water, Sewer & Utilities	Total
<b>Nonspendable:</b>										
General Fund	\$ 18,167	\$0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 18,271
Sales Tax Rededication Fund	28,333	0	0	0	0	0	0	0	0	28,333
Airport Fund	50	0	0	0	0	0	0	0	0	50
Prisoner Bond Release	2,399	0	0	0	0	0	0	0	0	2,399
Sales Tax Police	7,496	0	0	0	0	0	0	0	0	7,496
Community Program	450	0	0	0	0	0	0	0	0	450
Water Treatment Plant Fund	117,179	0	0	0	0	0	0	0	0	117,179
Chaplain's Lake Water Improvements	12,275	0	0	0	0	0	0	0	0	12,275
Total	<u>\$186,349</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>\$ 186,349</u>
<b>Restricted:</b>										
Capital Projects-Sales Tax	\$ 0	\$0	\$ 8,696,790	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 8,696,790
Sales Tax Rededication Fund	0	0	5,585,265	0	0	0	0	0	0	5,585,265
Hazard Tax	0	0	0	842,348	0	0	0	0	0	842,348
Multi-Drug Task Force	0	0	0	19,537	0	0	0	0	0	19,537
Prisoner Bond Release	0	0	0	50,167	0	0	0	0	0	50,167
LLEBG Grant Fund	0	0	0	14,136	0	0	0	0	0	14,136
Knock-Knock Grant	0	0	0	824	0	0	0	0	0	824
Sales Tax Police	0	0	0	694,033	0	0	0	0	0	694,033
DOTD Gateway Ph. II	0	0	32,250	0	0	0	0	0	0	32,250
Water Treatment Plant	0	0	1,404,502	0	0	0	0	0	0	1,404,502
Total	<u>\$ 0</u>	<u>\$0</u>	<u>\$15,718,807</u>	<u>\$1,621,045</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$17,339,852</u>
<b>Committed:</b>										
Utility Improvements Fund	\$ 0	\$0	\$ 4,083,215	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 4,083,215
Event Center Operations	0	0	0	0	0	38,802	0	0	0	38,802
Airport Fund	0	0	0	0	0	54,799	0	0	0	54,799
Workman's Compensation	0	0	0	0	0	0	259,102	0	0	259,102
Drug Recovery	0	0	0	67,787	0	0	0	0	0	67,787
911 Grant Fire	0	0	0	90,251	0	0	0	0	0	90,251
Animal Shelter	0	0	0	27,705	0	0	0	0	0	27,705
Liability Insurance	0	0	0	0	0	0	0	390,951	0	390,951
Main Street Promotions	0	0	0	0	84,839	0	0	0	0	84,839
911-Police Grant	0	0	0	68,091	0	0	0	0	0	68,091
Economic Development District	0	0	0	0	0	312,349	0	0	0	312,349
State Office of Culture Dev.	0	0	0	0	0	8,398	0	0	0	8,398
Garbage Service	0	0	0	0	0	0	0	0	130,768	130,768
Miss Merry Christmas	0	0	0	0	854	0	0	0	0	854
Keep Louisiana Beautiful	0	0	0	0	3,645	0	0	0	0	3,645
LAC/Traffic Enforcement Prog.	0	0	0	34,012	0	0	0	0	0	34,012
Community Program Fund	0	0	0	0	0	32,554	0	0	0	32,554
NHDDC Projects Fund	0	0	0	0	0	4,258	0	0	0	4,258
Rapides Foundation Fund	0	0	0	0	15,990	0	0	0	0	15,990
Equitable Sharing Program	0	0	0	0	111	0	0	0	0	111
Capital Improvements-Streets	0	0	2,748,765	0	0	0	0	0	0	2,748,765
Parking Lot Construction	0	0	23,969	0	0	0	0	0	0	23,969
Texas & PAC Railway	0	0	612	0	0	0	0	0	0	612
DOTD Hwy. 1 South Fund	0	0	64,997	0	0	0	0	0	0	64,997
Chateau St. Denis	0	0	0	0	0	9,620	0	0	0	9,620
Rue Beauport Riverfront	0	0	0	0	0	552,321	0	0	0	552,321
Total	<u>\$ 0</u>	<u>\$0</u>	<u>\$ 6,921,558</u>	<u>\$ 287,846</u>	<u>\$105,439</u>	<u>\$1,013,101</u>	<u>\$259,102</u>	<u>\$390,951</u>	<u>\$130,768</u>	<u>\$ 9,108,765</u>

City of Natchitoches, Louisiana  
Notes to Financial Statements  
May 31, 2017

Q. Net Position

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

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

When an expense is incurred for the purposes for which both restricted and unrestricted net position are available, management applies unrestricted net position first, unless a determination is made to use restricted net position. The policy concerning which to apply first varies with the intended use and legal requirements. This decision is typically made by management at the incurrence of the expenses.

R. Bond Issuance Costs

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

S. Estimates

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

City of Natchitoches, Louisiana  
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2. Ad Valorem Taxes

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

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

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

For the year ended May 31, 2017, taxes of 17.03 mills were levied on property with an assessed valuation totaling \$132,856,010 and were dedicated as follows:

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

Total taxes collected were \$2,185,565 after small adjustments were made to the original tax roll. A tax sale was held on May 15, 2017, and most uncollected taxes were collected on that date. Uncollected taxes average less than 2% of total taxes levied, and no provision for uncollectibles is made.

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

<u>Taxpayer</u>	<u>Assessed Value</u>
Alliance Compressors	\$10,855,180
Pilgrim's Pride	5,137,900
Bank of Montgomery	1,522,770
Wal-mart Louisiana, LLC	1,367,240
City Bank & Trust	<u>1,218,940</u>
Total	<u>\$20,102,030</u>

City of Natchitoches, Louisiana  
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May 31, 2017

3. Capital Assets

Capital assets and depreciation activity as of and for the year ended May 31, 2017, is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
General Fund-				
Capital Assets; not depreciated-				
Land	\$ 7,927,021	\$2,138,562	\$ 0	\$ 10,065,583
Construction in Progress	6,322,489	2,841,756	2,181,402	6,982,843
Capital Assets; depreciated-				
Buildings	17,156,198	6,985	0	17,163,183
Other Infrastructure	6,112,878	2,183,207	0	8,296,085
Other Assets	827,117	0	0	827,117
Furniture & Fixtures	15,104	0	0	15,104
Machinery & Equipment	2,850,299	65,176	7,930	2,907,545
Firearms	63,404	5,230	0	68,634
Vehicles	5,292,109	577,541	272,932	5,596,718
Streets	92,561,315	0	0	92,561,315
Sidewalks	<u>5,547,866</u>	<u>0</u>	<u>0</u>	<u>5,547,866</u>
Total Assets	<u>\$114,675,800</u>	<u>\$7,818,457</u>	<u>\$2,462,264</u>	<u>\$150,031,993</u>
Accumulated Depreciation-				
Buildings	\$ 5,166,067	\$ 420,500	\$ 0	\$ 5,586,567
Other Infrastructure	1,812,765	437,193	0	2,249,958
Other Assets	561,605	68,940	0	630,545
Furniture & Fixtures	15,104	0	0	15,104
Machinery & Equipment	2,300,899	149,358	7,930	2,442,317
Vehicles	3,586,383	397,166	272,932	3,710,617
Streets	85,244,652	517,220	0	87,761,872
Sidewalks	<u>4,935,352</u>	<u>72,408</u>	<u>0</u>	<u>5,007,760</u>
Total Accumulated Depn.	<u>\$105,622,817</u>	<u>\$2,062,785</u>	<u>\$ 280,862</u>	<u>\$107,404,740</u>
 Total Capital Assets, Net	 <u>\$ 39,052,983</u>	 <u>\$5,755,672</u>	 <u>\$2,181,402</u>	 <u>\$ 42,627,253</u>

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Depreciation expense of \$2,062,785 for the year ended May 31, 2017, was charged to the following governmental functions:

General Fund-	
Finance Department	\$ 29,424
Community Development Department	127,209
Planning & Zoning	4,577
Fire Department	203,795
Recreation Department	361,810
Public Works Department	663,192
Purchasing Department	20,659
Police Department	225,122
Airport Fund	133,501
Convention Center	238,908
Industrial Park South	<u>54,588</u>
 Total	 <u>\$2,062,785</u>

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type Activities:				
Utility Fund-				
Capital Assets; not depreciated-				
Land	\$ 758,408	\$ 87,587	\$ 0	\$ 845,995
Capital Assets; depreciated-				
Buildings	1,899,439	0	0	1,899,439
Furniture & Fixtures	310,366	0	0	310,366
Machinery & Equipment	10,482,454	14,541	12,000	10,484,995
Vehicles	1,712,320	441,189	40,306	2,113,203
Electric System	21,019,099	728,653	9,746	21,738,006
Water System	39,755,315	2,256,266	0	42,011,581
Sewer System	<u>21,863,354</u>	<u>587,388</u>	<u>0</u>	<u>22,450,742</u>
Total Assets	<u>\$97,800,755</u>	<u>\$4,115,624</u>	<u>\$62,052</u>	<u>\$101,854,327</u>
Accumulated Depreciation-				
Buildings	\$ 902,699	\$ 37,989	\$ 0	\$ 940,688
Furniture & Fixtures	310,366	0	0	310,366
Machinery & Equipment	10,399,471	10,341	12,000	10,397,812
Vehicles	1,396,558	31,008	40,306	1,387,260
Electric System	7,843,181	434,955	9,746	8,268,390
Water System	13,622,957	840,231	0	14,463,188
Sewer System	<u>8,297,622</u>	<u>449,015</u>	<u>0</u>	<u>8,746,637</u>
Total Accumulated Depn.	<u>\$42,772,854</u>	<u>\$1,803,539</u>	<u>\$62,052</u>	<u>\$ 44,514,341</u>
Total Net Assets	<u>\$55,027,901</u>	<u>\$2,312,085</u>	<u>\$ 0</u>	<u>\$ 57,339,986</u>

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Depreciation expense of \$1,803,539 for the year ended May 31, 2017, was charged to the following business-type functions:

Electric System	\$ 455,952
Water System	877,020
Sewer System	<u>470,567</u>
 Total Utility Fund	 <u>\$1,803,539</u>

4. Long-Term Debt

General Obligation-At May 31, 2017, the City had the following outstanding general obligation bond issues:

- 1) Capital lease with Oshkosh Capital for the purchase of three fire trucks. The original lease was for \$677,384 and lease payments began on October 29, 2008. The lease is to be repaid from the Hazard Tax Fund.
- 2) Purchase agreement dated October 2015, with G. F. Thomas Investments, L.P., A&F Walker Limited Partnership and Mary Francis Walker for the purchase of land at 560/562 Second Street. The original purchase price was \$217,500, with annual payments to be made over five years with no interest payments. This debt is to be repaid by the Capital Improvements Special Fund.

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

- 1) Series 2009 B Bonds
- 2) Series 2009 A Bonds
- 3) 2013 Revenue Refunding Bonds
- 4) 2015 Revenue Refunding Bonds-DWRL
- 5) 2015 Revenue Refunding

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General Obligations and Revenue Bonds Outstanding at May 31, 2017, are as follows:

<u>Issue</u>	<u>Issue</u> <u>Date</u>	<u>Final Maturity</u> <u>Date</u>	<u>Interest</u> <u>Rates</u>	<u>Balance</u> <u>Outstanding</u>
General Obligation-				
Oshkosh Capital	12-15-2007	10-29-2017	1.75%	\$ 82,933
Thomas, Walker, Garner	12-01-2015	11-01-2019		<u>130,500</u>
Total General Obligation Debt				\$ <u>213,433</u>
Revenue Bonds-				
Series 2009 Revolving	12-15-2009	12-01-2030	2.95%	\$3,120,000
Series 2013 Refunding	12-01-2013	12-01-2022	2.15%	705,000
Series 2015 Refunding-DWRL	05-07-2015	12-01-2025	2.95%	1,252,397
Series 2015 Refunding	12-01-2015	12-01-2029	4.30%	<u>1,901,000</u>
Total Revenue Bonds				<u>\$6,978,397</u>
Total General Obligation and Revenue Bonds Payable				<u>\$7,191,830</u>

The annual debt service requirements to maturity of general obligation debt and revenue bonds outstanding at May 31, 2017, excluding interest payments of \$1,959,708 are as follows:

<u>Year Ending</u> <u>May 31</u>	<u>General</u> <u>Obligation</u>	<u>Revenue</u> <u>Bonds</u>	<u>Total</u>
2018	\$126,433	\$ 510,000	\$ 636,433
2019	43,500	526,000	569,500
2020	43,500	542,000	585,500
2021	0	444,000	444,000
2022	0	456,000	456,000
2023-2027	0	2,267,000	2,267,000
2028-2032	0	1,970,000	1,970,000
2033-2037	<u>0</u>	<u>263,397</u>	<u>263,397</u>
Total	<u>\$213,433</u>	<u>\$6,978,397</u>	<u>\$7,191,830</u>

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The following is a summary of changes in long-term debt, including accrued compensated absences, net other postemployment benefits (OPEB), and net pension liability for the year ended May 31, 2017:

	Balance <u>06-01-16</u>	<u>Additions</u>	<u>Reduction</u>	Balance <u>05-31-17</u>
General Obligation	\$ 355,858	\$ 0	\$121,425	\$ 214,433
Revenue Bonds	7,348,367	122,030	492,000	6,978,397
Compensated Absences (Note 1.I)	2,759,262	82,258	0	2,841,790
Net OPEB	1,296,724	354,209	0	1,650,933
Net Pension Liability	<u>22,296,615</u>	<u>3,302,998</u>	<u>0</u>	<u>25,599,613</u>
Total	<u>\$34,036,826</u>	<u>\$3,861,495</u>	<u>\$616,425</u>	<u>\$37,285,166</u>

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

The City of Natchitoches levies two 1%, and one .5% sales and use tax, all with indefinite expiration dates. One of the 1% sales and use tax levies is dedicated to the General Fund, to be used as operating monies. Collections for 2017 were \$3,991,044. The .5% levy is dedicated to the Police Department. Collections for 2017 were \$1,990,052.

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, waterworks facilities, recreation parks/facilities, and purchasing and acquiring the necessary land, equipment and furnishings for the aforesaid public works.

6. 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.

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

7. Employment Retirement Systems

A. Municipal Employees Retirement System of Louisiana (MERS)

*Plan Description*

The City contributes to MERS, Plan A, which is a cost-sharing multiple employer defined benefit pension plan. MERS was originally established by Act 356 of the 1954 regular session of the Legislature of the State of Louisiana to provide retirement benefits to employees of all incorporated villages, towns and cities within the state, which did not have their own retirement system and which elected to become members of MERS.

Act 569 of the year 1968 established by the Legislature of the State of Louisiana provides an optional method for municipalities to cancel Social Security and come under supplementary benefits in MERS, effective on and after June 30, 1970. Effective October 1, 1978, under Act 788, the "regular plan" and the "supplemental plan" were replaced, and are now known as Plan "A" and Plan "B". Plan A combines the original plan and the supplemental plan for those municipalities participating in both plans, while Plan B participates in only the original plan.

Membership is mandatory as a condition of employment beginning on the date employed if the employee is on a permanent basis working at least 35 hours per week. Individuals paid jointly by a participating employer and the parish are not eligible for membership in the System with exceptions as outlined in the statutes. MERS issues an annual publicly available financial report that includes financial statements and required supplementary information for the System, which can be obtained at [www.la.state.la.us](http://www.la.state.la.us).

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*Benefits Provided*

The following is a description of the plan and its benefits and is provided for general information purposes only. Participants should refer to the appropriate statutes for more complete information.

**Retirement**

Any member of Plan A who was hired prior to January 1, 2014 can retire providing he/she meets one of the following criteria:

1. Any age with twenty-five (25) or more years of creditable service.
2. Age 60 with a minimum of ten (10) years of creditable service.
3. Any age with five (5) years of creditable service eligible for disability benefits.
4. Survivor's benefits require five (5) or more years creditable service with legal spouse at least last 12 months before death – 40% at age 60 or minimum of 20% immediately (actuarially calculated).
5. Any age with 20 years of creditable service, exclusive of military service with an actuarially reduced early benefit.

Generally, the monthly amount of the retirement allowance for any member of Plan A shall consist of an amount equal to three percent of the member's monthly average final compensation multiplied by his years of creditable service. Final average compensation is the average monthly earnings during the highest sixty consecutive months, or joined months if service was interrupted. However, under certain conditions as outlined in the statutes, the benefits are limited to specified amounts. An additional regular retirement benefit can be received for any city marshal or deputy city marshal.

Any member of Plan A Tier 2 can retire providing he meets one of the following requirements.

1. Age 67 with seven years of creditable service.
2. Age 62 with ten years of creditable service.
3. Age 55 with thirty years of creditable service.
4. Any age with twenty five years of creditable service with an actuarially reduced early benefit.
5. Survivor's benefits require five or more years of creditable service with legal spouse at least last 12 months before death – 40% at age 60 or minimum of 20% immediately (actuarially calculated).

Generally, the monthly amount of the retirement allowance for any member of Plan A Tier 2 shall consist of an amount equal to three percent of the member's monthly average final compensation multiplied by his years of creditable service. Final average compensation is the average monthly earnings during the highest sixty consecutive months, or joined months if service was interrupted. However, under certain conditions as outlined in the statutes, the benefits are limited to specified amounts. Any city marshal or deputy city marshal shall receive an additional regular benefit computed on supplemental marshal's earnings.

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Any member of Plan B who commenced participation in the System prior to January 1, 2013 can retire providing he meets one of the following criteria:

1. Any age with thirty (30) years of creditable service.
2. Age 60 with a minimum of ten (10) or more years of creditable service.
3. Any age with ten (10) years of creditable service eligible for disability benefits.
4. Survivor's benefits require five (5) years creditable service at death of member.

Generally, the monthly amount of the retirement allowance for any member of Plan B shall consist of an amount equal to two percent of the member's monthly average final compensation multiplied by his years of creditable service. Final average compensation is the average monthly earnings during the highest sixty consecutive months, or joined months if service was interrupted. However, under certain conditions as outlined in the statutes, the benefits are limited to specified amounts.

Any member of Plan B Tier 2 shall be eligible for retirement if he meets one of the following requirements:

1. Seven years or more of service, at age sixty-seven or thereafter.
2. Ten years or more of service, at age sixty-two, or thereafter.
3. Thirty years or more of service, at age fifty-five or thereafter.
4. Twenty-five years of service credit at any age, exclusive of military service and unused annual sick leave.

The monthly amount of the retirement allowance for any member of Plan B Tier 2 shall consist of an amount equal to two percent of the member's final compensation multiplied by his years of creditable service. Final average compensation is the average monthly earnings during the highest sixty consecutive months, or joined months if service was interrupted. However, under certain conditions as outlined in the statutes, the benefits are limited to specified amounts.

#### **Survivor's Benefits**

Upon the death of any member of Plan A with five (5) or more years of creditable service, not eligible for normal retirement, the plan provides for benefits for the surviving spouse and minor children as outlined in the statutes.

Any member of Plan A who is eligible for normal retirement at time of death and who leaves a surviving spouse will be deemed to have retired and selected Option 2 benefits on behalf of the surviving spouse on the date of death. Such benefits will begin only upon proper application and are paid in lieu of any other survivor benefits.

Upon death of any member of Plan B with five (5) or more years of creditable service, not eligible for normal retirement, the plan provides for benefits for the surviving spouse as outlined in the statutes.

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1. Surviving spouse who is not eligible for social security survivorship or retirement benefits, married no less than twelve (12) months immediately preceding death of member, shall be paid a monthly benefit equal to thirty percent of the member's final compensation, payable when the surviving spouse attains the age of sixty years or becomes disabled and payable for as long as the surviving spouse lives, or
2. A monthly benefit equal to the actuarial of the benefit described above, but not less than fifteen percent of the member's final compensation, payable upon the death of the member and payable for as long as the surviving spouse lives. Selecting this benefit precludes the survivor from eligibility for the thirty-percent benefit payable when the surviving spouse attains the age of sixty years.

Any member of Plan B who is eligible for normal retirement at time of death and who leaves a surviving spouse will be deemed to have retired and selected Option 2 benefits on behalf of the surviving spouse on the date of death. Such benefits will begin only upon proper application and are paid in lieu of any other survivor benefits.

Any member of Plan A or Plan B who had not withdrawn their accumulated contributions and had at least twenty years of service credit at time of death, surviving spouse shall receive benefits for as long as he/she lives as outlined in the statutes.

**Deferred Retirement Option Plan (DROP)**

In lieu of terminating employment and accepting a service retirement allowance, any member of Plan A or B who is eligible to retire may elect to participate in DROP in which they enroll for three years and defer the receipt of benefits. During participation in the plan, employer contributions are payable but employee contributions cease. The monthly retirement benefits that would be payable, had the person elected to cease employment and receive a service retirement allowance, are paid into the DROP Fund. Interest is earned when the member has completed DROP participation. Interest earnings are based upon the actual rate of return on the investments identified as DROP funds for the period. In addition, no cost-of-living increases are payable to participants until employment which made them eligible to become members of the MERS has been terminated for at least one full year.

1. Surviving spouse who is not eligible for social security survivorship or retirement benefits, married no less than twelve (12) months immediately preceding death of member, shall be paid a monthly benefit equal to thirty percent of the member's final compensation, payable when the surviving spouse attains the age of sixty years or becomes disabled and payable for as long as the surviving spouse lives, or
2. A monthly benefit equal to the actuarial of the benefit described above, but not less than fifteen percent of the member's final compensation, payable upon the death of the member and payable for as long as the surviving spouse lives. Selecting this benefit precludes the survivor from eligibility for the thirty-percent benefit payable when the surviving spouse attains the age of sixty years.

Any member of Plan B who is eligible for normal retirement at time of death and who leaves a surviving spouse will be deemed to have retired and selected Option 2 benefits on behalf of the

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surviving spouse on the date of death. Such benefits will begin only upon proper application and are paid in lieu of any other survivor benefits.

Any member of Plan A or Plan B who had not withdrawn their accumulated contributions and had at least twenty years of service credit at time of death, surviving spouse shall receive benefits for as long as he/she lives as outlined in the statutes.

#### **Deferred Retirement Option Plan (DROP)**

In lieu of terminating employment and accepting a service retirement allowance, any member of Plan A or B who is eligible to retire may elect to participate in DROP in which they enroll for three years and defer the receipt of benefits. During participation in the plan, employer contributions are payable but employee contributions cease. The monthly retirement benefits that would be payable, had the person elected to cease employment and receive a service retirement allowance, are paid into the DROP Fund. Interest is earned when the member has completed DROP participation. Interest earnings are based upon the actual rate of return on the investments identified as DROP funds for the period. In addition, no cost-of-living increases are payable to participants until employment which made them eligible to become members of the MERS has been terminated for at least one full year.

Upon termination of employment prior to or at the end of the specified period of participation, a participant in the DROP may receive, at his/her option, a lump sum from the account equal to the payments into the account, a true annuity based upon his account balance in that fund, or any other method of payment if approved by the board of trustees. If a participant dies during participation in the DROP, a lump sum equal to the balance in his account shall be paid to his named beneficiary or, if none, to his estate. If employment is not terminated at the end of the three years, payments into the DROP fund cease and the person resumes active contributing membership in MERS.

#### **Disability Benefits**

For Plan A, a member shall be eligible to retire and receive a disability benefit if they have at least five years of creditable service, is not eligible for normal retirement, and has been officially certified as disabled by the State Medical Disability Board. Upon retirement caused by disability, a member of Plan A shall be paid a disability benefit equal to the lesser of forty-five percent of his/her final average compensation or three percent of the member's final average compensation multiplied by his/her years of creditable service whichever is greater, or an amount equal to three percent of the member's final average compensation multiplied by his/her years of creditable service projected to his earliest normal retirement age.

For Plan B, a member shall be eligible to retire and receive a disability benefit if they have at least ten years of creditable service, in which he/she would receive a regular retirement under retirement provisions. A member shall be eligible to retire and receive a disability benefit if he/she has at least ten years of creditable service, is not eligible for normal retirement, and has been officially certified as disabled by the State Medical Disability Board. Upon retirement caused by disability, a member of Plan B shall be paid a disability benefit equal to the lesser of

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thirty percent of his final average compensation or two percent of the member's final average compensation multiplied by his/her years of creditable service, whichever is greater, or an amount equal to two percent of the member's final average compensation multiplied by his/her years of creditable service, projected to his/her earliest normal retirement age.

#### **Cost-of-Living Increases**

MERS is authorized under state law to grant a cost of living increase to members who have been retired for at least one year. The adjustment cannot exceed 2% of the retiree's original benefit for each full calendar year since retirement and may only be granted if sufficient funds are available from investment income in excess of normal requirements. State law allows MERS to grant additional cost of living increases to all retirees and beneficiaries who are age sixty-five and above equal to 2% of the benefit being received on October 1, 1977, or the original benefit, if retirement commenced after that date.

#### **Deferred Benefits**

Both plans provide for deferred benefits for members who terminate before being eligible for retirement. Once the member reaches the appropriate age for retirement, benefits become payable. Benefits are based on statutes in effect at time of withdrawal.

#### *Contributions*

According to state statute, contribution requirements for all employers are actuarially determined each year. For the year ending May 31, 2017, the actual employer contribution rate was 19.75% for Plan A and 9.5% for Plan B.

According to state statute, the System also receives one-fourth (1/4) of 1% of ad valorem taxes collected within the respective parishes except for Orleans. Tax monies are apportioned between Plan A and Plan B in proportion to salaries of plan participants. MERS also receives revenue sharing funds each year as appropriated by the Legislature. The additional sources of income are used as additional employer contributions and considered support from non-employer contributing entities, but are not considered special funding situations. The non-employer contribution was \$179,589.

The City's contractually required composite contribution rate for the year ended May 31, 2017 was 22.75% of annual payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any Unfunded Actuarial Accrued Liability.

Contributions to the pension plan from the City were \$1,115,892 for the year ended May 31, 2017.

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*Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions*

At May 31, 2017, the City reported a liability of \$12,148,126 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2016 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. The City's proportion of the Net Pension Liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2016, the City's proportion was 2.963890%, which was a decrease of .134096% from its proportion measured as of June 30, 2015.

For the year ended May 31, 2017, the City recognized pension expense of \$1,758,564 plus or minus employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions of \$184,175.

At May 31, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 0	\$384,009
Changes in assumption	442,220	0
Net difference between projected and actual earnings on pension plan investments	2,774,305	0
Changes in employer's proportion of beginning net pension liability	0	232,878
Differences between employer contributions and proportionate share of employer contributions	0	18,736
Subsequent Measurement Contributions	1,038,513	0
Total	\$4,255,038	\$635,623

Amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Year ended June 30:	
2017	\$1,206,471
2018	1,206,471
2019	1,206,471
Total	\$3,619,414

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*Actuarial Assumptions*

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2016 is as follows:

Valuation Date:	June 30, 2016
Actuarial Cost Method:	Entry Age Normal
Actuarial Assumptions:	
Expected Remaining Service Lives	Plan A – 3 years; Plan B – 4 years
Investment Rate of Return:	7.5% net of investment expense
Mortality:	For annuitant and beneficiary mortality tables used were: RP-2000 Healthy Annuitant Sex Distinct Mortality Tables set forward 2 years for males and 1 year for females projected to 2028 using scale AA. For employees, the RP-2000 Disabled Lives Mortality Table set back 2 years for both males and females. For disabled Annuitants, RP-2000 Disabled Lives Mortality Table set back 5 years for males and 3 years for females.
	Experience study performed on plan data for the period July 1, 2009 through June 30, 2014
Salary Increases:	5% (2.125% Merit/2.875% Inflation)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and an adjustment for the effect of rebalancing/diversification.

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Best estimates of arithmetic real rates of return for each major asset class included in MERS target asset allocation as of June 30, 2016 are summarized in the following table:

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-Term Expected Portfolio Real Rate of Return</u>
Public Equity	50%	2.60%
Public Fixed Income	15%	1.80%
Alternatives	35%	.80%
Total	<u>100%</u>	<u>5.20%</u>
Inflation		<u>2.40%</u>
Expected Arithmetic Nominal Return		<u>7.60%</u>

The discount rate used to measure the total pension liability was 7.5% for Plans A and B. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates, which are calculated in accordance with relevant statutes and approved by the Board of Trustees and the Public Retirement Systems' Actuarial Committee. Based on those assumptions, MERS's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Sensitivity of the Employer's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate*

The following presents the City's proportionate share of the Net Pension Liability using the discount rate of 7.75%, as well as what the City's proportionate share of the Net Pension Liability would be if it were calculated using a discount rate that is one percentage-point lower (6.75%) or one percentage-point higher (8.75%) than the current rate:

	1.0% Decrease (6.5%)	Current Discount Rate (7.5%)	1.0% Increase (8.5%)
Employer's proportionate share of net pension liability	\$15,442,531	\$12,148,126	\$9,336,990

*Pension Plan Fiduciary Net Position*

Detailed information about the pension plan's fiduciary net position is available in the separately issued Municipal Employees' Retirement System of Louisiana Annual Financial Report at [www.la.state.la.us](http://www.la.state.la.us).

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

*Plan Description*

The City contributes to LAMPERS which is a cost-sharing multiple employer defined benefit pension plan. LAMPERS was established by Act 189 of the 1973 regular session of the Legislature of the State of Louisiana to provide retirement, disability and survivor benefits to municipal police officers in Louisiana.

Benefit provisions are authorized within Act 189 of 1973 and amended by Louisiana Revised Statutes 11:2211 – 11:2233. Participants should refer to the appropriate statutes for more complete information.

Membership is mandatory for any full-time police officer employed by a municipality of the State of Louisiana and engaged in law enforcement, empowered to make arrests, providing he or she does not have to pay social security and providing he or she meets the statutory criteria. LAMPERS issues an annual publicly available financial report that includes financial statements and required supplementary information for the System, which can be obtained at [www.lampers.org](http://www.lampers.org) or [www.la.state.la.us](http://www.la.state.la.us).

*Benefits Provided*

The following is a description of the plan and its benefits and is provided for general information purposes only. Participants should refer to the appropriate statutes for more complete information.

**Retirement**

Membership Prior to January 1, 2013

A member is eligible for regular retirement after he has been a member of LAMPERS and has 25 years of creditable service at any age or has 20 years of creditable service and is age 50 or has 12 years creditable service and is age 55. A member is eligible for early retirement after he has been a member of LAMPERS for 20 years of creditable service at any age with an actuarially reduced benefit.

Benefit rates are three and one-third percent of average final compensation (average monthly earnings during the highest 36 consecutive months or joined months if service was interrupted) per number of years of creditable service not to exceed 100% of final salary.

Upon the death of an active contributing member, or disability retiree, the plan provides for surviving spouses and minor children. Under certain conditions outlined in the statutes, the benefits range from forty to sixty percent of the member's average final compensation for the surviving spouse. In addition, each child under age eighteen receives benefits equal to ten percent of the member's average final compensation or \$200 per month, whichever is greater.

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Membership Commencing January 1, 2013

Membership eligibility for regular retirement, early retirement, disability and survivor benefits are based on Hazardous Duty and Non Hazardous Duty sub plans. Under the Hazardous Duty sub plan, a member is eligible for regular retirement after he has been a member of LAMPERS and has 25 years of creditable service at any age or has 12 years creditable service and is age 55. Under the Non Hazardous Duty sub plan, a member is eligible for regular retirement after he has been a member of LAMPERS and has 30 years of creditable service at any age, 25 years of creditable service at age 55, or 10 years of creditable service at age 60. Under both sub plans, a member is eligible for early retirement after he has been a member of LAMPERS for 20 years of creditable service at any age, with an actuarially reduced benefit from age 55.

Under the Hazardous and Non Hazardous Duty sub plans, the benefit rates are three percent and two and a half percent, respectively, of average final compensation (average monthly earnings during the highest 60 consecutive months or joined months if service was interrupted) per number of years of creditable service not to exceed 100% of final salary.

Upon the death of an active contributing member, or disability retiree, the plan provides for surviving spouses and minor children. Under certain conditions outlined in the statutes, the benefits range from twenty-five and fifty-five percent of the member's average final compensation for the surviving spouse. In addition, each child under age eighteen receives ten percent of average final compensation or \$200 per month whichever is greater. If deceased member had less than ten years of service, beneficiary will receive a refund of employee contributions only.

**Cost-of-Living Increases**

The Board of Trustees is authorized to provide annual cost-of-living adjustments (COLA) computed on the amount of the current regular retirement, disability, beneficiary or survivor's benefit, not to exceed 3% in any given year. The Board is authorized to provide an additional 2% COLA, computed on the member's original benefit, to all regular retirees, disability, survivors and beneficiaries who are 65 years of age or older on the cut-off date which determines eligibility.

No regular retiree, survivor or beneficiary shall be eligible to receive a cost-of-living adjustment until benefits have been received at least one full fiscal year and the payment of such COLA, when authorized, shall not be effective until the lapse of at least one-half of the fiscal year.

Members who elect early retirement are not eligible for a COLA until they reach retirement age.

**Deferred Retirement Option Plan (DROP)**

A member is eligible to elect to enter DROP when he/she is eligible for regular retirement based on the members' sub plan participation. Upon filing the application for the program, the employee's active membership in LAMPERS is terminated. At the entry date into DROP, the employee and employer contributions cease. The amount to be deposited into the DROP account is equal to the benefit computed under the retirement plan elected by the participant at date of application. The duration of participation in the DROP is thirty six months or less. If

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employment is terminated after the three-year period the participant may receive his benefits by lump sum payment or a true annuity. If employment is not terminated, active contributing membership into LAMPERS shall resume and upon later termination, he shall receive additional retirement benefits based on the additional service. For those eligible to enter DROP prior to January 1, 2004, DROP accounts shall earn interest subsequent to the termination of DROP participation at a rate of half of one percentage point below the percentage rate of return of LAMPERS' investment portfolio as certified by the actuary on an annual basis but will never lose money. For those eligible to enter DROP subsequent to January 1, 2004, an irrevocable election is made to earn interest based on LAMPERS' investment portfolio return or a money market investment return. This could result in a negative earnings rate being applied to the account.

If the member elects a money market investment return, the funds are transferred to a government money market account and earn interest at the money market rate.

#### **Initial Benefit Option Plan**

In 1999, the State Legislature authorized LAMPERS to establish an Initial Benefit Option program. Initial Benefit Option is available to members who are eligible for regular retirement and have not participated in DROP. The Initial Benefit Option program provides both a one-time single sum payment of up to 36 months of regular monthly retirement benefits, plus a reduced monthly retirement benefit for life. Interest is computed on the balance based on the same criteria as DROP.

#### *Contributions*

Contributions for all members are actuarially determined as required by state law but cannot be less than 9% of the employees' earnable compensation excluding overtime but including state supplemental pay.

For the year ended May 31, 2017, total contributions due for employers and employees were 41.75%. The employer and employee contribution rates for all members hired prior to January 1, 2013 and Hazardous Duty members hired after January 1, 2013 were 31.75% and 10%, respectively. The employer and employee contribution rates for all Non Hazardous Duty members hired after January 1, 2013 were 33.75% and 8%, respectively. The employer and employee contribution rates for all members whose earnable compensation is less than or equal to the poverty guidelines issued by the United States Department of Health and Human Services were 32% and 7.5%, respectively.

The System also receives insurance premium tax monies as additional employer contributions. The tax is considered support from a non-contributing entity and appropriated by the legislature each year based on an actuarial study. Non-employer contributions of \$153,960 are recognized as revenue, but are not considered special funding situations.

The City's contractually required composite contribution rate for the year ended May 31, 2017 was 31.75% of annual payroll, actuarially determined as an amount that, when combined

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with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any Unfunded Actuarial Accrued Liability.

Contributions to the pension plan from the City were \$760,372 for the year ended May 31, 2017.

*Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions*

At May 31, 2017, the City reported a liability of \$7,742,566 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2016 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. The City's proportion of the Net Pension Liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2016, the City's proportion was .826066%, which was an increase of .023546% from its proportion measured as of June 30, 2015.

For the year ended May 31, 2017, the City recognized pension expense of \$985,960 plus or minus employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions of \$132,787.

At May 31, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 0	\$ 123,165
Changes in assumption	376,448	466
Net difference between projected and actual earnings on pension plan investments	1,191,376	0
Changes in employer's proportion of beginning net pension liability	131,461	220,322
Differences between employer contributions and proportionate share of employer contributions	25,468	384
Subsequent Measurement Contributions	705,825	0
Total	\$2,430,578	\$344,337

Amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Year ended June 30:	
2017	\$ 521,560
2018	521,560
2019	521,560
2020	521,560
Total	\$2,086,240

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*Actuarial Assumptions*

The actuarial assumptions used in the June 30, 2016 valuation were based on the assumptions used in the June 30, 2016 actuarial funding valuation and were based on the results of an actuarial experience study for the period July 1, 2009 – June 30, 2014. In cases where benefit structures were changed after the study period, assumptions were based on estimates of future experience.

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2016 is as follows:

Valuation Date	June 30, 2016									
Actuarial Cost Method	Entry Age Normal Cost									
Actuarial Assumptions:										
Expected Remaining Service Lives	4 years									
Inflation Rate	2.875%									
Mortality	RP-2000 Combined Healthy with Blue Collar Adjustment Sex Distinct Tables projected to 2029 by Scale AA (set back 1 year for females) for healthy annuitants and beneficiaries.									
	RP-2000 Disabled Lives Table set back 5 years for males and set back 3 years for females for disabled annuitants.									
	RP-2000 Employee Table set back 4 years for males and 3 years for females for active members.									
Salary Increases, including inflation (3%) and merit	<table border="0" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="text-align: center;"><u>Years of Service</u></th> <th style="text-align: center;"><u>Salary Growth Rate</u></th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">1-2</td> <td style="text-align: center;">9.75%</td> </tr> <tr> <td style="text-align: center;">3-23</td> <td style="text-align: center;">4.75%</td> </tr> <tr> <td style="text-align: center;">Over 23</td> <td style="text-align: center;">4.25%</td> </tr> </tbody> </table>	<u>Years of Service</u>	<u>Salary Growth Rate</u>	1-2	9.75%	3-23	4.75%	Over 23	4.25%	
<u>Years of Service</u>	<u>Salary Growth Rate</u>									
1-2	9.75%									
3-23	4.75%									
Over 23	4.25%									
Cost-of-Living Adjustments	The present value of future benefits is based on benefits currently being paid by LAMPERS and includes previously granted cost-of-living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees.									

The forecasted long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation

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percentage and by adding expected inflation and an adjustment for the effect of rebalancing/diversification. Best estimates of arithmetic nominal rates of return for each major asset class included in the System's target allocation as of June 30, 2016 are summarized in the following table:

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-Term Expected Portfolio Real Rate of Return</u>
Public Equity	53%	3.69%
Public Fixed Income	21%	0.49%
Alternatives	20%	1.11%
Other	6%	.21%
Total	<u>100%</u>	<u>5.50%</u>
Inflation		<u>2.75%</u>
Expected Arithmetic Nominal Return		<u>8.25%</u>

The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates approved by the Public Retirement Systems' Actuarial Committee, taking into consideration the recommendation of the actuary. Based on those assumptions, LAMPERS' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Sensitivity of the Employer's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate*

The following presents the City's proportionate share of the Net Pension Liability using the discount rate of 7.5%, as well as what the City's proportionate share of the Net Pension Liability would be if it were calculated using a discount rate that is one percentage-point lower (6.5%) or one percentage-point higher (8.5%) than the current rate:

	1.0% Decrease (6.5%)	Current Discount Rate (7.5%)	1.0% Increase (8.5%)
Employer's proportionate share of net pension liability	\$10,321,506	\$7,72,566	\$5,577,311

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*Pension Plan Fiduciary Net Position*

Detailed information about the pension plan's fiduciary net position is available in the separately issued Municipal Police Employees' Retirement System of Louisiana Annual Financial Report at [www.lampers.org](http://www.lampers.org) or on [www.lla.state.la.us](http://www.lla.state.la.us).

C. Firefighters' Retirement System of Louisiana (FRS)

*Plan Description*

The City contributes to FRS which is a cost-sharing multiple employer defined benefit pension plan. FRS was established by Act 434 of 1979 to provide retirement, disability and survivor benefits to firefighters in Louisiana.

Membership in FRS is a condition of employment for any full-time firefighters who earn at least \$375 per month and are employed by any municipality, parish, or fire protection City of the State of Louisiana in addition to employees of FRS. FRS provides retirement benefits for their members. The projections of benefit payments in the calculation of the total pension liability includes all benefits to be provided to current active and inactive employees through FRS in accordance with benefit terms and any additional legal agreements to provide benefits that are in force at the measurement date.

Benefit provisions are authorized within Act 434 of 1979 and amended by Louisiana Revised Statutes 11:2251 – 11:2272. The following is a brief description of the plan and its benefits and is provided for general information purposes only. Participants should refer to the appropriate statutes for more complete information.

Any person who becomes an employee as defined in RS 11:2252 on and after January 1, 1980, shall become a member as a condition of employment.

No person who has attained age fifty or over shall become a member of FRS, unless the person becomes a member by reason of a merger or unless FRS received an application for membership before the applicant attained the age of fifty. No person who has not attained the age of eighteen years shall become a member of FRS.

Any person who has retired from service under any retirement system or pension fund maintained basically for public officers and employees of the state, its agencies or political subdivisions, and who is receiving retirement benefits therefrom may become a member of FRS, provided the person meets all other requirements for membership. Service credit from the retirement system or pension plan from which the member is retired shall not be used for reciprocal recognition of service with FRS, or for any other purpose in order to attain eligibility or increase the amount of service credit in FRS.

FRS issues an annual publicly available financial report that includes financial statements and required supplementary information for the System, which can be obtained at [www.lafirefightersret.com](http://www.lafirefightersret.com) or [www.lla.state.la.us](http://www.lla.state.la.us).

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*Benefits Provided*

The following is a description of the plan and its benefits and is provided for general information purposes only. Participants should refer to the appropriate statutes for more complete information.

**Retirement**

Members with twelve years of creditable service may retire at age fifty-five; members with twenty years of service may retire at age fifty; members with twenty-five years of service may retire regardless of age, provided that they have been a member of this system for at least one year. The retirement allowance is equal to three and one-third percent of the member's average final compensation multiplied by his years of creditable service, not to exceed one hundred percent of his average final compensation.

**Optional Allowances**

Members may receive their benefits as a life annuity, or in lieu of such receive a reduced benefit according to the option selected, which is the actuarial equivalent of the maximum benefit.

**Option 1** – If the member dies before he has received in annuity payments the present value of his member's annuity as it was at the time of retirement, the balance is paid to the beneficiary.

**Option 2** – Upon retirement, the member receives a reduced benefit. Upon the member's death, the designated beneficiary will continue to receive the same reduced benefit.

**Option 3** – Upon retirement, the member receives a reduced benefit. Upon the member's death, the designated beneficiary will receive one-half of the member's reduced benefit.

**Option 4** – Upon retirement, the member elects to receive a board approved benefit payable to the member, the member's spouse, or the member's dependent child, which is actuarially equivalent to the maximum benefit.

**Disability Benefits**

Any member who has been officially certified as totally disabled solely as the result of injuries sustained in the performance of his official duties, or for any cause, provided the member has a least five years of creditable service and provided that the disability was incurred while the member was an active contributing member, is entitled to disability benefits. Any member under the age of fifty who becomes totally disabled will receive a disability benefit equal to 60% of final compensation for an injury received in the line of duty; or 75% of his accrued retirement benefit with a minimum of 25% of average salary for any injury received, even though not in the line of duty. Any member age fifty or older who becomes totally disabled from an injury sustained in the line of duty is entitled to a disability benefit equal to the greater of 60% of final compensation or his accrued retirement benefit. Any member age fifty or older who becomes totally disabled as a result of any injury, even though not in the line of duty, is entitled to a disability benefit equal to his accrued retirement benefit with a minimum of 25% of average salary. The surviving spouse of a member who was on disability retirement at the time of death

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receives a benefit of \$200/month. When the member takes disability retirement, he/she may in addition take an actuarially reduced benefit in which case the member's surviving spouse receives 50% of the disability benefit being paid immediately prior to the death of the disability retiree. The retirement system may reduce benefits paid to a disability retiree who is also receiving workers compensation payments.

#### **Survivor's Benefits**

Benefits are payable to survivors of a deceased member who dies and is not eligible for retirement as follows. If any member is killed in the line of duty and leaves a surviving eligible spouse, the spouse is entitled to an annual benefit equal to two-thirds of the deceased member's final compensation. If any member dies from a cause not in the line of duty, the surviving spouse is entitled to an annual benefit equal to 3% of the deceased member's average final compensation multiplied by his/her total years of creditable service; however, in no event is the annual benefit less than 40% nor more than 60% of the deceased member's average final compensation. Children of the deceased member who are under the age of eighteen years are entitled to the greater of \$200/month or 10% of average final compensation (not to exceed 100% of average final compensation) until reaching the age of eighteen or until the age of twenty-two if enrolled full-time in an institution of higher learning, unless the surviving child is physically handicapped or mentally retarded in which case the benefit is payable regardless of age. If a deceased member dies leaving no surviving spouse, but at least one minor child, each child is entitled to receive forty percent of the deceased's average final compensation, not to exceed an aggregate of sixty percent of average final compensation.

#### **Deferred Retirement Option Plan (DROP)**

In lieu of terminating employment and accepting a service retirement allowance, any member of the system who has at least twenty years of creditable service and who is eligible to receive a service retirement allowance may elect to participate in the commencement of participation in the plan, membership in the system terminates and neither the employee or employer contributions are payable. Compensation and creditable service will remain as they existed on the effective date of commencement of participation in the plan. The monthly retirement benefits that would have been payable, had the member elected to cease employment and receive a service retirement allowance, are paid into the deferred retirement option plan account. Upon termination of employment at the end of the specified period of participation, a participant in the program may receive, at his option, a lump sum payment from the account equal to the payments to the account, or a true annuity based upon his account, or he may elect any other method of payment if approved by the Board of Trustees. The monthly benefits that were being paid into the fund during the period of participation will begin to be paid to the retiree. If employment is not terminated at the end of the thirty-six months, payments into the account cease and the member resumes active contributing membership in the system. If the participant dies during the period of participation in the program, a lump sum payment equal to his account balance is paid to his named beneficiary or, if none, to his estate, in addition, normal survivor benefits are payable to survivors of retirees.

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### Initial Benefit Option Plan

Effective June 16, 1999, members eligible to retire and who do not choose to participate in DROP may elect to receive, at the time of retirement, an initial benefit option (IBO) in an amount up to 36 months of benefits, with an actuarial reduction of their future benefits. Such amounts may be withdrawn or remain in the IBO account earning interest at the same rate as the DROP account.

### Cost-of-Living Increases

The Board of Trustees is authorized to grant retired members and widows of members who have retired an annual cost-of-living adjustment (COLA) increase of up to 3% of their current benefit, and all retired members and widows who are sixty-five years of age and older a 2% increase in their original benefit. In order for the Board to grant either of these increases the system must meet certain criteria detailed in the statute related to funding status and interest earnings. In lieu of these cost of living adjustments, the Board may also grant an increase in the form of "Xx(A+B)" where "X" is any amount up to \$1/month, and "A" is equal to the number of years of credited service accrued at retirement or at death of the member or retiree, and "B" is equal to the number of years since retirement or since death of the member or retiree to June 30<sup>th</sup> of the initial year of such increase.

### *Contributions*

Employer contributions are actuarially determined each year. For the measurement date of June 30, 2016, employer and employee contributions for members above the poverty line were 27.25% and 10%, respectively. The employer and employee contribution rates for those members below the poverty line were 29.25% and 8.0%, respectively.

The System also receives insurance premium tax monies as additional employer contributions. The tax is considered support from a non-contributing entity and appropriated by the legislature each year based on an actuarial study. Non-employer contributions are recognized as revenue, but are not considered special funding situations.

The City's contractually required composite contribution rate for the year ended May 31, 2017 was 27.25% of annual payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any Unfunded Actuarial Accrued Liability. Contributions to the pension plan from the City were \$216,678 for the year ended May 31, 2017.

### *Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions*

At May 31, 2017, the City reported a liability of \$5,708,921 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2016 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial

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valuation as of that date. The City's proportion of the Net Pension Liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2016, the City's proportion was .0872803%, which was a decrease of .064587% from its proportion measured as of June 30, 2015.

For the year ended May 31, 2017, the City recognized pension expense of \$905,419 plus employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions of \$66,066.

At May 31, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 0	\$225,981
Changes in assumption	49,200	1,591
Net difference between projected and actual earnings on pension plan investments	1,372,046	0
Changes in employer's proportion of beginning net pension liability	0	343,851
Differences between employer contributions and proportionate share of employer contributions	16,533	0
Subsequent Measurement Contributions	465,141	0
Total	\$1,902,920	\$571,423

Amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Year ended May 31:	
2017	\$ 190,214
2018	190,214
2019	190,214
2020	190,214
2021	190,214
2022	190,214
2023	190,214
Total	\$1,331,498

*Actuarial Assumptions*

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2016 is as follows:

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Valuation Date	June 30, 2016
Actuarial Cost Method	Entry Age Normal Cost
Actuarial Assumptions:	
Expected Remaining Service Lives	7 years
Investment Rate of Return	7.5% net of investment expense.
Mortality	The mortality rate assumption used was based upon an experience study performed on plan data for the period July 1, 2009 through June 30, 2014. The data was then assigned credibility weighting and combined with a standard table to produce current levels of mortality. This mortality was then projected forward to a period equivalent to the estimated duration of the System's liabilities. Annuity values calculated based on this mortality were compared to those produced by using a set-back of standard tables. The result of the procedure indicated that the tables used would produce liability values approximating the appropriate generational mortality tables.
Salary Increases, including inflation (2.875%) and merit	Vary from 15.0% in the first two years of service to 4.75% after 25 years

The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates approved by the Public Retirement Systems' Actuarial Committee, taking into consideration the recommendation of the actuary. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The estimated long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The long term expected nominal rate of return was 8.34% as of June 30, 2016. Best estimates of real rates of return for each major asset class included in FRS' target asset allocation as of June 30, 2016 are summarized in the following table:

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Asset Class	Long-term Target Asset Allocation	Rates of Return	
		Real	Nominal
Fixed Income	24%	1.85%	
Equity	58%	6.77%	
Alternatives	8%	6.67%	
Others	10%	4.30%	
Total	100%		5.34%
Inflation			3.00%
Expected Arithmetic Nominal Return			8.34%

*Sensitivity of the Employer's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate*

The following presents the City's proportionate share of the Net Pension Liability using the discount rate of 7.5%, as well as what the City's proportionate share of the Net Pension Liability would be if it were calculated using a discount rate that is one percentage-point lower (6.5%) or one percentage-point higher (8.5%) than the current rate:

	1.0% Decrease (6.5%)	Current Discount Rate (7.5%)	1.0% Increase (8.5%)
Employer's proportionate share of net pension liability	\$7,777,943	\$5,708,921	\$3,968,911

*Pension Plan Fiduciary Net Position*

Detailed information about the pension plan's fiduciary net position is available in the separately issued Firefighters' Retirement System of Louisiana Annual Financial Report at [www.lafirefightersret.com](http://www.lafirefightersret.com) or on [www.lla.state.la.us](http://www.lla.state.la.us).

8. Pending Litigation/Contingencies

Various lawsuits are presently pending against the City of Natchitoches. In all but one case where damages are being sought from the City, attorneys for the City are of the opinion that any judgments rendered in favor of the plaintiffs or payments resulting from compromise settlements, if any, will be within the limits of the various insurance coverages carried by the City. The one case where the City could have exposure at May 31, 2017, is a possible class action suit in which a class of persons has

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alleged the City failed to properly fund the firefighters' retirement system. The City's monetary exposure to this suit, if any, is not known.

9. Cash and Investments

The cash and cash equivalents of the City are subject to the following risks:

*Custodial Credit Risk.* Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the City will not be able to recover its deposits. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal or exceed the amount on deposit with the fiscal bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the City that the fiscal agent bank has failed to pay deposited funds upon demand. Further, Louisiana Revised Statute 39:1224 states that securities held by a third party shall be deemed to be held in the City's name.

*Interest Rate Risk.* This is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity is its fair value to changes in market interest rates. The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, as a means of offsetting exposure to interest rate risk, the City diversifies its investments by security type and institution.

Cash and investments are held separately by each of the City's funds. At May 31, 2017, cash and investments totaled \$36,185,500 (book balances), including \$4,410 cash on hand. Bank account and investment balances at May 31, 2017, totaled \$38,664,453, and of this amount \$5,197,963 was secured by government securities. The remaining amount was secured as follows: \$442,650 with FDIC insurance and \$33,023,840 with pledged securities.

10. Compensation of City Councilmen

A detail of compensation paid to individual council members for the year ended May 31, 2017 follows:

Don Mims	\$ 8,341
Charles Harrington	7,725
Sylvia Morrow	8,341
Dale A. Nielsen	8,341
Lawrence Batiste, Jr.	<u>7,725</u>
Total	<u>\$40,473</u>

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### 11. Lease Agreements

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

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.

### 12. Receivables

The following is a summary of receivables at May 31, 2017:

<u>Class of Receivable</u>	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Capital Projects Funds</u>	<u>Proprietary Funds</u>	<u>Agency Funds</u>
Tax, Licenses & Permits	\$380,886	\$167,570	\$ 420,596	\$ 0	\$ 0
Intergovernmental-					
Federal	0	0	250,000	0	0
State	14,640	0	92,279	0	0
Local	42,885	0	0	0	0
Other Receivables	<u>67,128</u>	<u>373,957</u>	<u>1,267,493</u>	<u>3,659,154</u>	<u>28,957</u>
Total	<u>\$505,539</u>	<u>\$541,527</u>	<u>\$2,030,368</u>	<u>\$3,659,154</u>	<u>\$28,957</u>

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

### 13. Fund Deficits

The following individual funds have deficits in unassigned fund balances at May 31, 2017:

<u>Fund</u>	<u>Deficit Amount</u>
Special Revenue Funds-	
Employee Benefits	\$ 514,676
Stop Grant	8,529
BJA-Byrne JAG	416
NW Law Enforcement	714

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Cane River Green Market	1,592
Capital Projects Funds-	
Street Improvements	300,040
Pilgrim's Industrial Park	206,356
Community Water Enrichment	56,391
Airport Maintenance	253,242
Airport Hangar	105,109
LCDBG Sibley Lake	3
Downtown Parking	100,877
Sports Complex Construction	1,235,731
Local Government Assistance	723
2015 Revenue Note Reserve Fund	16,461
Domestic Violence Fund	3,525
Historic Preservation Fund	7,087
Chaplain's Lake Water System	6,950
Total	\$2,818,422

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

Capital Projects Funds - These deficits are caused by ongoing construction and will be funded in the next fiscal year by grant revenues and by transfers from other funds.

In addition to deficit fund balances, the City has various funds which have cash overdrafts. Of the total cash deficits of \$3,593,568, \$818,038 will be funded by the receipt of revenue receivables and the remaining \$2,775,530 will be funded by interfund transfers in future years.

#### 14. Postemployment Benefits

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

The employees are covered by a retirement system whose retirement eligibility (D.R.O.P. entry) provisions are as follows: 25 years of service at any age; or, age 60 and 10 years of service. There is the additional requirement for retiree medical benefits that the retiree have at least twenty years of service with the City of Natchitoches.

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

Fund Policy – Until 2009, the City of Natchitoches recognized the cost of providing post-employment medical benefits (the City of Natchitoches's portion of the retiree medical benefit premiums) as an

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expense when the benefit premiums were due and thus financed the cost of the post-employment benefits on a pay-as-you-go basis. In 2017 and 2016, the City of Natchitoches's portion of health care funding cost for retired employees totaled \$123,257 and \$128,045, respectively.

Effective June 1, 2009, the City of Natchitoches implemented Government Accounting Standards Board Statement Number 45, *Accounting and Financial Reporting by Employers for Post employment Benefits Other than Pensions* (GASB Codification Section P50). This amount was applied toward the Net OPEB Benefit Obligation as shown in the following table.

Annual Required Contribution – The City of Natchitoches's Annual Required Contribution (ARC) is an amount actuarially determined in accordance with GASB Codification Section P50. The ARC is the sum of the Normal Cost plus the contribution to amortize the Unfunded Actuarial Accrued Liability (UAAL). A level dollar, open amortization period of 30 years (the maximum amortization period allowed by GASB 43/45) has been used for the post-employment benefits. The actuarially computed ARC is as follows:

	2017	2016
Normal cost	\$ 242,652	\$ 178,393
30-year UAL amortization amount	257,951	196,774
Annual required contribution (ARC)	<u>\$ 500,603</u>	<u>\$ 375,168</u>

Net Post-employment Benefit Obligation (Asset) – The table below shows the City of Natchitoches's Net Other Post-employment Benefit (OPEB) Obligation for fiscal years ending May 31:

	2017	2016
Beginning Net OPEB Obligation	\$ 1,297,525	\$ 1,069,471
Annual required contribution	500,603	375,168
Interest on Net OPEB Obligation	51,901	42,779
ARC Adjustment	(75,036)	(61,848)
OPEB Cost	<u>477,468</u>	<u>356,099</u>
Contribution to Irrevocable Trust	-	-
Current year retiree premium	<u>(123,257)</u>	<u>(128,045)</u>
Change in Net OPEB Obligation	<u>354,211</u>	<u>228,054</u>
Ending Net OPEB Obligation	<u>\$ 1,651,736</u>	<u>\$ 1,297,525</u>

The following table shows the City of Natchitoches's annual other post employment benefits (OPEB) cost, percentage of the cost contributed, and the net other post employment benefits (OPEB) liability:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual Cost Contributed	Net OPEB Liability (Asset)
May 31, 2017	\$ 477,468	25.81%	\$ 1,651,736
May 31, 2016	\$ 356,099	35.96%	\$ 1,297,525

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Funded Status and Funding Progress – In 2017 and 2016, the City of Natchitoches made no contributions to its post employment benefits plan. The plan is not funded, has no assets, and hence has a funded ratio of zero. Based on the June 1, 2016 actuarial valuation, the most recent valuation, the Actuarial Accrued Liability (AAL) at the end of the year May 31, 2017 was \$4,638,908 which is defined as that portion, as determined by a particular actuarial cost method (the City of Natchitoches uses the Projected Unit Credit Cost Method), of the actuarial present value of post employment plan benefits and expenses which is not provided by normal cost.

	2017	2016
Actuarial Accrued Liability (AAL)	\$ 4,638,908	\$ 3,538,750
Actuarial Value of Plan Assets (AVP)	-	-
Unfunded Act. Accrued Liability (UAAL)	\$ 4,638,908	\$ 3,538,750
Funded Ratio (AVP/AAL)	0.00%	0.00%
Covered Payroll (active plan members)	\$ 9,816,067	\$ 9,471,985
UAAL as a percentage of covered payroll	47.26%	37.36%

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

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

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

Actuarial Value of Plan Assets – There are not any plan assets. It is anticipated that in future valuations, should funding take place, a smoothed market value consistent with Actuarial Standards Board ASOP 6, as provided in paragraph number 125 of GASB Statement 45.

City of Natchitoches, Louisiana  
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May 31, 2017

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

Post employment Benefit Plan Eligibility Requirements – Based on past experience and retirement patterns, it has been assumed that entitlement to employer-paid retiree medical benefits will commence three years after D.R.O.P. entry based on the earliest eligibility, as described above under "Plan Description" (representing the three years in D.R.O.P.). Medical benefits are provided to employees upon actual retirement.

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

Health Care Cost Trend Rate – The expected rate of increase in medical cost is based on a graded schedule beginning with 8% annually, down to an ultimate annual rate of 5.0% for ten years out and later.

Mortality Rate - The 1994 Group Annuity Reserving (94GAR) table, projected to 2002, based on a fixed blend of 50% of the unloaded male mortality rates and 50% of the unloaded female mortality rates, is used. This is a recently published mortality table which has been used in determining the value of accrued benefits in defined benefit pension plans. Projected future mortality improvement has not been used since it is our opinion that this table contains sufficiently conservative margin for the population involved in this valuation.

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

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

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

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

City of Natchitoches, Louisiana  
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May 31, 2017

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

OPEB Costs and Contributions			
	FY 2015	FY 2016	FY 2017
OPEB Cost	\$ 345,719	\$ 356,099	\$ 477,468
Contribution	0	0	0
Retiree premium	118,560	128,045	123,257
Total contribution and premium	118,560	128,045	123,257
Change in net OPEB obligation	\$ 227,159	\$ 228,054	\$ 354,211
% of contribution to cost	0.00%	0.00%	0.00%
% of contribution plus premium to cost	34.29%	35.96%	25.81%

#### 15. Taxable Revenue Bonds

- 1) The City, for the year ended May 31, 2006, authorized the issuance of revenue bonds, not to exceed \$25,000,000, to provide financial assistance to Pilgrim's Pride, a private sector entity for the acquisition of land and construction of a feed mill. The bonds are secured by the property financed and commercial facilities built and are payable solely by the entity, Pilgrim's Pride Corporation. Upon repayment of the bonds, ownership of the property and facilities transfer to the private-sector entity served by the bond issuance. Neither the City, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. At May 31, 2008, the taxable revenue bonds, not to exceed \$25,000,000 had been issued and bear an interest rate of 4%. The full amount of the principal (\$25,000,000) is due December 15, 2021. Therefore, the outstanding principal balance at May 31, 2017, is \$25,000,000.
- 2) The City, for the year ended May 31, 2017, authorized the issuance of revenue bonds, not to exceed \$2,000,000, to provide financial assistance to Industrial Development Board (IDB), a private sector entity for the acquisition, construction, and equipping of an approximately 87-room hotel facility and parking facilities to be located within the geographical boundaries of the City, and to pay the costs of issuance of the note. The bonds are secured by pledge of IDB annual payment, the Economic Development District tax, and excess revenues and are payable solely by IDB.

City of Natchitoches, Louisiana  
Notes to Financial Statements  
May 31, 2017

Upon repayment of the bonds, ownership of the property and facilities transfer to the private-sector entity served by the bond issuance. Neither the City, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds.

16. On-Behalf Payments

Certain City employees of the City Police Department, City Fire Department and the City Marshal's Office receive supplemental pay from the State. In accordance with GASB Statement No. 24, the City has recorded revenues and expenditures for these payments in the General Fund. Revenues under this arrangement totaled \$562,844 and the related expenditures are as follows:

City Marshal's Office	\$ 12,000
City Police Department	268,783
City Fire Department	<u>282,061</u>
Total	<u>\$562,844</u>

17. Subsequent Events:

Management has evaluated events through November 13, 2017, the date which the financial statements were available for issue. There were no items to be reported in subsequent events.

REQUIRED SUPPLEMENTAL INFORMATION

City of Natchitoches, Louisiana  
Major Funds

General Fund  
Statement of Revenues, Expenditures and Changes in Fund Balance-  
Budget (GAAP Basis) and Actual  
Year Ended May 31, 2017

	Budgeted Amounts		2016 Actual	Variance- Favorable (Unfavorable)
	Original	Final		
<b>REVENUES:</b>				
Taxes	\$ 5,179,950	\$ 5,179,950	\$ 5,254,678	\$ 74,728
Licenses & Permits	810,150	810,150	952,469	142,319
Intergovernmental	1,425,580	1,475,580	1,434,050	(41,530)
Charges for Services	56,700	56,700	105,410	48,710
Fines & Forfeits	94,000	94,000	97,871	3,871
Miscellaneous	<u>138,200</u>	<u>147,700</u>	<u>243,054</u>	<u>95,354</u>
Total Revenues	\$ <u>7,704,580</u>	\$ <u>7,764,080</u>	\$ <u>8,087,532</u>	\$ <u>323,452</u>
<b>EXPENDITURES:</b>				
Current-				
General Government	\$ 3,751,245	\$ 3,822,285	\$ 3,391,243	\$ 431,042
Public Safety	8,402,231	8,404,231	8,544,098	(139,867)
Streets & Sanitation	1,323,625	1,323,625	1,282,922	40,703
Economic Development	356,245	356,245	391,875	(35,630)
Health & Welfare	230,394	228,394	222,652	5,742
Recreation & Culture	<u>777,462</u>	<u>772,762</u>	<u>806,066</u>	<u>(33,304)</u>
Total Expenditures	\$ <u>14,841,202</u>	\$ <u>14,907,542</u>	\$ <u>14,638,856</u>	\$ <u>268,686</u>
Excess (Deficiency) of Revenues over Expenditures	\$ <u>(7,136,622)</u>	\$ <u>(7,143,462)</u>	\$ <u>(6,551,324)</u>	\$ <u>592,138</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Operating Transfers In	\$ 7,446,882	\$ 7,468,412	\$ 7,316,629	\$(151,783)
Operating Transfers Out	<u>(310,260)</u>	<u>(405,950)</u>	<u>(702,654)</u>	<u>(296,704)</u>
Total Other Financing	\$ <u>7,136,622</u>	\$ <u>7,062,462</u>	\$ <u>6,613,975</u>	\$ <u>(448,487)</u>
Excess (Deficiency) of Revenues and Other Sources over Expend- itures and Other Uses	\$ 0	\$ (81,000)	\$ 62,651	\$ 143,651
Fund Balance-Beginning of Year	<u>2,153,003</u>	<u>2,153,003</u>	<u>2,153,003</u>	<u>0</u>
Fund Balance-End of Year	\$ <u>2,153,003</u>	\$ <u>2,072,003</u>	\$ <u>2,215,654</u>	\$ <u>143,651</u>

See notes to financial statements.

City of Natchitoches, Louisiana  
Major Funds

Capital Projects Funds  
Sales Tax Capital Projects Fund  
Statement of Revenues, Expenditures and Changes in Fund Balance-  
Budget (GAAP Basis) and Actual  
Year Ended May 31, 2017

	<u>Budgeted Amounts</u>		<u>2016 Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES:</b>				
Taxes-				
Sales & Use Tax	\$ 3,891,500	\$ 1,945,750	\$ 1,990,082	\$ 44,332
Miscellaneous	<u>82,000</u>	<u>82,000</u>	<u>50,997</u>	<u>(31,003)</u>
Total Revenues	<u>\$ 3,973,500</u>	<u>\$ 2,027,750</u>	<u>\$ 2,041,079</u>	<u>\$ 13,329</u>
<b>EXPENDITURES:</b>				
Current-				
General Government	\$ 190,000	\$ 190,000	\$ 307,807	\$ (117,807)
Water, Sewer & Utilities	<u>1,847,000</u>	<u>2,848,000</u>	<u>1,516,806</u>	<u>1,331,194</u>
Total Expenditures	<u>\$ 2,037,000</u>	<u>\$ 3,038,000</u>	<u>\$ 1,824,613</u>	<u>\$1,213,387</u>
Excess (Deficiency) of Revenues over Expenditures	<u>\$ 1,936,500</u>	<u>\$ (1,010,250)</u>	<u>\$ 216,466</u>	<u>\$1,226,716</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Operating Transfers In	\$ 0	\$ 0	\$ 0	\$ 0
Operating Transfers Out	<u>(1,550,000)</u>	<u>(1,550,000)</u>	<u>(1,588,431)</u>	<u>(38,431)</u>
Total Other Financing	<u>\$ (1,550,000)</u>	<u>\$ (1,550,000)</u>	<u>\$(1,588,431)</u>	<u>\$ (38,431)</u>
Excess (Deficiency) of Revenues and Other Sources over Expend- itures and Other Uses	\$ 386,500	\$ (2,560,250)	\$ (1,371,965)	\$1,188,285
Fund Balance-Beginning of Year	<u>10,068,755</u>	<u>10,068,755</u>	<u>10,068,755</u>	<u>0</u>
Fund Balance-End of Year	<u>\$10,455,255</u>	<u>\$ 7,508,505</u>	<u>\$ 8,696,790</u>	<u>\$1,188,285</u>

See notes to financial statements.

City of Natchitoches, Louisiana  
Major Funds

Capital Projects Funds  
Utility Improvements Fund  
Statement of Revenues, Expenditures and Changes in Fund Balance-  
Budget (GAAP Basis) and Actual  
Year Ended May 31, 2017

	<u>Budgeted Amounts</u>		2016	Variance-
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Favorable</u> <u>(Unfavorable)</u>
REVENUES:				
Charges for Services	\$ 575,000	\$ 575,000	\$ 0	\$(575,000)
Miscellaneous	<u>7,000</u>	<u>7,000</u>	<u>8,500</u>	<u>1,500</u>
Total Revenues	<u>\$ 582,000</u>	<u>\$ 582,000</u>	<u>\$ 8,500</u>	<u>\$(573,500)</u>
EXPENDITURES:				
Current-				
General Government	\$ 30,000	\$ 30,000	\$ 20,698	\$ 9,302
Water, Sewer & Utilities	1,315,000	1,315,000	947,141	367,859
Debt Service	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures	<u>\$1,345,000</u>	<u>\$1,345,000</u>	<u>\$ 967,839</u>	<u>\$ 377,161</u>
Excess (Deficiency) of Revenues over Expenditures	\$ <u>(763,000)</u>	\$ <u>(763,000)</u>	\$ <u>(959,339)</u>	\$ <u>(196,339)</u>
OTHER FINANCING SOURCES (USES):				
Operating Transfers In	\$ <u>0</u>	\$ <u>575,000</u>	\$ <u>560,857</u>	\$ <u>(14,143)</u>
Excess (Deficiency) of Revenues and Other Sources over Expend- itures and Other Uses	\$ <u>(763,000)</u>	\$ <u>(188,000)</u>	\$ <u>(398,482)</u>	\$ <u>(210,482)</u>
Fund Balance-Beginning of Year	<u>4,481,697</u>	<u>4,481,697</u>	<u>4,481,697</u>	<u>0</u>
Fund Balance-End of Year	<u>\$3,718,697</u>	<u>\$4,293,697</u>	<u>\$4,083,215</u>	<u>\$(210,482)</u>

See notes to financial statements.

City of Natchitoches, Louisiana  
Major Funds

Capital Projects Funds  
Sales Tax Rededication Fund  
Statement of Revenues, Expenditures and Changes in Fund Balance-  
Budget (GAAP Basis) and Actual  
Year Ended May 31, 2017

	<u>Budgeted Amounts</u> <u>Final</u>	2016 <u>Actual</u>	Variance- Favorable (Unfavorable)
REVENUES:			
Taxes	\$ 1,945,750	\$ 1,990,082	\$ 44,332
Intergovernmental	<u>30,000</u>	<u>85,500</u>	<u>55,500</u>
Total Revenues	<u>\$ 1,975,750</u>	<u>\$ 2,075,582</u>	<u>\$ 99,832</u>
EXPENDITURES:			
Current-			
Economic Development	<u>\$ 6,110,100</u>	<u>\$ 3,455,269</u>	<u>\$ 2,654,831</u>
Total Expenditures	<u>\$ 6,110,100</u>	<u>\$ 3,455,269</u>	<u>\$ 2,654,831</u>
Excess (Deficiency) of Revenues over Expenditures	<u>\$(4,134,350)</u>	<u>\$(1,379,687)</u>	<u>\$ (2,754,663)</u>
OTHER FINANCING SOURCES (USES):			
Operating Transfers Out	<u>\$(2,206,715)</u>	<u>\$(2,206,715)</u>	<u>\$ 0</u>
Excess (Deficiency) of Revenues and Other Sources over Expend- itures and Other Uses	<u>\$(6,341,065)</u>	<u>\$(3,586,402)</u>	<u>\$ 2,754,663</u>
Fund Balance-Beginning of Year	<u>9,200,000</u>	<u>9,200,000</u>	<u>0</u>
Fund Balance-End of Year	<u>\$2,858,935</u>	<u>\$ 5,613,598</u>	<u>\$ 2,754,663</u>

See notes to financial statements.

City of Natchitoches, Louisiana  
Schedule of Employer's Share of Net Pension Liability  
For the Year Ended May 31, 2017

<u>Year</u>	<u>Employer's Proportion of the Net Pension Liability (Asset)</u>	<u>Employer's Proportionate Share of the Net Pension Liability (Asset)</u>	<u>Employer's Covered Employee Payroll</u>	<u>Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll</u>	<u>Plan Fiduciary Net Pension as a Percentage of the Total Pension Liability</u>
<i>Municipal Employees' Retirement System</i>					
2015	3.097986%	\$ 8,429,077	\$5,203,681	162%	74%
2016	3.097986%	10,950,507	5,320,472	205%	72%
2017	2.963890%	12,148,126	5,000,995	243%	62%
<i>Municipal Police Employees' Retirement System</i>					
2015	0.825638%	\$6,482,539	\$2,128,064	305%	75%
2016	0.802520%	6,286,906	2,288,592	274%	99%
2017	0.826066%	7,742,566	2,403,928	322%	66%
<i>Firefighters' Retirement System</i>					
2015	0.941393%	\$4,390,643	\$1,984,426	221%	76%
2016	0.937390%	5,059,200	1,972,602	256%	99%
2017	0.872803%	5,708,921	2,509,060	277%	68%

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

City of Natchitoches, Louisiana  
Schedule of Employer Contributions  
For the Year Ended May 31, 2017

<u>Year</u>	<u>Contractually Required Contributions</u>	<u>Contributions in Relation to Contractually Required Contributions</u>	<u>Contribution Deficiency (Excess)</u>	<u>Employer's Covered Payroll</u>	<u>Contributions as a Percentage of Covered Employee Payroll</u>
<i>Municipal Employees' Retirement System</i>					
2015	\$1,025,424	\$1,025,424	\$0	\$5,203,681	19.71%
2016	1,050,139	1,050,139	0	5,320,472	19.74%
2017	1,115,892	1,115,892	0	5,650,088	19.75%
<i>Municipal Police Employees' Retirement System</i>					
2015	\$670,340	\$670,340	\$0	\$2,128,064	31.50%
2016	679,515	679,515	0	2,288,592	29.69%
2017	760,375	760,372	0	2,403,928	31.63%
<i>Firefighters' Retirement System</i>					
2015	\$580,444	\$580,444	\$0	\$1,984,426	29.00%
2016	540,653	540,653	0	1,972,602	27.41%
2017	506,380	506,380	0	2,059,060	24.59%

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Changes of Assumptions:

- There were no changes of benefit assumptions for the year ended May 31, 2017.

City of Natchitoches, Louisiana  
Schedule of Compensation, Benefits and Other Payments to  
Agency Head or Chief Executive Officer  
For the Year Ended May 31, 2017

Agency Head Name: Lee Posey, Mayor

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 90,565
Benefits-Insurance	6,905
Benefits-Retirement	20,282
Deferred Compensation	0
Benefits-Other (Expense Allowance)	8,000
Car allowance	0
Vehicle provided by government	38,890
Cell phone	627
Dues	3,692
Vehicle rental	0
Per Diem	102
Reimbursements (fuel & auto)	1,759
Travel	0
Registration fees	0
Conference travel	75
Housing	142
Unvouchered expenses	0
Special meals	0
Other	<u>1,131</u>
Total	<u>\$172,170</u>

See independent auditor's report.

OTHER SUPPLEMENTAL SCHEDULES

City of Natchitoches, Louisiana  
Nonmajor Governmental Funds

Combining Balance Sheet  
May 31, 2017

	Special Revenue Funds				
	Event Center Operations Fund	Hazard Tax Fund	Airport Fund	Employee Benefits Fund	Workman's Compensation Fund
<u>Assets</u>					
Cash & Cash Equivalents	\$36,369	\$842,015	\$61,782	\$ 153,020	\$260,150
Revenue Receivables	2,433	333	1,874	847	0
Due from Other Funds	0	0	0	0	0
Prepaid Expenses	<u>0</u>	<u>0</u>	<u>50</u>	<u>0</u>	<u>0</u>
Total Assets	<u>\$38,802</u>	<u>\$842,348</u>	<u>\$63,706</u>	<u>\$ 153,867</u>	<u>\$260,150</u>
<u>Liabilities &amp; Fund Balances</u>					
Liabilities-					
Cash Overdraft	\$ 0	\$ 0	\$ 0	\$ 668,543	\$ 0
Accounts Payable	0	0	4,614	0	1,048
Accrued Expenses	0	0	0	0	0
Due to Other Funds	0	0	0	0	0
Accrued Payroll	<u>0</u>	<u>0</u>	<u>4,243</u>	<u>0</u>	<u>0</u>
Total Liabilities	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 8,857</u>	<u>\$ 668,543</u>	<u>\$ 1,048</u>
Fund Balances-					
Nonspendable	\$ 0	\$ 0	\$ 50	\$ 0	\$ 0
Restricted	0	842,348	0	0	0
Committed	38,802	0	54,799	0	259,102
Unassigned	<u>0</u>	<u>0</u>	<u>0</u>	<u>(514,676)</u>	<u>0</u>
Total Fund Balances	<u>\$38,802</u>	<u>\$842,348</u>	<u>\$54,849</u>	<u>\$(514,676)</u>	<u>\$259,102</u>
Total Liabilities & Fund Balances	<u>\$38,802</u>	<u>\$842,348</u>	<u>\$63,706</u>	<u>\$ 153,867</u>	<u>\$260,150</u>

See notes to financial statements.

Special Revenue Funds						
Drug Recovery Fund	Multi-Drug Task Force Fund	STOP Grant Fund	Prisoner Bond Fund	911 Grant Fire Fund	Animal Shelter Fund	Liability Insurance Fund
\$72,697	\$19,537	\$ 0	\$54,571	\$90,251	\$27,705	\$394,823
0	0	0	0	0	0	0
0	0	0	0	0	0	0
<u>1,403</u>	<u>0</u>	<u>0</u>	<u>2,399</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>\$74,100</u>	<u>\$19,537</u>	<u>\$ 0</u>	<u>\$56,970</u>	<u>\$90,251</u>	<u>\$27,705</u>	<u>\$394,823</u>
\$ 0	\$ 0	\$ 7,334	\$ 0	\$ 0	\$ 0	\$ 0
6,313	0	0	4,404	0	0	3,872
0	0	0	0	0	0	0
0	0	0	0	0	0	0
<u>0</u>	<u>0</u>	<u>1,195</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>\$ 6,313</u>	<u>\$ 0</u>	<u>\$ 8,529</u>	<u>\$ 4,404</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 3,872</u>
\$ 1,403	\$ 0	\$ 0	\$ 2,399	\$ 0	\$ 0	\$ 0
0	19,537	0	50,167	0	0	0
66,384	0	0	0	90,251	27,705	390,951
<u>0</u>	<u>0</u>	<u>(8,529)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>\$67,787</u>	<u>\$19,537</u>	<u>\$(8,529)</u>	<u>\$52,566</u>	<u>\$90,251</u>	<u>\$27,705</u>	<u>\$390,951</u>
<u>\$74,100</u>	<u>\$19,537</u>	<u>\$ 0</u>	<u>\$56,970</u>	<u>\$90,251</u>	<u>\$27,705</u>	<u>\$394,823</u>

Continued on next page.

City of Natchitoches, Louisiana  
Nonmajor Governmental Funds

Combining Balance Sheet  
May 31, 2017

	<u>Special Revenue Funds</u>				
	<u>Main Street Promotions Fund</u>	<u>Cane River Green Market Fund</u>	<u>LLEBG Grant Fund</u>	<u>911-Police Grant Fund</u>	<u>NW Law Enforcement Fund</u>
<u>Assets</u>					
Cash & Cash Equivalents	\$90,186	\$ 200	\$14,136	\$68,091	\$1,286
Revenue Receivables	0	0	0	0	0
Due from Other Funds	0	0	0	0	0
Prepaid Expenses	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Assets	<u>\$90,186</u>	<u>\$ 200</u>	<u>\$14,136</u>	<u>\$68,091</u>	<u>\$1,286</u>
<u>Liabilities &amp; Fund Balances</u>					
Liabilities-					
Cash Overdraft	\$ 0	\$ 499	\$ 0	\$ 0	\$ 0
Accounts Payable	3,477	1,113	0	0	2,000
Accrued Expenses	1,870	0	0	0	0
Due to Other Funds	0	0	0	0	0
Accrued Payroll	<u>0</u>	<u>180</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Liabilities	<u>\$ 5,347</u>	<u>\$ 1,792</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$2,000</u>
Fund Balances-					
Nonspendable	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Restricted	0	0	14,136	0	0
Committed	84,839	0	0	68,091	(714)
Unassigned	<u>0</u>	<u>(1,592)</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Fund Balances	<u>\$84,839</u>	<u>\$(1,592)</u>	<u>\$14,136</u>	<u>\$68,091</u>	<u>\$( 714)</u>
Total Liabilities & Fund Balances	<u>\$90,186</u>	<u>\$ 200</u>	<u>\$14,136</u>	<u>\$68,091</u>	<u>\$1,286</u>

See notes to financial statements.

Special Revenue Funds						
Knock-Knock Grant Fund	Economic Development District	State Office of Culture Development	Garbage Service Fund	Sales Tax Police Fund	Miss Merry Christmas Fund	Keep Louisiana Beautiful
\$1,084	\$295,156	\$8,398	\$ 0	\$569,825	\$854	\$3,645
0	17,193	0	340,659	191,944	0	0
0	0	0	0	0	0	0
0	0	0	0	7,496	0	0
<u>\$1,084</u>	<u>\$312,349</u>	<u>\$8,398</u>	<u>\$340,659</u>	<u>\$769,265</u>	<u>\$854</u>	<u>\$3,645</u>
\$ 260	\$ 0	\$ 0	\$ 62,587	\$ 0	\$ 0	\$ 0
0	0	0	147,304	948	0	0
0	0	0	0	66,788	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
<u>\$ 260</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$209,891</u>	<u>\$ 67,736</u>	<u>\$ 0</u>	<u>\$ 0</u>
\$ 0	\$ 0	\$ 0	\$ 0	\$ 7,496	\$ 0	\$ 0
824	0	0	0	694,033	0	0
0	312,349	8,398	130,768	0	854	3,645
0	0	0	0	0	0	0
<u>\$ 824</u>	<u>\$312,349</u>	<u>\$8,398</u>	<u>\$130,768</u>	<u>\$701,529</u>	<u>\$854</u>	<u>\$3,645</u>
<u>\$1,084</u>	<u>\$312,349</u>	<u>\$8,398</u>	<u>\$340,659</u>	<u>\$769,265</u>	<u>\$854</u>	<u>\$3,645</u>

City of Natchitoches, Louisiana  
Nonmajor Governmental Funds

Combining Balance Sheet  
May 31, 2017

	<u>Special Revenue Funds</u>				
	<u>Local Gov't Assistance Program</u>	<u>LAC/Traffic Enforcement Fund</u>	<u>Community Program Fund</u>	<u>LWCF City Park Project</u>	<u>BJA Byrne Jag-Police &amp; NPSO</u>
<u>Assets</u>					
Cash & Cash Equivalents	\$ 0	\$38,465	\$37,699	\$ 0	\$ 0
Revenue Receivables	0	0	0	250,000	0
Due from Other Funds	0	0	0	0	0
Prepaid Expenses	<u>0</u>	<u>0</u>	<u>450</u>	<u>0</u>	<u>0</u>
Total Assets	<u>\$ 0</u>	<u>\$38,465</u>	<u>\$38,149</u>	<u>\$250,000</u>	<u>\$ 0</u>
<u>Liabilities &amp; Fund Balances</u>					
Liabilities-					
Cash Overdraft	\$ 0	\$ 0	\$ 0	\$250,000	\$ 416
Accounts Payable	723	3,920	3,490	0	0
Accrued Expenses	0	533	0	0	0
Due to Other Funds	0	0	0	0	0
Accrued Payroll	<u>0</u>	<u>0</u>	<u>1,655</u>	<u>0</u>	<u>0</u>
Total Liabilities	<u>\$ 723</u>	<u>\$ 4,453</u>	<u>\$ 5,145</u>	<u>\$250,000</u>	<u>\$ 416</u>
Fund Balances-					
Nonspendable	\$ 0	\$ 0	\$ 450	\$ 0	\$ 0
Restricted	0	0	0	0	0
Committed	0	34,012	32,554	0	0
Unassigned	<u>(723)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(416)</u>
Total Fund Balances	<u>\$(723)</u>	<u>\$34,012</u>	<u>\$33,004</u>	<u>\$ 0</u>	<u>\$(416)</u>
Total Liabilities & Fund Balances	<u>\$ 0</u>	<u>\$38,465</u>	<u>\$38,149</u>	<u>\$250,000</u>	<u>\$ 0</u>

See notes to financial statements.

Special Revenue Funds					
NHDDC Projects Fund	2015 Revenue Note Reserve Fund	Domestic Violence Fund	Rapides Foundation Fund	Equitable Sharing Program Fund	Historic Preservation Fund
\$4,258	\$ 92,500	\$ 0	\$19,666	\$111	\$ 0
0	0	3,439	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
<u>\$4,258</u>	<u>\$ 92,500</u>	<u>\$ 3,439</u>	<u>\$19,666</u>	<u>\$111</u>	<u>\$ 0</u>
\$ 0	\$108,961	\$ 6,545	\$ 0	\$ 0	\$ 7,087
0	0	0	2,331	0	0
0	0	419	1,345	0	0
0	0	0	0	0	0
0	0	0	0	0	0
<u>\$ 0</u>	<u>\$108,961</u>	<u>\$ 6,964</u>	<u>\$ 3,676</u>	<u>\$ 0</u>	<u>\$ 7,087</u>
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
0	0	0	0	0	0
4,258	0	0	15,990	111	0
0	(16,461)	(3,525)	0	0	(7,087)
<u>\$4,258</u>	<u>\$ (16,461)</u>	<u>\$(3,525)</u>	<u>\$15,990</u>	<u>\$111</u>	<u>\$(7,087)</u>
<u>\$4,258</u>	<u>\$ 92,500</u>	<u>\$ 3,439</u>	<u>\$19,666</u>	<u>\$111</u>	<u>\$ 0</u>

Continued on next page.

City of Natchitoches, Louisiana  
Nonmajor Governmental Funds

Combining Balance Sheet  
May 31, 2017

	Capital Projects Funds			
	Street Improvements <u>Fund</u>	Capital Improvements <u>Fund</u>	DOTD Gateway Phase II <u>Fund</u>	Water Treatment Plant Fund
<u>Assets</u>				
Cash & Cash Equivalents	\$ 0	\$2,669,426	\$32,250	\$1,404,502
Revenue Receivables	0	86,359	0	0
Due from Other Funds	0	0	0	0
Prepaid Expenses	0	0	0	117,179
Total Assets	<u>\$ 0</u>	<u>\$2,755,785</u>	<u>\$32,250</u>	<u>\$1,521,681</u>
<u>Liabilities &amp; Fund Balances</u>				
Liabilities-				
Cash Overdraft	\$ 300,000	\$ 0	\$ 0	\$ 0
Accounts Payable	40	7,020	0	0
Accrued Expenses	0	0	0	0
Due to Other Funds	0	0	0	0
Accrued Payroll	0	0	0	0
Total Liabilities	<u>\$ 300,040</u>	<u>\$ 7,020</u>	<u>\$ 0</u>	<u>\$ 0</u>
Fund Balances-				
Nonspendable	\$ 0	\$ 0	\$ 0	\$ 117,179
Restricted	0	0	32,250	1,404,502
Committed	0	2,748,765	0	0
Unassigned	(300,040)	0	0	0
Total Fund Balances	<u>\$(300,040)</u>	<u>\$2,748,765</u>	<u>\$32,250</u>	<u>\$1,521,681</u>
Total Liabilities & Fund Balances	<u>\$ 0</u>	<u>\$2,755,785</u>	<u>\$32,250</u>	<u>\$1,521,681</u>

See notes to financial statements.

Capital Projects Funds							
Pilgrim's Industrial Park Fund	Airport Hangar Fund	Airport Maintenance Fund	Parking Lot Fund	LCDBG Sibley Lake Fund	LED Site Development Fund	Community Water Enrichment	Breda Town Park
\$ 0	\$ 0	\$ 0	\$23,969	\$ 0	\$ 0	\$ 0	\$0
0	0	59,478	0	0	32,800	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>\$ 59,478</u>	<u>\$23,969</u>	<u>\$ 0</u>	<u>\$32,800</u>	<u>\$ 0</u>	<u>\$0</u>
\$ 24,034	\$ 105,109	\$ 312,720	\$ 0	\$ 0	\$32,800	\$ 56,391	\$0
0	0	0	0	3	0	0	0
182,322	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>\$ 206,356</u>	<u>\$ 105,109</u>	<u>\$ 312,720</u>	<u>\$ 0</u>	<u>\$ 3</u>	<u>\$32,800</u>	<u>\$ 56,391</u>	<u>\$0</u>
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$0
0	0	0	0	0	0	0	0
0	0	0	23,969	0	0	0	0
<u>(206,356)</u>	<u>(105,109)</u>	<u>(253,242)</u>	<u>0</u>	<u>(3)</u>	<u>0</u>	<u>(56,391)</u>	<u>0</u>
<u>\$(206,356)</u>	<u>\$(105,109)</u>	<u>\$(253,242)</u>	<u>\$23,969</u>	<u>\$(3)</u>	<u>\$ 0</u>	<u>\$(56,391)</u>	<u>\$0</u>
<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 59,478</u>	<u>\$23,969</u>	<u>\$ 0</u>	<u>\$32,800</u>	<u>\$ 0</u>	<u>\$0</u>

Continued on next page.

City of Natchitoches, Louisiana  
Nonmajor Governmental Funds

Combining Balance Sheet  
May 31, 2017

	<u>Capital Projects Funds</u>				
	Texas & PAC Railway Depot	DOTD Hwy. 1 South Fund	Chaplain's Lake Fund	Chateau St. Denis Fund	Downtown Parking Funds
<u>Assets</u>					
Cash & Cash Equivalents	\$612	\$64,997	\$ 7,584	\$9,620	\$ 0
Revenue Receivables	0	0	0	0	0
Due from Other Funds	0	0	0	0	0
Prepaid Expenses	<u>0</u>	<u>0</u>	<u>12,275</u>	<u>0</u>	<u>0</u>
Total Assets	<u>\$ 0</u>	<u>\$64,997</u>	<u>\$19,859</u>	<u>\$9,620</u>	<u>\$ 0</u>
<u>Liabilities &amp; Fund Balances</u>					
Liabilities-					
Cash Overdraft	\$ 0	\$ 0	\$ 0	\$ 0	\$ 100,877
Accounts Payable	0	0	14,534	0	0
Accrued Expenses	0	0	0	0	0
Due to Other Funds	0	0	0	0	0
Accrued Payroll	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Liabilities	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$14,534</u>	<u>\$ 0</u>	<u>\$ 100,877</u>
Fund Balances-					
Nonspendable	\$ 0	\$ 0	\$12,275	\$ 0	\$ 0
Restricted	0	0	0	0	0
Committed	612	64,997	0	9,620	0
Unassigned	<u>0</u>	<u>0</u>	<u>(6,950)</u>	<u>0</u>	<u>(100,877)</u>
Total Fund Balances	<u>\$612</u>	<u>\$64,997</u>	<u>\$ 5,325</u>	<u>\$9,620</u>	<u>\$(100,877)</u>
Total Liabilities & Fund Balances	<u>\$ 0</u>	<u>\$64,997</u>	<u>\$19,859</u>	<u>\$9,620</u>	<u>\$ 0</u>

See notes to financial statements.

City of Natchitoches, Louisiana  
Nonmajor Governmental Funds

Combining Balance Sheet  
May 31, 2017

<u>Capital Projects Funds</u>		
Rue Beauport Riverfront Fund	Sports Complex Construction Fund	Total
\$ 0	\$ 0	\$ 7,471,440
1,250,000	0	2,237,359
0	0	0
<u>0</u>	<u>0</u>	<u>141,252</u>
<u>\$1,250,000</u>	<u>\$ 0</u>	<u>\$ 9,850,051</u>
\$ 408,617	\$ 1,140,788	\$ 3,593,568
289,062	94,943	591,159
0	0	253,277
0	0	0
<u>0</u>	<u>0</u>	<u>7,273</u>
<u>\$ 697,679</u>	<u>\$ 1,235,731</u>	<u>\$ 4,445,277</u>
\$ 0	\$ 0	\$ 141,252
0	0	3,057,797
552,321	0	5,024,147
<u>0</u>	<u>(1,235,731)</u>	<u>(2,818,422)</u>
<u>\$ 552,321</u>	<u>\$(1,235,731)</u>	<u>\$ 5,404,774</u>
<u>\$1,250,000</u>	<u>\$ 0</u>	<u>\$ 9,850,051</u>

City of Natchitoches, Louisiana  
Nonmajor Governmental Funds

Combining Schedule of Revenues, Expenditures and Changes in Fund Balance  
Year Ended May 31, 2017

	Special Revenue Funds				
	Event Center Operations Fund	Hazard Tax Fund	Airport Fund	Employee Benefits Fund	Workman's Compensation Fund
REVENUES:					
Taxes	\$ 0	\$ 1,281,577	\$ 0	\$ 0	\$ 0
Intergovernmental	0	0	0	0	0
Charges for Services	0	0	430,450	0	0
Fines & Forfeits	0	0	0	0	0
Miscellaneous	<u>507</u>	<u>0</u>	<u>66,374</u>	<u>1,509</u>	<u>(18,281)</u>
Total Revenues	<u>\$ 507</u>	<u>\$ 1,281,577</u>	<u>\$ 496,824</u>	<u>\$ 1,509</u>	<u>\$ (18,281)</u>
EXPENDITURES:					
Current-					
General Government	\$ 0	\$ 0	\$ 0	\$ 1,079,452	\$ 0
Public Safety	0	17,257	0	0	0
Streets & Sanitation	0	0	0	0	0
Water, Sewer & Utilities	0	0	0	0	0
Economic Development	65,637	0	558,994	0	0
Recreation & Culture	0	0	0	0	0
Health & Welfare	0	0	0	0	0
Debt Service	<u>0</u>	<u>87,211</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures	<u>\$ 65,637</u>	<u>\$ 104,468</u>	<u>\$ 558,994</u>	<u>\$ 1,079,452</u>	<u>\$ 0</u>
Excess (Deficiency) of Revenues over Expenditures	<u>\$(65,130)</u>	<u>\$ 1,177,109</u>	<u>\$(62,170)</u>	<u>\$(1,077,943)</u>	<u>\$ (18,281)</u>
OTHER FINANCING SOURCES (USES):					
Operating Transfers In	\$ 27,604	\$ 0	\$ 50,690	\$ 1,000,000	\$ 0
Operating Transfers Out	0	(1,038,920)	0	0	(125,972)
Debt Proceeds	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Other Financing	<u>\$ 27,604</u>	<u>\$(1,038,920)</u>	<u>\$ 50,690</u>	<u>\$ 1,000,000</u>	<u>\$(125,972)</u>
Excess (Deficiency) of Revenues and Other Sources over Expenditures and Other Uses	<u>\$(37,526)</u>	<u>\$ 138,189</u>	<u>\$(11,480)</u>	<u>\$ (77,943)</u>	<u>\$(144,253)</u>
Fund Balances-Beginning of Year	<u>76,328</u>	<u>704,159</u>	<u>66,329</u>	<u>(436,733)</u>	<u>403,355</u>
Fund Balances-End of Year	<u>\$ 38,802</u>	<u>\$ 842,348</u>	<u>\$ 54,849</u>	<u>\$ (514,676)</u>	<u>\$ 259,102</u>

See notes to financial statements.

Special Revenue Funds						
Drug Recovery Fund	Multi-Drug Task Force Fund	STOP Grant Fund	Prisoner Bond Fund	911 Grant Fire Fund	Animal Shelter Fund	Liability Insurance Fund
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
0	17,136	20,927	0	0	0	32,885
0	0	0	0	0	4,695	0
0	0	0	53,436	0	0	0
<u>60,824</u>	<u>0</u>	<u>0</u>	<u>785</u>	<u>111</u>	<u>0</u>	<u>96,884</u>
\$ <u>60,824</u>	\$ <u>17,136</u>	\$ <u>20,927</u>	\$ <u>54,221</u>	\$ <u>111</u>	\$ <u>4,695</u>	\$ <u>129,769</u>
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 867,320
70,490	15,666	25,683	47,302	0	1,717	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
\$ <u>70,490</u>	\$ <u>15,666</u>	\$ <u>25,683</u>	\$ <u>47,302</u>	\$ <u>0</u>	\$ <u>1,717</u>	\$ <u>867,320</u>
\$ <u>(9,666)</u>	\$ <u>1,470</u>	\$ <u>(4,756)</u>	\$ <u>6,919</u>	\$ <u>111</u>	\$ <u>2,978</u>	\$ <u>(737,551)</u>
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 807,000
(3,077)	0	0	0	0	0	(200,000)
0	0	0	0	0	0	0
\$ <u>(3,077)</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>607,000</u>
\$ (12,743)	\$ 1,470	\$ (4,756)	\$ 6,919	\$ 111	\$ 2,978	\$(130,551)
<u>80,530</u>	<u>18,067</u>	<u>(3,773)</u>	<u>45,647</u>	<u>90,140</u>	<u>24,727</u>	<u>521,502</u>
\$ <u>67,787</u>	\$ <u>19,537</u>	\$ <u>(8,529)</u>	\$ <u>52,566</u>	\$ <u>90,251</u>	\$ <u>27,705</u>	\$ <u>390,951</u>

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City of Natchitoches, Louisiana  
Nonmajor Governmental Funds

Combining Schedule of Revenues, Expenditures and Changes in Fund Balance  
Year Ended May 31, 2017

	Special Revenue Funds				
	Main Street Promotions Fund	Cane River Green Market Fund	LLEBG Grant Fund	911-Police Grant Fund	NW Law Enforcement Fund
REVENUES:					
Taxes	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Intergovernmental	8,500	6,500	0	0	0
Charges for Services	0	0	0	0	0
Fines & Forfeits	0	0	0	0	0
Miscellaneous	<u>20,340</u>	<u>11,221</u>	<u>25</u>	<u>27,787</u>	<u>4,060</u>
Total Revenues	<u>\$ 28,840</u>	<u>\$ 17,721</u>	<u>\$ 25</u>	<u>\$ 27,787</u>	<u>\$ 4,060</u>
EXPENDITURES:					
Current-					
General Government	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Public Safety	0	0	0	19,691	7,632
Streets & Sanitation	0	0	0	0	0
Water, Sewer & Utilities	0	0	0	0	0
Economic Development	0	22,059	0	0	0
Recreation & Culture	43,493	0	0	0	0
Health & Welfare	0	0	0	0	0
Debt Service	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures	<u>\$ 43,493</u>	<u>\$ 22,059</u>	<u>\$ 0</u>	<u>\$ 19,691</u>	<u>\$ 7,632</u>
Excess (Deficiency) of Revenues over Expenditures	<u>\$(14,653)</u>	<u>\$ (4,338)</u>	<u>\$ 25</u>	<u>\$ 8,096</u>	<u>\$(3,572)</u>
OTHER FINANCING SOURCES (USES):					
Operating Transfers In	\$ 0	\$ 0	\$ 0	\$ 0	\$ 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>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Excess (Deficiency) of Revenues and Other Sources over Expenditures and Other Uses	<u>\$(14,653)</u>	<u>\$ (4,338)</u>	<u>\$ 25</u>	<u>\$ 8,096</u>	<u>\$(3,572)</u>
Fund Balances-Beginning of Year	<u>99,492</u>	<u>2,746</u>	<u>14,111</u>	<u>59,995</u>	<u>2,858</u>
Fund Balances-End of Year	<u>\$ 84,839</u>	<u>\$ (1,592)</u>	<u>\$ 14,136</u>	<u>\$ 68,091</u>	<u>\$ (714)</u>

See notes to financial statements.

Special Revenue Funds						
Knock-Knock Grant Fund	Economic Development District	State Office of Culture Development	Garbage Service Fund	Sales Tax Police Fund	Miss Merry Christmas Fund	Keep Louisiana Beautiful
\$ 0	\$190,392	\$ 0	\$ 0	\$ 1,990,052	\$ 0	\$ 0
0	0	0	0	0	0	3,715
0	0	0	1,952,918	0	0	0
0	0	0	0	0	0	0
<u>0</u>	<u>5,463</u>	<u>0</u>	<u>0</u>	<u>17,514</u>	<u>3,010</u>	<u>0</u>
<u>\$ 0</u>	<u>\$195,855</u>	<u>\$ 0</u>	<u>\$1,952,918</u>	<u>\$ 2,007,566</u>	<u>\$ 3,010</u>	<u>\$3,715</u>
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
0	0	0	0	136,370	0	0
0	0	0	1,761,930	0	0	0
0	0	0	0	0	0	0
0	45,140	0	0	0	0	4,120
0	0	0	0	0	10,046	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>\$ 45,140</u>	<u>\$ 0</u>	<u>\$1,761,930</u>	<u>\$ 136,370</u>	<u>\$10,046</u>	<u>\$4,120</u>
<u>\$ 0</u>	<u>\$150,715</u>	<u>\$ 0</u>	<u>\$ 190,988</u>	<u>\$ 1,871,196</u>	<u>\$ (7,036)</u>	<u>\$ (405)</u>
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 7,300	\$ 0
0	(29,756)	0	0	(1,682,177)	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>\$ (29,756)</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$(1,682,177)</u>	<u>\$ 7,300</u>	<u>\$ 0</u>
\$ 0	\$120,959	\$ 0	\$ 190,988	\$ 189,019	\$ 264	\$ (405)
<u>824</u>	<u>191,390</u>	<u>8,398</u>	<u>(60,220)</u>	<u>512,510</u>	<u>590</u>	<u>4,050</u>
<u>\$824</u>	<u>\$312,349</u>	<u>\$8,398</u>	<u>\$ 130,768</u>	<u>\$ 701,529</u>	<u>\$ 854</u>	<u>\$3,645</u>

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City of Natchitoches, Louisiana  
Nonmajor Governmental Funds

Combining Schedule of Revenues, Expenditures and Changes in Fund Balance  
Year Ended May 31, 2017

	Special Revenue Funds				
	Local Gov't Assistance Program	LAC/Traffic Enforcement Fund	Community Program Fund	LWCF City Park Project	BJA Byrne Jag-Police & NPSO
REVENUES:					
Taxes	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Intergovernmental	16,819	0	14,345	250,000	12,062
Charges for Services	0	0	15,640	0	0
Fines & Forfeits	0	51,215	0	0	0
Miscellaneous	<u>0</u>	<u>0</u>	<u>4,080</u>	<u>0</u>	<u>0</u>
Total Revenues	<u>\$16,819</u>	<u>\$51,215</u>	<u>\$ 34,065</u>	<u>\$250,000</u>	<u>\$12,062</u>
EXPENDITURES:					
Current-					
General Government	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Public Safety	17,542	50,715	0	0	15,600
Streets & Sanitation	0	0	0	0	0
Water, Sewer & Utilities	0	0	0	0	0
Economic Development	0	0	52,809	581,900	0
Recreation & Culture	0	0	0	0	0
Health & Welfare	0	0	0	0	0
Debt Service	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures	<u>\$17,542</u>	<u>\$50,715</u>	<u>\$ 52,809</u>	<u>\$ 581,900</u>	<u>\$15,600</u>
Excess (Deficiency) of Revenues over Expenditures	\$ <u>(723)</u>	\$ <u>500</u>	\$ <u>(18,744)</u>	\$ <u>(331,900)</u>	\$ <u>(3,538)</u>
OTHER FINANCING SOURCES (USES):					
Operating Transfers In	\$ 0	\$ 0	\$ 43,250	\$ 694,882	\$ 3,077
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>\$ 0</u>	<u>\$ 43,250</u>	<u>\$ 694,882</u>	<u>\$ 3,077</u>
Excess (Deficiency) of Revenues and Other Sources over Expenditures and Other Uses	\$ (723)	\$ 500	\$ 24,506	\$ 362,982	\$ (461)
Fund Balances-Beginning of Year	<u>0</u>	<u>33,512</u>	<u>8,498</u>	<u>(362,982)</u>	<u>45</u>
Fund Balances-End of Year	<u>\$ (723)</u>	<u>\$34,012</u>	<u>\$ 33,004</u>	<u>\$ 0</u>	<u>\$ (416)</u>

See notes to financial statements.

Special Revenue Funds					
NHDDC Projects Fund	2015 Revenue Note Reserve Fund	Domestic Violence Fund	Rapides Foundation Fund	Equitable Sharing Program Fund	Historic Preservation Fund
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
0	0	7,840	50,000	111	3,600
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>\$ 7,840</u>	<u>\$ 50,000</u>	<u>\$111</u>	<u>\$ 3,600</u>
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
0	0	10,600	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
4,742	0	0	0	0	0
0	0	0	107,847	0	10,687
0	0	0	0	0	0
<u>0</u>	<u>185,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>\$ 4,742</u>	<u>\$ 185,000</u>	<u>\$10,600</u>	<u>\$107,847</u>	<u>\$ 0</u>	<u>\$10,687</u>
\$(4,742)	\$(185,000)	\$(2,760)	\$(57,847)	\$111	\$(7,087)
\$ 0	\$ 29,756	\$ 0	\$ 73,837	\$ 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>\$ 29,756</u>	<u>\$ 0</u>	<u>\$ 73,837</u>	<u>\$ 0</u>	<u>\$ 0</u>
\$(4,742)	\$(155,244)	\$(2,760)	\$ 15,990	\$111	\$(7,087)
<u>9,000</u>	<u>138,783</u>	<u>(765)</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>\$ 4,258</u>	<u>\$ (16,461)</u>	<u>\$ (3,525)</u>	<u>\$ 15,990</u>	<u>\$111</u>	<u>\$ (7,087)</u>

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City of Natchitoches, Louisiana  
Nonmajor Governmental Funds

Combining Schedule of Revenues, Expenditures and Changes in Fund Balance  
Year Ended May 31, 2017

	Capital Projects Funds			
	Street Improvements Fund	Capital Improvements Fund	DOTD Gateway Phase II Fund	Water Treatment Plant Fund
REVENUES:				
Taxes	\$ 0	\$ 503,237	\$ 0	\$ 0
Intergovernmental	0	0	0	0
Charges for Services	0	0	0	0
Fines & Forfeits	0	0	0	0
Miscellaneous	0	1,850	0	2,139
Total Revenues	\$ 0	\$ 505,087	\$ 0	\$ 2,139
EXPENDITURES:				
Current-				
General Government	\$ 0	\$ 0	\$ 0	\$ 0
Public Safety	0	0	0	0
Streets & Sanitation	219,156	0	0	0
Water, Sewer & Utilities	0	0	0	0
Economic Development	0	801,679	0	0
Recreation & Culture	0	0	0	0
Health & Welfare	0	0	0	0
Debt Service	0	0	0	300,057
Total Expenditures	\$ 219,156	\$ 801,679	\$ 0	\$ 300,057
Excess (Deficiency) of Revenues over Expenditures	\$(219,156)	\$ (296,592)	\$ 0	\$ (297,918)
OTHER FINANCING SOURCES (USES):				
Operating Transfers In	\$ 375,244	\$ 800,000	\$ 0	\$ 300,057
Operating Transfers Out	0	(534,385)	0	0
Debt Proceeds	0	0	0	0
Total Other Financing	\$ 375,244	\$ 265,615	\$ 0	\$ 300,057
Excess (Deficiency) of Revenues and Other Sources over Expenditures and Other Uses	\$ 156,088	\$ (30,977)	\$ 0	\$ 2,139
Fund Balances-Beginning of Year	(456,128)	2,779,742	32,250	1,519,542
Fund Balances-End of Year	\$(300,040)	\$2,748,765	\$32,250	\$1,521,681

See notes to financial statements.

Capital Projects Funds							
Pilgrim's Industrial Park Fund	Airport Hangar Fund	Airport Maintenance Fund	Parking Lot Fund	LCDBG Sibley Lake Fund	LED Site Development Fund	Community Water Enrichment	Breda Town Park
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$0	\$ 0	\$ 0
0	0	430,988	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
<u>60,773</u>	<u>6,499</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
\$ <u>60,773</u>	\$ <u>6,499</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$0	\$ 0	\$ 0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	14,097	0	80,728	0
0	0	501,463	0	0	0	0	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
\$ <u>0</u>	\$ <u>0</u>	\$ <u>501,463</u>	\$ <u>0</u>	\$ <u>14,097</u>	\$ <u>0</u>	\$ <u>80,728</u>	\$ <u>0</u>
\$ <u>60,773</u>	\$ <u>6,499</u>	\$ <u>(70,475)</u>	<u>0</u>	\$ <u>(14,097)</u>	\$ <u>0</u>	\$ <u>(80,728)</u>	\$ <u>0</u>
\$ 0	\$ 0	\$ 0	\$ 0	\$ 14,094	\$0	\$ 24,337	\$ 12,137
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>0</u>	\$ <u>14,094</u>	\$ <u>0</u>	\$ <u>24,337</u>	\$ <u>12,137</u>
\$ 60,773	\$ 6,499	\$ (70,475)	\$ 0	\$ (3)	\$0	\$ (56,391)	\$ 12,137
<u>(267,129)</u>	<u>(111,608)</u>	<u>(182,767)</u>	<u>23,969</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(12,137)</u>
\$ <u>(206,356)</u>	\$ <u>(105,109)</u>	\$ <u>(253,242)</u>	\$ <u>23,969</u>	\$ <u>(3)</u>	\$ <u>0</u>	\$ <u>(56,391)</u>	\$ <u>0</u>

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City of Natchitoches, Louisiana  
Nonmajor Governmental Funds

Combining Schedule of Revenues, Expenditures and Changes in Fund Balance  
Year Ended May 31, 2017

	Capital Projects Funds				
	Texas & PAC Railway Depot	DOTD Hwy. 1 South Fund	Chaplain's Lake Fund	Chateau St. Denis Fund	Downtown Parking Funds
REVENUES:					
Taxes	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Intergovernmental	21,602	0	52,299	0	0
Charges for Services	0	0	0	0	0
Fines & Forfeits	0	0	0	0	0
Miscellaneous	<u>0</u>	<u>0</u>	<u>0</u>	<u>3,591</u>	<u>1,296</u>
Total Revenues	<u>\$ 21,602</u>	<u>\$ 0</u>	<u>\$ 52,299</u>	<u>\$ 3,591</u>	<u>\$ 1,296</u>
EXPENDITURES:					
Current-					
General Government	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Public Safety	0	0	0	0	0
Streets & Sanitation	0	0	0	0	0
Water, Sewer & Utilities	0	0	181,279	0	0
Economic Development	0	0	0	1,557,508	370,996
Recreation & Culture	0	0	0	0	0
Health & Welfare	0	0	0	0	0
Debt Service	<u>0</u>	<u>0</u>	<u>92,751</u>	<u>0</u>	<u>0</u>
Total Expenditures	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 274,030</u>	<u>\$ 1,557,508</u>	<u>\$ 370,996</u>
Excess (Deficiency) of Revenues over Expenditures	<u>\$ 21,602</u>	<u>\$ 0</u>	<u>\$(221,731)</u>	<u>\$(1,553,917)</u>	<u>\$(369,700)</u>
OTHER FINANCING SOURCES (USES):					
Operating Transfers In	\$ 0	\$ 0	\$ 92,751	\$ 0	\$ 0
Operating Transfers Out	0	0	0	0	0
Debt Proceeds	<u>0</u>	<u>0</u>	<u>122,030</u>	<u>0</u>	<u>0</u>
Total Other Financing	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 214,781</u>	<u>\$ 0</u>	<u>\$ 0</u>
Excess (Deficiency) of Revenues and Other Sources over Expenditures and Other Uses	\$ 21,602	\$ 0	\$ (6,950)	\$(1,553,917)	\$(369,700)
Fund Balances-Beginning of Year	<u>(20,990)</u>	<u>64,997</u>	<u>12,275</u>	<u>1,563,537</u>	<u>268,823</u>
Fund Balances-End of Year	<u>\$ 612</u>	<u>\$64,997</u>	<u>\$ 5,325</u>	<u>\$ 9,620</u>	<u>\$(100,877)</u>

See notes to financial statements.

Capital Projects Funds		
Rue Beauport Riverfront Fund	Sports Complex Construction Fund	Total
\$ 0	\$ 0	\$ 3,965,258
1,320,000	500,000	2,769,329
0	0	2,403,703
0	0	104,651
<u>0</u>	<u>0</u>	<u>378,361</u>
<u>\$1,320,000</u>	<u>\$ 500,000</u>	<u>\$ 9,621,302</u>
\$ 0	\$ 0	\$ 1,946,772
0	0	436,265
0	0	1,981,086
0	0	276,104
2,152,679	1,735,731	8,455,457
0	0	172,073
0	0	0
<u>0</u>	<u>0</u>	<u>665,019</u>
<u>\$2,152,679</u>	<u>\$ 1,735,731</u>	<u>\$13,932,776</u>
\$ (832,679)	\$(1,235,731)	\$ (4,311,474)
\$1,385,000	\$ 0	\$ 5,741,016
0	0	(3,614,287)
<u>0</u>	<u>0</u>	<u>122,030</u>
<u>\$1,385,000</u>	<u>\$ 0</u>	<u>\$ 2,248,749</u>
\$ 552,321	\$(1,235,731)	\$ (2,062,715)
<u>0</u>	<u>0</u>	<u>7,467,489</u>
<u>\$ 552,321</u>	<u>\$(1,235,731)</u>	<u>\$ 5,404,774</u>

## OTHER REPORTS

# Johnson, Thomas & Cunningham

## Certified Public Accountants

Eddie G. Johnson, CPA - A Professional Corporation (1927-1996)

Mark D. Thomas, CPA - A Professional Corporation  
Roger M. Cunningham, CPA - A Professional Corporation  
Jessica H. Broadway, CPA - A Professional Corporation  
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### INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Mayor and the City Council of  
Natchitoches, Louisiana

We have audited, in accordance with the 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*, the financial statements of the governmental activities, the business-type activities, each major fund, the fiduciary fund, and the aggregate remaining fund information as of and for the year ended May 31, 2017, and the related notes to the financial statements, which collectively comprise the City of Natchitoches, Louisiana's (City) basic financial statements and have issued our report thereon dated November 13, 2017.

#### Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City of Natchitoches' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance or other matters (2017-001) that is required to be reported under *Government Auditing Standards*.

### **City of Natchitoches' Response to Findings**

City of Natchitoches' response to the finding identified in our audit is described in the accompanying schedule of audit findings. City of Natchitoches' response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited. Under Louisiana Revised Statute 25:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

  
Johnson, Thomas & Cunningham, CPA's

November 13, 2017  
Natchitoches, Louisiana

City of Natchitoches, Louisiana  
Schedule of Audit Findings  
Year Ended May 31, 2017

I. SUMMARY OF AUDIT RESULTS

The following summarize the audit results:

1. Since the City did not present all of its component units, an adverse opinion was issued for the City of Natchitoches as a reporting entity; however, an unmodified opinion was issued on the primary government financial statements of the City of Natchitoches as of and for the year ended May 31, 2017.
2. The audit disclosed no significant deficiencies in internal control.
3. The audit disclosed one instance of noncompliance (2017-001) that is required to be reported under *Government Auditing Standards*.

II. FINDINGS IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Compliance-

2017-001 *Local Government Budget Act*

*Criteria* - Louisiana Revised Statutes require that the operating budget be amended if actual revenues are less than budgeted revenues by 5% or more and/or actual expenditures exceed budgeted expenditures by 5% or more.

*Condition* - For the year ended May 31, 2017, actual revenues were less than budgeted revenue by more than the 5% allowed in the CP-Utility Improvements Fund.

*Effect* - The budget cannot be used as an effective management tool to control revenues and expenditures.

*Cause* - Oversight of management to ensure the budget was properly amended prior to the year end.

*Recommendation* - The City should institute procedures to ensure that the budget is amended to comply with the Local Government Budget Act.

*Management's Response* - Management and the council will institute policies and procedures to ensure the budget is properly amended prior to end of the year to be in compliance with Budget Act.

City of Natchitoches, Louisiana  
Schedule of Audit Findings  
Year Ended May 31, 2017

III. PRIOR YEAR AUDIT FINDINGS

*2016-001 Control over Fuel Purchases*

*Condition* - The system of internal control over concession and facility rental revenue was inadequate, as a result employees of the City of Natchitoches were found using the City's cash for personal use. One employee was discharged immediately and the other resigned immediately. At this time, the amount misappropriated and the exact time period over which the theft occurred are unknown, however we have estimated the misappropriation to be at least \$7,791.

*Status* - Condition cleared as of May 31, 2017.

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