

**VILLAGE OF NATCHEZ
ANNUAL FINANCIAL REPORT**

JUNE 30, 2019

Village of Natchez
Financial Report
June 30, 2019

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VILLAGE OF NATCHEZ

P. O. Box 229
Natchez, LA 71456

MANAGEMENT'S DISCUSSION AND ANALYSIS For the Year ended June 30, 2019

The Management's Discussion and Analysis of the Village of Natchez's financial performance presents a narrative overview and analysis of the Village's financial activities for the year ended June 30, 2019. This document focuses on the current year's activities, resulting changes, and currently known facts. Please read this document in conjunction with the additional information contained in the Village of Natchez's financial statements, which begin on page 7.

Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities provide information about the activities of the Village as a whole and present a longer-term view of the Village's finances. These statements tell how the services were financed in the short-term as well as what remains for future spending.

Fund Financial Statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities. The Village uses funds to ensure and demonstrate compliance with finance related laws and regulations. These statements report short-term fiscal accountability focusing on the use of spendable resources and balances of spendable resources at the end of the year. As the Government-Wide Financial Statements includes the long-term view, comparisons between these two views may provide insight into the long-term impact of short-term financing decreases. Both the governmental funds balance sheet and the governmental funds operating statement provide a reconciliation to assist in understanding the difference between these two views.

The Village conducts its day-to-day operations through a governmental fund, the General Fund, and a business-type activity, the Village's utility system.

A summary of the basic government-wide financial statements is as follows:

Summary of Statement of Net Position

	June 30, 2019			June 30, 2018		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
ASSETS:						
Current Assets	\$ 5,312	\$ 3,466	\$ 8,778	\$13,047	\$ 29,165	\$ 42,212
Capital Assets, Net of Accumulated Depreciation	<u>19,685</u>	<u>1,337,845</u>	<u>1,357,530</u>	<u>20,357</u>	<u>1,340,708</u>	<u>1,361,065</u>
Total Assets	<u>\$ 24,997</u>	<u>\$1,341,311</u>	<u>\$1,366,308</u>	<u>\$33,404</u>	<u>\$1,369,873</u>	<u>\$1,403,277</u>
LIABILITIES:						
Current Liabilities	<u>\$ 25,574</u>	<u>\$ 22,808</u>	<u>\$ 48,382</u>	<u>\$22,910</u>	<u>\$ 24,242</u>	<u>\$ 47,152</u>
NET POSITION:						
Net Investment in Capital Assets	\$ 19,685	\$1,337,845	\$1,357,530	\$20,357	\$1,340,708	\$1,361,065
Unrestricted	<u>(20,262)</u>	<u>(19,342)</u>	<u>(39,604)</u>	<u>(9,863)</u>	<u>4,923</u>	<u>(4,940)</u>
Net Position	<u>\$ (577)</u>	<u>\$1,318,503</u>	<u>\$1,317,926</u>	<u>\$10,494</u>	<u>\$1,345,631</u>	<u>\$1,356,125</u>

Summary of Statement of Activities

	June 30, 2019			June 30, 2018		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
REVENUES:						
Program Revenues-						
Intergovernmental-						
Operating Grants	\$ 0	\$ 0	\$ 0	\$ 8,650	\$ 0	\$ 8,650
Capital Grants	0	48,537	48,537	0	451,733	451,733
Charges for Services	8,544	41,123	49,667	17,017	50,864	67,881
General Revenues	53,377	22	53,399	54,904	54	54,958
Transfers In	<u>3,464</u>	<u>0</u>	<u>3,464</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Revenues	\$ <u>65,385</u>	\$ <u>89,682</u>	\$ <u>155,067</u>	\$ <u>80,571</u>	\$ <u>502,651</u>	\$ <u>583,222</u>
EXPENSES:						
General Government	\$ 75,014	\$ 0	\$ 75,014	\$78,136	\$ 0	\$ 78,136
Public Safety	1,442	0	1,442	783	0	783
Operating Expense	0	113,346	113,346	0	117,444	117,444
Transfers Out	<u>0</u>	<u>3,464</u>	<u>3,464</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenses	\$ <u>76,456</u>	\$ <u>116,810</u>	\$ <u>193,266</u>	\$ <u>78,919</u>	\$ <u>117,444</u>	\$ <u>196,363</u>
Change in Net Position	\$(11,071)	\$ (27,128)	\$ (38,199)	\$ 1,652	\$ 385,207	\$ 386,859
Net Position July 1, 2018	<u>10,494</u>	<u>1,345,631</u>	<u>1,356,125</u>	<u>8,842</u>	<u>960,424</u>	<u>969,266</u>
Net Position June 30, 2019	\$ <u>(577)</u>	\$ <u>1,318,503</u>	\$ <u>1,317,926</u>	\$ <u>10,494</u>	\$ <u>1,345,631</u>	\$ <u>1,356,125</u>

Governmental Activities

- The Village's liabilities exceeded its assets by \$577 for the year ending June 30, 2019. This is a decrease of \$11,071 from the prior year.

Business Type Activities

- The Proprietary Fund, the sewer system, had a decrease in net position of \$27,128 for the year ending June 30, 2019. This compares to an increase of \$385,207 for the prior year.

General Fund Budgetary Highlights

The actual revenues were \$3,371 more than the budgeted amount for the year and actual expenditures were \$366 less than the budgeted amount for the year. For the year ended June 30, 2019, revenues and expenditures were within the 5% variance allowed.

Economic Factors and Next Year's Budget

The budget for FY 2019/2020 should not significantly differ from FY 2018/2019.

Contacting the Village

This financial report is designed to provide our citizens and creditors with a general overview of the Village's finances and to show the Village's accountability for the money it receives. Any questions about this report or requests for additional information may be directed to Village of Natchez, P. O. Box 229, Natchez, LA 71456.

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INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

Mayor and Board of Aldermen
Village of Natchez
P. O. Box 229
Natchez, LA 71456

Management is responsible for the accompanying financial statements of the governmental activities, the business-type activities and major funds of the Village of Natchez for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents, in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

Supplementary Information

The accompanying schedule of compensation, benefits, and other payments to the agency head, political subdivision head, or chief executive officer is presented for purposes of additional analysis and is not a required part of the basic financial statements. The information is the representation of management. The information was subject to our compilation engagement, but we have not audited or reviewed the supplementary information and, accordingly, do not express an opinion, a conclusion, nor provide any assurance on such information.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the following supplementary information on pages 1 through 3 and page 28 be presented to supplement the basic financial statements:

Management's Discussion and Analysis
Budgetary Comparison Schedule

Such information is presented for purposes of additional analysis and, although nor a required part of the basic financial statements, 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. This information is the representation of management. We have not performed an audit, review, or compilation on the required supplementary information and, accordingly, we do not express an opinion, a conclusion, nor provide any assurance on such information.

Thomas, Cunningham, Broadway & Todtenbier, CPA's

Thomas, Cunningham, Broadway & Todtenbier, CPA's
Natchitoches, Louisiana

December 12, 2019

BASIC FINANCIAL STATEMENTS

See accompanying notes and independent accountant's compilation report.

GOVERNMENT-WIDE
FINANCIAL STATEMENTS

Village of Natchez
Statement of Net Position
June 30, 2019

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS:			
Current Assets-			
Cash & Cash Equivalents	\$ 181	\$ 1,594	\$ 1,775
Accounts Receivable (net)	5,081	1,872	6,953
Deposits	<u>50</u>	<u>0</u>	<u>50</u>
Total Current Assets	\$ 5,312	\$ 3,466	\$ 8,778
Noncurrent Assets-			
Capital Assets (net)	<u>19,685</u>	<u>1,337,845</u>	<u>1,357,530</u>
Total Assets	<u>\$ 24,997</u>	<u>\$1,341,311</u>	<u>\$1,366,308</u>
LIABILITIES:			
Current Liabilities-			
Accounts Payable	\$ 21,236	\$ 22,808	\$ 44,044
Cash Overdraft	1,138	0	1,138
Short-term Note Payable	<u>3,200</u>	<u>0</u>	<u>3,200</u>
Total Liabilities	<u>\$ 25,574</u>	<u>\$ 22,808</u>	<u>\$ 48,382</u>
NET POSITION:			
Net Investment in Capital Assets	\$ 19,685	\$1,337,845	\$1,357,530
Unrestricted (Deficit)	<u>(20,262)</u>	<u>(19,342)</u>	<u>(39,604)</u>
Total Net Position	<u>\$ (577)</u>	<u>\$1,318,503</u>	<u>\$1,317,926</u>

See accompanying notes and independent accountant's compilation report.

Village of Natchez
Statement of Activities
June 30, 2019

Activities	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	
Governmental Activities:								
General Government	\$ 75,014	\$ 3,825	\$0	\$ 0	\$(71,189)	\$ 0	\$ (71,189)	
Public Safety	<u>1,442</u>	<u>4,719</u>	<u>0</u>	<u>0</u>	<u>3,277</u>	<u>0</u>	<u>3,277</u>	
	\$ 76,456	\$ 8,544	\$0	\$ 0	\$(67,912)	\$ 0	\$ (67,912)	
Business-Type Activities:								
Sewer	<u>113,346</u>	<u>41,123</u>	<u>0</u>	<u>48,537</u>	<u>0</u>	<u>(23,686)</u>	<u>(23,686)</u>	
Total Government	<u>\$189,802</u>	<u>\$49,667</u>	<u>\$0</u>	<u>\$48,537</u>	<u>\$(67,912)</u>	<u>\$ (23,686)</u>	<u>\$ (91,598)</u>	
General Revenues:								
					\$ 52,112	\$ 0	\$ 52,112	
					16	22	38	
					1,249	0	1,249	
					<u>3,464</u>	<u>(3,464)</u>	<u>0</u>	
					\$ <u>56,841</u>	\$ <u>(3,442)</u>	\$ <u>53,399</u>	
					Change in Net Position	\$(11,071)	\$ (27,128)	\$ (38,199)
					Net Position July 1, 2018	<u>10,494</u>	<u>1,345,631</u>	<u>1,356,125</u>
					Net Position June 30, 2019	<u>\$(577)</u>	<u>\$1,318,503</u>	<u>\$1,317,926</u>

See accompanying notes and independent accountant's compilation report.

FUND FINANCIAL STATEMENTS

Village of Natchez
Balance Sheet-Governmental Fund
June 30, 2019

	<u>General Fund</u>
ASSETS:	
Cash & Cash Equivalents	\$ 181
Accounts Receivable	5,081
Deposits	<u>50</u>
Total Assets	<u>\$ 5,312</u>
LIABILITIES:	
Accounts Payable	\$ 21,236
Cash Overdraft	<u>1,138</u>
Total Liabilities	\$ 22,374
FUND BALANCE:	
Unassigned (Deficit)	<u>(17,062)</u>
Total Liabilities and Fund Balance	<u>\$ 5,312</u>

See accompanying notes and independent accountant's compilation report.

Village of Natchez
Reconciliation of the Governmental Fund
Balance Sheet to the Statement of Net Position
June 30, 2019

Total Fund Balance for the Governmental Fund at June 30, 2019			\$(17,062)
Total Net Position reported for Governmental Activities in the Statement of Net Position is different because:			
Capital Assets used in Governmental Activities are not financial resources and, therefore, are not reported in the fund. Those assets consist of:			
Land, Equipment, Buildings, and Vehicles	85,682		
Less: Accumulated Depreciation	<u>(65,997)</u>		
		19,685	
Short-term Notes Payable are not due and payable in the current period and, therefore, are not reported in the Governmental Funds Balance Sheet.			
Current Notes Payable			<u>(3,200)</u>
Total Net Position of Governmental Activities at June 30, 2019			\$ <u>(577)</u>

See accompanying notes and independent accountant's compilation report.

Village of Natchez
Statement of Revenues, Expenditures and Changes in Fund Balance
Year Ended June 30, 2019

	<u>General Fund</u>
REVENUES:	
Taxes	\$ 52,112
Licenses and Permits	2,525
Charges for Services	1,300
Fines & Forfeits	4,719
Interest Income	16
Miscellaneous	<u>1,249</u>
Total Revenues	\$ <u>61,921</u>
EXPENDITURES:	
Current-	
General Government	\$ 74,342
Public Safety	<u>1,442</u>
Total Expenditures	\$ <u>75,784</u>
Deficiency of Revenues over Expenditures	\$ <u>(13,863)</u>
OTHER FINANCING SOURCES:	
Transfer In – Utility Fund	\$ 3,464
Proceeds of Debt	<u>3,200</u>
Total Other Financing Sources	\$ <u>6,664</u>
Deficiency of Revenues over Expenditures and Other Financing Sources	\$ (7,199)
Fund Balance-Beginning of Year	<u>(9,863)</u>
Fund Balance-End of Year	\$ <u>(17,062)</u>

See accompanying notes and independent accountant's compilation report.

Village of Natchez
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of the Governmental Fund
to the Statement of Activities
for the Year Ended June 30, 2019

Total Net Change in Fund Balance at June 30, 2019, per Statement of Revenues, Expenditures and Changes in Fund Balance	\$ (7,199)
The Change in Net Position reported for Governmental Activities in the Statement of Activities is 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	2,000
Depreciation Expense is reported in the government- wide Statement of Activities, but does not require the use of current financial resources. Therefore, depreciation expense is not reported as an expenditure in the governmental funds. Current year depreciation expense is	(2,672)
Proceeds of Short-term Notes Payable are shown as revenue in the Governmental Funds, but the debt increases Liabilities in the Statement of Net Position. Proceeds of Current Debt were	<u>(3,200)</u>
Total changes in Net Position at June 30, 2019, per Statement of Activities	<u>\$(11,071)</u>

See accompanying notes and independent accountant's compilation report.

Village of Natchez
Statement of Net Position
Proprietary Fund
Year Ended June 30, 2019

ASSETS:	
Current Assets:	
Cash & Cash Equivalents	\$ 1,594
Accounts Receivable (Net)	<u>1,872</u>
Total Current Assets	\$ 3,466
Noncurrent Assets:	
Capital Assets (Net)	<u>1,337,845</u>
Total Assets	<u>\$1,341,311</u>
LIABILITIES:	
Current Liabilities-	
Accounts Payable	\$ <u>22,808</u>
NET POSITION:	
Net Investment in Capital Assets	\$1,337,845
Unrestricted	<u>(19,342)</u>
Total Net Position	<u>\$1,318,503</u>

See accompanying notes and independent accountant's compilation report.

Village of Natchez
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Fund
For the Year Ended June 30, 2019

OPERATING REVENUES:	
Charges for Services	\$ <u>41,123</u>
OPERATING EXPENSES:	
Depreciation	\$ 51,401
Contract Labor	27,889
Repairs & Maintenance	4,214
Supplies	1,353
Other	<u>28,489</u>
Total Operating Expenses	\$ <u>113,346</u>
Operating Loss	\$ <u>(72,223)</u>
NON-OPERATING REVENUES:	
Interest Income	\$ 22
Capital Grants	<u>48,537</u>
Total Non-Operating Revenues	\$ <u>48,559</u>
Income (Loss) Before Transfers	\$ <u>(23,664)</u>
TRANSFERS:	
Transfer Out	\$ <u>(3,464)</u>
Change in Net Position	\$ (27,128)
Net Position - Beginning of Year	<u>1,345,631</u>
Net Position - End of Year	<u>\$1,318,503</u>

See accompanying notes and independent accountant's compilation report.

Village of Natchez
Statement of Cash Flows
Proprietary Fund
June 30, 2019

	<u>Business Type Activities</u>
Cash Flows from Operating Activities:	
Cash received from customers	\$ 56,467
Cash paid to suppliers	(35,490)
Cash paid to contractors	<u>(27,889)</u>
Net Cash Used by Operating Activities	\$ <u>(6,912)</u>
Cash Flows from Capital and Related Financing Activities:	
Proceeds from Capital Grants	\$ 48,537
Acquisition of Capital Assets	<u>(48,537)</u>
Net Cash Provided by Capital and Related Financing Activities	\$ <u>0</u>
Cash Flows from Non-Capital and Related Financing Activities:	
Transfer to Other Funds	\$ <u>(3,464)</u>
Cash Flows from Investing Activities:	
Interest Income	\$ <u>21</u>
Net Decrease in Cash and Cash Equivalents	\$(10,355)
Cash and Cash Equivalents at Beginning of Year	<u>11,949</u>
Cash and Cash Equivalents at End of Year	\$ <u>1,594</u>
 RECONCILIATION OF INCOME FROM OPERATIONS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	
Income (Loss) from Operations	\$(72,223)
 ADJUSTMENTS TO RECONCILE INCOME FROM OPERATIONS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:	
Depreciation	51,400
Changes in Assets and Liabilities-	
(Increase) Decrease in Net Accounts Receivable	15,345
Increase (Decrease) in Accounts Payable	<u>(1,434)</u>
Net Cash Used by Operating Activities	\$ <u>(6,912)</u>

See accompanying notes and independent accountant's compilation report.

NOTES TO FINANCIAL STATEMENTS

Village of Natchez
Notes to Financial Statements
June 30, 2019

Introduction:

The Village of Natchez, Louisiana was incorporated under the provisions of the Lawrason Act. The Village operates under an elected Mayor-Board of Aldermen form of government and provides the following services as authorized by its charter: public safety (police), streets, sanitation, utilities and general administrative services.

1. Summary of Significant Accounting Policies:

A. REPORTING ENTITY-

The Village is the basic level of government which has financial accountability and control over all activities related to the Village operations and services provided. The Village is not included in any other governmental “reporting entity” as defined by GASB pronouncements, since the Village Mayor and Board of Aldermen are elected by the public and have decision making authority to levy taxes, the power to designate management, the ability to significantly influence operations and primary accountability for fiscal matters. In addition, there are no component units as defined in Governmental Accounting Standards Board Statement 14, which are included in the Village’s reporting entity.

The financial statements of the Village of Natchez are prepared in accordance with generally accepted accounting principles (GAAP). The Village of Natchez’s reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements.

B. BASIS OF PRESENTATION-

Government-Wide Financial Statements (GWFS)

The Statement of Net Position and Statement of Activities report information about the reporting government as a whole. They include all funds of the reporting entity. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the Village’s governmental activities. Direct expenses are those that are specifically associated with a program or function. Program revenues include (a) fees and charges paid by the recipient for goods or services offered by the program, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

C. FUND ACCOUNTING-

The accounts of the Village are organized on the basis of funds. A fund is an independent fiscal and accounting entity with a separate set of self-balancing accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds maintained is consistent with legal and managerial requirements.

Village of Natchez
Notes to Financial Statements
June 30, 2019

The Village maintains two funds, one as a governmental fund and one proprietary fund. The emphasis on fund financial statements is on major governmental and enterprise funds; each displayed in a separate column. A fund is considered major if it is the primary operating fund of the entity 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 or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The major funds of the Village are described below:

Governmental Fund-

General Fund

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

Proprietary Fund-

Enterprise Fund

Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or 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 that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The Village's enterprise fund is the Sewer Fund.

D. MEASUREMENT FOCUS/BASIS OF ACCOUNTING-

Basis of accounting refers to when revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

Accrual Basis - Government-Wide Financial Statements (GWFS)

The Statement of Net Position and the Statement of Activities display information about the Village as a whole. Both of these statements have been prepared using the economic measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

Village of Natchez
Notes to Financial Statements
June 30, 2019

Modified Accrual Basis - Fund Financial Statements (FFS)

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., when they are both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Village considers all revenues "available" if collected within 60 days after year-end. Expenditures are generally recorded under the modified accrual basis of accounting when the related liability is incurred. The exceptions to this general rule are that (1) unmatured principal and interest on long-term debt, if any, are recorded when due and (2) claims and judgments and compensated absences are recorded as expenditures when paid with expendable available financial resources.

E. CASH AND INTEREST-BEARING DEPOSITS-

For purposes of the Statement of Net Position, cash and interest-bearing deposits include all demand accounts, savings accounts, and certificates of deposit of the Village. For the purpose of the proprietary fund Statement of Cash Flows, "Cash and Cash Equivalents" include all demand and savings accounts, and certificates of deposit.

F. CAPITAL ASSETS-

Capital assets, which include property, plant, and equipment, are reported in the governmental activities column 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 Village maintains a threshold level of \$500 or more for capitalizing capital assets.

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

Depreciation of all exhaustible capital assets is recorded as an expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of useful lives by type of asset is as follows:

Buildings and improvements	40 years
Equipment and vehicles	3-11 years
Utility system and improvements	10-50 years

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same as in the government-wide statements.

G. COMPENSATED ABSENCES-

The vested or accumulated vacation leave of the Village's employees has not been recorded. The amount of accumulated benefits in excess of one year's normal amount would be immaterial. Unused vacation time lapses at the end of each calendar year.

Village of Natchez
Notes to Financial Statements
June 30, 2019

In accordance with the provisions of Statement of Financial Accounting Standards No. 43, Accounting for Compensated Absences, no liability is recorded for non-vesting accumulating rights to receive sick pay benefits.

H. EQUITY CLASSIFICATIONS-

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 resources are available, the Village applies unrestricted net resources first, unless a determination is made to use restricted net resources. The policy concerning which to apply first varies with the intended use and legal requirements. This decision is typically made by the Village at the incurrence of the expense.

In the fund statements, governmental fund equity is classified as fund balance and displayed in five components. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- a. Non-spendable 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.

The General Fund has an unassigned deficit fund balance of \$17,062. If applicable, the Village 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.

Village of Natchez
Notes to Financial Statements
June 30, 2019

I. 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 statement and the reported amounts of revenue, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

J. OPERATING REVENUES AND EXPENSES-

Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and/or services. It also includes all revenue and expenses not related to capital and related financing noncapital financing, or investing activities.

K. EXPENDITURES/EXPENSES-

In the government-wide financial statements, expenses are classified by function for both governmental and business-type activities.

In the fund financial statements, expenditures are classified as follows:

Governmental Funds - By Character
Proprietary Fund - By Operating and Non-Operating

In the fund financial statements, governmental funds report expenditures of financial resources. Proprietary funds report expenses relating to use of economic resources.

L. BUDGET-

Prior to the beginning of each fiscal year, the Village adopts a budget for the next fiscal year. The budget is open for public inspection. All budgetary appropriations lapse at the end of the fiscal year. The budget is prepared on the modified accrual basis of accounting.

M. INVENTORIES-

Purchases of various operating supplies are regarded as expenditures at the time purchased and inventories of such supplies (if any) are not recorded as assets at the close of the fiscal year.

N. BAD DEBTS AND ALLOWANCES-

Allowance for uncollectible amounts due for customers' utility receivables are recognized as doubtful accounts at the time they become more than 90 days old. At June 30, 2019, there was an Allowance for Doubtful Accounts totaling \$23,951.

Village of Natchez
Notes to Financial Statements
June 30, 2019

2. Cash and Cash Equivalents:

The cash and cash equivalents of the Village of Natchez are subject to the following risk:

Custodial Credit Risk: Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the Village 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 agent. 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 Village 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 Village's name.

At June 30, 2019, the Village had \$2,407 in deposits (collected bank balances). These deposits were secured from risk by federal deposit insurance.

3. Property Taxes:

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

Village property tax revenues are recognized when levied and are recorded as current receivables.

The property tax calendar is as follows:

Assessment Date	January 1
Levy Date	June 1
Tax Bills Mailed	November 15
Total Taxes are Due	December 31
Penalties and Interest are added	January 1
Lien Date	No Set Policy
Tax Sale	No Set Policy

Property taxes levied for the current year are recognized as revenues, even though a portion is collectible in the period subsequent to the levy year. Assessed values are established by the Natchitoches Parish Tax Assessor each year on a uniform basis at the following percent of fair market value:

Land	10%
Residential	10%
Industrial	15%
Machinery	15%
Commercial	15%
Public Service (excluding land)	25%

A revaluation of all property is required to be completed no less than every four years. A revaluation was completed for the tax roll of January 1, 2016.

Tax collections for the year were \$3,284.

Village of Natchez
Notes to Financial Statements
June 30, 2019

4. Capital Assets:

Capital asset activity for the year ended June 30, 2019, is as follows:

Governmental Activities	Balance 07-01-18	Additions	Deletions	Balance 06-30-19
Capital Assets Not Depreciated:				
Land	\$ 1,600	\$ 0	\$0	\$ 1,600
Capital Assets Depreciated:				
Office Furniture, Fixtures & Equipment	58,714	0	0	58,714
Vehicles	<u>23,367</u>	<u>2,000</u>	<u>0</u>	<u>25,367</u>
Total Costs	\$ <u>83,681</u>	\$ <u>2,000</u>	\$0	\$ <u>85,681</u>
Less, Accumulated Depreciation:				
Office Furniture, Fixtures & Equipment	\$ 39,957	\$ 2,572	\$0	\$ 42,529
Vehicles	<u>23,367</u>	<u>100</u>	<u>0</u>	<u>23,467</u>
Total Accumulated Depreciation	\$ <u>63,324</u>	\$ <u>2,672</u>	\$0	\$ <u>65,996</u>
Net Capital Assets	\$ <u>20,357</u>	\$ <u>(672)</u>	\$0	\$ <u>19,685</u>

Business-Type Activities	Balance 07-01-18	Additions	Deletions	Balance 06-30-19
Capital Assets Not Depreciated:				
Land	\$ 9,196	\$ 0	\$ 0	\$ 9,196
Construction in Progress	501,976	0	501,976	0
Capital Assets Depreciated:				
Sewer System	<u>1,946,797</u>	<u>550,513</u>	<u>0</u>	<u>2,497,310</u>
Total Costs	\$ <u>2,457,969</u>	\$ <u>550,513</u>	\$ <u>501,976</u>	\$ <u>2,506,506</u>
Less, Accumulated Depreciation:				
Sewer System	\$ <u>1,117,261</u>	\$ <u>51,400</u>	\$ <u>0</u>	\$ <u>1,168,661</u>
Net Capital Assets	\$ <u>1,340,708</u>	\$ <u>499,113</u>	\$ <u>501,976</u>	\$ <u>1,337,845</u>

Depreciation expense of \$2,672 was charged to the general government function, and \$51,400 was charged to the business-type activities.

Village of Natchez
Notes to Financial Statements
June 30, 2019

5. Compensation Paid to the Mayor and Board of Aldermen:

During 2019, the following amounts were paid to the Mayor and Board of Aldermen:

Rosia Humphrey-Mayor	\$ 6,150
Amos Bradley	1,975
Sheila Johnson	1,725
Joe Walker	125
Sheila Johnson	<u>1,975</u>
Total	<u>\$11,950</u>

6. Receivables:

The following is a summary of receivables at June 30, 2019:

<u>Class of Receivable</u>	<u>General Fund</u>	<u>Proprietary Fund</u>
Taxes	\$5,081	\$ 0
Sales	<u>0</u>	<u>1,872</u>
	<u>\$5,081</u>	<u>\$1,872</u>

7. Sales Tax Revenue:

The voters of Natchez passed a one percent (1%) sales and use tax. The proceeds of the sales tax are to be used for any lawful corporate purpose. Collections for the year ended June 30, 2019, were \$28,407, and were used for General Fund operations.

8. Short-term Debt:

The Village received a short-term note payable from City Bank & Trust Company on June 7, 2019, at a fixed rate of 6.75% to be repaid monthly maturing after 6 months. Loan proceeds were used for General Fund operations.

Short-term activities for the year ended June 30, 2019 were as follows:

<u>Debtor</u>	<u>Balance 07-01-18</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 06-30-19</u>
City Bank & Trust	\$0	\$3,200	\$0	\$3,200

9. Risk Management:

Village of Natchez is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Village maintains commercial insurance coverage covering each of these risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Village.

10. Related Parties:

The Village had no identified party transactions for the year ended June 30, 2019.

Village of Natchez
Notes to Financial Statements
June 30, 2019

11. Fund Deficits:

For the year ended June 30, 2019, the General Fund had a deficit fund balance of \$17,062. The Village will institute procedures to reduce this deficit in fiscal year ending June 30, 2020.

12. Subsequent Events:

Management has evaluated events through December 12, 2019, the date which the financial statements were available for issue. There were no items to be reported as subsequent events.

OTHER REQUIRED
SUPPLEMENTARY INFORMATION

Village of Natchez
General Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2019

	Budget		Actual	Variance
	Original	Final		Favorable (Unfavorable)
REVENUES:				
Taxes	\$51,000	\$ 48,000	\$ 52,112	\$ 4,112
Licenses and Permits	2,150	2,050	2,525	475
Intergovernmental	8,500	0	0	0
Charges for Services	2,500	2,500	1,300	(1,200)
Fines and Forfeits	10,000	5,000	4,719	(281)
Interest Income	0	0	16	16
Miscellaneous	<u>1,000</u>	<u>1,000</u>	<u>1,249</u>	<u>249</u>
Total Revenues	<u>\$75,150</u>	<u>\$ 58,550</u>	<u>\$ 61,921</u>	<u>\$ 3,371</u>
EXPENDITURES:				
Current-				
General Government	\$74,400	\$ 75,400	\$ 74,342	\$ 1,058
Public Safety	<u>750</u>	<u>750</u>	<u>1,442</u>	<u>(692)</u>
Total Expenditures	<u>\$75,150</u>	<u>\$ 76,150</u>	<u>\$ 75,784</u>	<u>\$ 366</u>
Excess (Deficiency) of Revenues over Expenditures	\$ <u>0</u>	<u>\$(17,600)</u>	<u>\$(13,863)</u>	<u>\$ 3,737</u>
OTHER REVENUES AND (EXPENSES)				
Transfer from Sewer Fund	\$ 0	\$ 0	\$ 3,464	\$ 3,464
Proceeds from Debt	<u>0</u>	<u>0</u>	<u>3,200</u>	<u>3,200</u>
Total Other Revenues	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 6,664</u>	<u>\$ 6,664</u>
Deficiency of Revenues and Other Revenues over Expenditures	\$ 0	\$(17,600)	\$ (7,199)	\$10,401
Fund Balance-Beginning of Year	<u>(9,863)</u>	<u>(9,863)</u>	<u>(9,863)</u>	<u>0</u>
Fund Balance-End of Year	<u>\$(9,863)</u>	<u>\$(27,463)</u>	<u>\$(17,062)</u>	<u>\$10,401</u>

See accompanying notes and independent accountant's compilation report.

Village of Natchez
Schedule of Compensation, Benefits and Other Payments to
Agency Head or Chief Executive Officer
For the Year Ended June 30, 2019

Agency Head Name: Rosia Humphrey, Mayor

<u>Purpose</u>	<u>Amount</u>
Per Diem	\$6,150
Reimbursements	334
Travel & Training	231
Mileage Allowance	2,688

See accompanying independent accountant's compilation report.

Village of Natchez
Status of Prior Year Audit Findings
Year Ended June 30, 2019

For the year ended June 30, 2018, the Village had the following internal control findings:

2018-001 *Segregation of Duties*

Condition – Our evaluation of the internal control structure revealed an absence of appropriate segregation of duties over cash receipts. The receipt of funds and bank deposits are performed by the same individual.

Status – This finding was not cleared.

For the year ended June 30, 2018, the Village had the following compliance findings:

2018-002 *Louisiana Bid Law*

Condition – The Village purchased equipment in excess of \$30,000 and failed to advertise for bids.

Status – The finding was cleared as of June 30, 2019.

2018-003 *Late Submission of Report*

Condition – For the year ended June 30, 2019, the Village did not submit the annual audit within six months after the close of their fiscal year.

Status – The finding was cleared as of June 30, 2019.

2019-004 *Local Government Budget Act*

Condition – For the year ended June 30, 2019, the Village did not follow the requirements of the Local Government Budget Act in that the Village did not adopt a budget prior to the beginning of the fiscal year and adopted a budget with a deficit fund balance.

Status – The finding was cleared as of June 30, 2019.