

**CITY OF NATCHITOCHEs  
EMPLOYEE BENEFIT PLAN  
EIN 72-600931  
PLAN #501**

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**Financial Statements  
July 31, 2023**



INDEPENDENT AUDITOR'S REPORT

To Trustees of City of Natchitoches  
Employee Benefit Plan

**Opinion**

We have audited the accompanying financial statements of City of Natchitoches Employee Benefit Plan (the Plan), an employee benefit plan subject to the Employee Retirement Income Security Act of 1974 (ERISA), which comprise the statements of benefit obligations and net assets available for benefits as of July 31, 2023 and 2022, and the related statement of changes in benefit obligations and net assets available for benefits for the years ended July 31, 2023, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the benefit obligations and net assets available for benefits of City of Natchitoches Employee Benefit Plan as of July 31, 2023 and 2022, and the changes in its benefit obligations and net assets available for benefits for the year ended July 31, 2023, in accordance with accounting principles generally accepted in the United States of America.

**Basis for Opinion**

We conducted our audits 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of City of Natchitoches Employee Benefit Plan and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about City of Natchitoches Employee Benefit Plan's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

Management is also responsible for maintaining a current plan instrument, including all plan amendments, administering the plan, and determining that the plan's transactions that are presented and disclosed in the financial statements are in conformity with the plan's provisions, including maintaining sufficient records with respect to each of the participants, to determine the benefits due or which may become due to such participants.

## **Auditor’s Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 City of Natchitoches Employee Benefit Plan’s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about City of Natchitoches Employee Benefit Plan’s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated January 26, 2024 on our consideration of the Plan’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 Plan’s internal control over financial reporting and compliance.

*Broussard and Company*

January 26, 2024  
Lake Charles, Louisiana

CITY OF NATCHITOCHEs  
EMPLOYEE BENEFIT PLAN  
EIN 72-6000931  
Plan #501

Statements of Benefit Obligations and Net Assets  
Available for Benefits  
July 31,

	2023	2022
<u>BENEFIT OBLIGATIONS</u>		
Claims payable	\$ 87,169	\$ 138,027
Claims incurred but not reported	561,916	511,460
Total obligations other than postretirement benefit obligations	649,085	649,487
 <u>NET ASSETS</u>		
<u>ASSETS</u>		
Cash - interest bearing	518,520	38,183
Insurance company reimbursements receivable	430,886	104,719
Employer contribution receivable	133,099	-
Refunds receivable	72,451	55,568
TOTAL ASSETS	1,154,956	198,470
 <u>LIABILITIES</u>		
Cash overdraft	-	-
TOTAL LIABILITIES	-	-
 NET ASSETS AVAILABLE FOR BENEFITS	1,154,956	198,470
 <u>(DEFICIT) OF NET ASSETS AVAILABLE FOR BENEFITS OVER BENEFIT OBLIGATIONS</u>	\$ 505,871	\$ (451,017)

See notes to the financial statements.

CITY OF NATCHITOCHEs  
EMPLOYEE BENEFIT PLAN  
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Statement of Changes in Benefit Obligations  
and Net Assets Available for Benefits  
For the Year Ended July 31, 2023

NET INCREASE IN BENEFIT OBLIGATIONS

Increase (decrease) during the year attributable to:	
Claims payable	\$ (50,858)
Claims incurred but not reported	50,456
	(402)
NET (DECREASE) IN BENEFIT OBLIGATIONS	(402)

NET INCREASE IN NET ASSETS AVAILABLE FOR BENEFITS

Additions to plan assets attributable to:	
Sponsor contributions	3,661,815
Participants contributions	401,069
Retiree contributions	33,171
Insurance company reimbursements	563,985
Miscellaneous income	253
	4,660,293
TOTAL ADDITIONS	4,660,293

Deductions from plan assets attributable to:	
Benefits paid to participants	3,000,664
Payments for insurance premiums	602,154
Administrative expenses	100,989
	3,703,807
TOTAL DEDUCTIONS	3,703,807

NET (DECREASE) IN NET ASSETS AVAILABLE FOR BENEFITS	956,486
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<u>(DECREASE) IN EXCESS OF NET ASSETS AVAILABLE FOR BENEFITS OVER BENEFIT OBLIGATIONS</u>	956,888
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<u>(DEFICIT) OF NET ASSETS AVAILABLE FOR BENEFITS OVER BENEFIT OBLIGATIONS</u>	
BEGINNING OF YEAR	(451,017)
END OF YEAR	\$ 505,871

See notes to the financial statements.

CITY OF NATCHITOCHEs  
EMPLOYEE BENEFIT PLAN  
EIN 72-6000931  
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Notes to Financial Statements  
July 31, 2023

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**Note 1 - Description of the Plan**

The City of Natchitoches Employee Benefit Plan provides medical and prescription drug benefits covering substantially all employees. It is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

The plan provides benefits (medical, hospital, surgical, major medical and prescription drugs) that cover permanent, full-time employees and retired employees (and their covered dependents) of the city that choose to participate following the employee waiting period. The employee waiting period for all new employees is the first of the month following the first 60 days of full-time employment. The plan also provides continuation coverage as required by the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA) for qualified beneficiaries who would otherwise have lost coverage under the plan. Retired employees may elect to continue coverage within certain guidelines established under the Plan.

The plan provides benefits through a funding arrangement which is funded by the plan sponsor and/or the participating employees, and with insurance to protect the plan against unpredictable excess claims. Under the plan agreement, the city contributes in cash to the plan in a manner and at such time determined by a committee, which is a plan fiduciary. Employees and retirees contribute to the plan in order to participate. The contribution is based on the coverage elected by the participants (i.e. single, family, etc.) and their participant class. Former members covered under COBRA make contributions to the plan for continuation of health coverage.

Medical benefits are provided on a partially self-insured basis. The plan has purchased insurance contracts to protect the plan against excessive or unpredictable claims. The insurance contracts include specific loss provisions that cover claims in excess of \$170,000 for each individual covered under the medical plan. The insurance contracts also include aggregate loss provisions that cover the combined claims for all participants of the plan when the qualified claims for the plan year exceed a stated amount. The stated amount under the aggregate loss provisions was approximately \$2,544,141 at July 31, 2023.

Although it has not expressed the intent to do so, the city has the right to discontinue its contributions at any time and to terminate the plan subject to the provisions of ERISA. Funds contributed to the plan are irrevocably restricted for the use and provision of benefits to company employees.

The foregoing description of the plan provides only general information. Employees should refer to the Summary Plan Description & Plan Document for a more complete description of the plan's provisions.

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EMPLOYEE BENEFIT PLAN  
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Notes to Financial Statements (Continued)  
July 31, 2023

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**Note 2 - Summary of Significant Accounting Policies (continued)**

*Refunds* – Refunds due from the Plan are recorded when earned. Refunds due as of the financial statement date have been reported as a receivable, with offset being netted against claims paid. Pharmacy rebates totaling \$72,451 have been netted with claims paid in the accompanying statements of changes in benefit obligations and net assets available for benefits for the year ended July 31, 2023.

*Date of Management's Review* – Management has evaluated subsequent events through January 26, 2024, which is the date the financial statements were available to be issued.

**Note 3 - Tax Status**

The Plan and trust is not pursuing tax exempt status. However, taxable income to the trust is defined in such a way that yields no tax liability for the current year. Accordingly, no tax liability or expense is reflected in the financial statements. The accounting standard on accounting for uncertainty in income taxes addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under this guidance, the Plan may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities, based on the technical merits of the position. There were no unrecognized tax benefits identified or recorded as liabilities for the year ended July 31, 2023.

**Note 4 - Plan Amendments**

Effective July 1, 2020 changes to Eligibility Requirements for Coverage were changed. A person is eligible for Employee coverage from the first day he or she is a full-time employee of the employer or is a non-seasonal part-time employee of the employer. A person is eligible for Retired Employee coverage from the first day he or she is a retired employee of the employer. Retirees are covered till the age they are eligible for Medicare. A spouse or dependent may be covered as long as retiree is covered.

Effective August 1, 2020, the plan document is changed as follows: Medical benefit schedule A and B remove lifecare hospital statements.

Effective August 1, 2020, the plan document is changed as follows: Medical benefits schedule A and B change adult sleep disorders lifetime supply limit to apply to diagnosis only. Increase the lifetime maximum for diagnosis of Adult sleep disorders.

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Notes to Financial Statements (Continued)  
July 31, 2023

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**Note 5 - Subsequent Events**

The plan evaluated its July 31, 2023 financial statements for subsequent events through January 26, 2024, the date of which the financial statements were available to be issued.

**Note 6 - Fidelity Bonding Requirement**

ERISA requires every fiduciary of an employee benefit plan and every person who handles funds of the plan to maintain fidelity bond coverage equal to 10% of the amount of plan assets. The trustee (fiduciary) does maintain such a bond.

**Note 7 - Fair Value Measurements**

The framework for measuring fair values provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820, *Fair Value Measurement* are described as follows:

- Level 1 inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the trust has the ability to access.
- Level 2 inputs to the valuation methodology include the following:
  - Quoted prices for similar assets or liabilities in active markets
  - Quoted prices for identical or similar assets or liabilities in inactive markets
  - Inputs other than quoted prices that are observable for the asset or liability
  - Inputs that are derived principally from, or corroborated by, observable market data by correlation or other meansIf the asset or liability has a specified (contractual) term, the level 2 must be observable for substantially the full term of the asset or liability.
- Level 3 inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The fair value of financial instruments, including cash, approximate the carrying value, principally because of the short maturity of those items and are considered Level 1 or Level 2.



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Notes to Financial Statements (Continued)  
July 31, 2023

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***Note 8 - Cash***

At July 31, 2023, the plan had \$519,197 on deposit with a financial institution. This amount is covered by the Federal Deposit Insurance Corporation in the amount of \$250,000. The uninsured balance as of July 31, 2023 was \$269,197.

***Note 9 - Risks and Uncertainties***

The coronavirus pandemic was declared a national emergency in March of 2021. The impact of the pandemic could have a detrimental impact on the plan sponsor's operations which could have a negative result for the Plan's funding. The impact as of the date of these financial statements and the date of the audit report has yet to be determined.

***Note 10 - Related Party Transactions***

The plan paid IMA, Inc., its third-party administrator, administrative fees of \$69,702 and \$73,645 for the years ended July 31, 2023 and 2022, respectively. The plan also receives certain administrative services and office usage at no charge from the City of Natchitoches. These transactions qualify as party-in-interest transactions. However, these party-in-interest transactions are exempt from the prohibited transaction rules of ERISA.

City of Natchitoches Employee Benefit Plan  
 Schedule of Compensation, Benefits, and Other Payments to Agency Head  
 For the Year Ended July 31, 2023

Trustee: Jenna Severance - Accountant

Purpose	Amount
Salary	\$ -
Benefits - insurance	\$ -
Benefits - retirement	\$ -
Deferred compensation (contributions made by the agency)	\$ -
Benefits - other (pair of shoes)	\$ -
Benefits - other (fuel district vehicle)	\$ -
Car allowance	\$ -
Vehicle provided by government	\$ -
Cell phone	\$ -
Dues	\$ -
Vehicle rental	\$ -
Per diem	\$ -
Reimbursements	\$ -
Travel	\$ -
Registration fees	\$ -
Conference travel	\$ -
Housing	\$ -
Unvouchered expenses	\$ -
Special meals	\$ -
Other	\$ -

The City of Natchitoches Employee Benefit Plan does not pay the Trustee's compensation.



**Broussard & Company**  
Certified Public Accountants

**INDEPENDENT AUDITORS' 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**

Board of Trustees  
City of Natchitoches Employee Benefit Plan 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, the financial statements of the City of Natchitoches Employee Benefit Plan (the Plan), as of and for the year ended July 31, 2023, and the related notes to the financial statements, which collectively comprise the Plan's basic financial statements, and have issued our report thereon dated January 26, 2024.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Plan's internal control over financial reporting (internal control) as a basis for designing 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 Plan's internal control. Accordingly, we do not express an opinion on the effectiveness of the Plan'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 were not identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Plan's 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**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.

*Broussard and Company*

Lake Charles, Louisiana  
January 26, 2024

**CITY OF NATCHITOCHEs EMPLOYEE BENEFIT PLAN  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 FOR THE YEAR ENDED JULY 31, 2023**

**A. SUMMARY OF AUDITOR’S RESULTS**

Financial Statements:

Type of auditor’s report issued: unmodified

Internal control over financial reporting:

- Material weakness identified?                                    \_\_\_\_\_ yes      X   no
- Significant deficiencies identified that are                                    \_\_\_\_\_ yes      X   no  
   not material weaknesses
- Noncompliance material to financial                                    \_\_\_\_\_ yes      X   no  
   statements noted?