

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

MAY 31, 2015

City of Natchitoches, Louisiana
Annual Financial Report
May 31, 2015

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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, 2015. 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 \$111,296,537 (net position). Of this amount, \$19,028,409 (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 \$32,284,122. Of this total amount, \$950,119 is unassigned and available for use within the City's designation and policies. \$10,155,906 is assigned and intended for a specific purpose, but may be unassigned at any time.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$2,130,508 or 15% of the total general fund expenditures.
- The City's bond and notes payable totaled \$4,974,160.

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, 2015

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 49 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, and utility improvements 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.

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Management's Discussion and Analysis
For Year Ended May 31, 2015

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

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the electric, water and sewer funds. The basic propriety fund financial statements can be found on pages 21 through 25 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 79.

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 \$111,296,537 as of May 31, 2015, which is an increase of \$6,180,262 above May 31, 2014.

The largest portion of the City's net position (78%) 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, 2014			As of May 31, 2015		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Current and other assets	\$ 30,741,027	\$17,237,433	\$ 47,978,460	\$ 35,501,719	\$17,563,786	\$ 53,065,505
Capital assets	<u>36,293,428</u>	<u>57,696,559</u>	<u>93,989,987</u>	<u>36,353,530</u>	<u>55,914,599</u>	<u>92,268,129</u>
Total Assets	<u>\$ 67,034,455</u>	<u>\$74,933,992</u>	<u>\$141,968,447</u>	<u>\$ 71,855,249</u>	<u>\$73,478,385</u>	<u>\$145,333,634</u>
Long term liabilities	\$ 6,995,354	\$ 3,968,204	\$ 10,963,558	\$ 22,174,885	\$ 4,804,161	\$ 26,979,046
Other liabilities	<u>3,294,314</u>	<u>754,443</u>	<u>4,048,757</u>	<u>3,217,597</u>	<u>2,089,335</u>	<u>5,306,932</u>
Total Liabilities	<u>\$ 10,289,668</u>	<u>\$ 4,722,647</u>	<u>\$ 15,012,315</u>	<u>\$ 25,392,482</u>	<u>\$ 6,893,496</u>	<u>\$ 32,285,978</u>
Deferred outflows of resources	\$ <u>0</u>	\$ <u>559,016</u>	\$ <u>559,016</u>	\$ <u>528,668</u>	\$ <u>45,172</u>	\$ <u>573,840</u>
Deferred inflows of Resources	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>1,904,177</u>	\$ <u>420,782</u>	\$ <u>2,324,959</u>

CITY OF NATCHITOCHEs, LOUISIANA

Management's Discussion and Analysis For Year Ended May 31, 2015

City of Natchitoches' Net Position (continued)

City of Natchitoches' Net Position

	As of May 31, 2014			As of May 31, 2015		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Net Position:						
Net investment						
in capital assets	\$ 32,002,070	\$41,908,967	\$ 73,911,037	\$ 32,409,370	\$54,884,598	\$ 87,293,978
Restricted	4,291,358	1,185,000	5,476,358	3,944,160	1,030,000	4,974,160
Unrestricted net position	<u>20,451,359</u>	<u>27,117,378</u>	<u>47,568,737</u>	<u>8,733,728</u>	<u>10,294,681</u>	<u>19,028,409</u>
Total Net Position	\$ <u>56,744,787</u>	\$ <u>70,211,345</u>	\$ <u>126,956,132</u>	\$ <u>45,087,258</u>	\$ <u>66,209,279</u>	\$ <u>111,296,537</u>

An additional portion of the City's net position (4%) represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position of \$19,028,409 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, 2014 and May 31, 2015. 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

	As of May 31, 2014			As of May 31, 2015		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Program Revenues:						
Fees, fines and charges for services	\$ 3,457,119	\$33,940,762	\$ 37,397,881	\$ 2,978,221	\$32,577,820	\$ 35,556,041
Operating grants and contributions	1,445,960	0	1,445,960	1,562,680	0	1,562,680
Capital grants and contributions	1,679,785	5,725,705	7,405,490	2,026,986	370,868	2,397,854
General Revenues:						
Ad valorem taxes	2,041,199	0	2,041,199	2,052,265	0	2,052,265
Sales and use tax	9,522,790	0	9,522,790	10,169,245	0	10,169,245
Franchise fees	415,036	0	415,036	402,598	0	402,598
Video bingo	473,280	0	473,280	508,148	0	508,148
Licenses and permits	804,217	0	804,217	809,305	0	809,305
Interest income	299,140	81,563	380,703	199,749	48,297	248,046
Gain (loss) on sale/retirement of fixed assets	83	12,025	12,108	17,764	24,142	41,906
Rental income	115,548	123,761	239,309	111,834	101,364	213,198
Insurance recoveries	58,550	31,243	89,793	31,896	44,542	76,438
Nonemployer Pension Revenue	0	0	0	447,274	82,994	530,268
Miscellaneous	<u>332,922</u>	<u>(7,553)</u>	<u>325,369</u>	<u>280,210</u>	<u>(2,545)</u>	<u>277,665</u>
Total Revenues	\$ <u>20,645,629</u>	\$ <u>39,907,506</u>	\$ <u>60,553,135</u>	\$ <u>21,598,175</u>	\$ <u>33,247,482</u>	\$ <u>54,845,657</u>

CITY OF NATCHITOCHEs, LOUISIANA

Management's Discussion and Analysis
For Year Ended May 31, 2015

City of Natchitoches' Changes in Net Position (continued)

	As of May 31, 2014			As of May 31, 2015		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Expenses:						
General government	\$ 4,471,910	\$ 0	\$ 4,471,910	\$ 4,724,669	\$ 0	\$ 4,724,669
Public safety	8,764,537	0	8,764,537	8,539,499	0	8,539,499
Streets and sanitation	4,017,771	0	4,017,771	3,764,856	0	3,764,856
Recreation and cultural	1,026,623	0	1,026,623	1,113,724	0	1,113,724
Interest on long-term debt	191,048	94,504	285,552	260,730	28,128	288,858
Water, sewer, and utilities	6,200,834	29,872,866	36,073,700	2,181,469	25,135,986	27,317,455
Economic development	2,133,419	0	2,133,419	2,435,986	0	2,435,986
Health and welfare	210,170	0	210,170	210,592	0	210,592
Information tech	<u>0</u>	<u>274,670</u>	<u>274,670</u>	<u>0</u>	<u>269,756</u>	<u>269,756</u>
Total Expenses	<u>\$27,016,312</u>	<u>\$30,242,040</u>	<u>\$ 57,258,352</u>	<u>\$23,231,525</u>	<u>\$25,433,870</u>	<u>\$ 48,665,395</u>
Increases in net position before transfers	\$ (6,370,683)	\$ 9,665,466	\$ 3,294,783	\$ (1,633,350)	\$ 7,813,612	\$ 6,180,262
Transfers	<u>5,836,435</u>	<u>(5,836,435)</u>	<u>0</u>	<u>7,267,680</u>	<u>(7,267,680)</u>	<u>0</u>
Increase in net position	\$ (534,248)	\$ 3,829,031	\$ 3,294,783	\$ 5,634,330	\$ 545,932	\$ 6,180,262
Net Position-June 1, 2014 (*Restated See Note 1)	<u>57,279,035</u>	<u>66,382,314</u>	<u>123,661,349</u>	<u>39,452,928*</u>	<u>65,663,347*</u>	<u>105,116,275*</u>
Net Position-May 31, 2015	<u>\$56,744,787</u>	<u>\$70,211,345</u>	<u>\$126,956,132</u>	<u>\$45,087,258</u>	<u>\$66,209,279</u>	<u>\$111,296,537</u>

Financial Analysis of the Government's Funds

Governmental Funds - The focus of the City of Natchitoches' governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the City of Natchitoches' governmental funds reported combined ending fund balances of \$32,284,122 (an increase of 18% from 2014 fiscal year). Of this total amount, \$950,119 constitutes unassigned fund balance. \$10,155,906 is committed and intended for a specific purpose, but may be unassigned at any time. The remainder of the fund balance is reserved to indicate that it is not available for new spending because it has already been committed to pay for debt service and to cover fund deficits.

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

CITY OF NATCHITOCHEs, LOUISIANA

Management's Discussion and Analysis
For Year Ended May 31, 2015

Capital Assets

The City of Natchitoches' investment in capital assets for its governmental and business-type activities as of May 31, 2015 amounts to \$87,293,978 (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:

- Beautification Project at I-49 and LA Hwy 6 – Phase II.
- Improvements made to the water, sewer, and electric systems.
- Improvements made to the City airport.
- LCDBG Street Improvement Project.
- Airport Runway Project.
- Utility Infrastructure Improvements on Hwy 478.

Capital Assets at Year-end Net of Accumulated Depreciation As of May 31, 2015

	Governmental <u>Activities</u>	Business-Type <u>Activities</u>	<u>Total</u>
Land	\$ 7,633,862	\$ 758,408	\$ 8,392,270
Construction in Progress	3,101,874	0	3,101,874
Buildings	11,983,002	1,034,729	13,017,731
Machinery & Equipment	661,442	0	661,442
Other Assets	403,200	0	403,200
Vehicles	1,696,265	165,618	1,861,883
Streets	5,830,501	0	5,830,501
Utility System	0	53,955,844	53,955,844
Other Infrastructure	<u>5,043,385</u>	<u>0</u>	<u>5,043,385</u>
Total	<u>\$36,353,531</u>	<u>\$55,914,599</u>	<u>\$92,268,130</u>

Additional information on the City of Natchitoches' capital assets can be found on pages 43 through 47 of this report.

CITY OF NATCHITOCHEs, LOUISIANA

Management's Discussion and Analysis
For Year Ended May 31, 2015

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, 2015

	Governmental <u>Activities</u>	Business-Type <u>Activities</u>	<u>Total</u>
General Obligation Debt	\$ 356,156	\$ 0	\$ 356,156
Net Other Post Employment Obligation	822,892	245,778	1,068,670
Net Pension Liability	15,369,268	3,932,993	19,302,261
Accrued Employee Vacations	2,038,565	625,390	2,663,955
Revenue Bonds Payable	<u>3,588,004</u>	<u>1,030,000</u>	<u>4,618,004</u>
Total	<u>\$22,174,885</u>	<u>\$ 5,834,161</u>	<u>\$28,009,046</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 2015-16 budget, general fund revenues are budgeted at a 4 percent increase from the 2014-15 budget year. Sales taxes are budgeted at a 1 percent increase. Taxes make up about 36% of the general fund budgeted revenues, and transfers make up about 49%. The 2015-16 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.

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
Ryan E. Todtenbier, CPA - A Professional Corporation

321 Bienville Street
Natchitoches, Louisiana 71457
(318) 352-3652
Fax (318) 352-4447

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, 2015, 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, 2015, 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, 2015, 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.

Emphasis of Matter

As described in Note 1 to the financial statements, the City has adopted the provisions of GASB Statement 68 *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27*. Our opinion is not modified with respect to this matter.

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 schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-143, *Audits of States, Local Governments, and Non-Profit Organizations*. The schedule of expenditures of federal awards is also 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, combining nonmajor fund financial statements, and schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the 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, combining nonmajor fund financial statements, and schedule of expenditures of federal awards 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 11, 2015, 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

November 11, 2015
Natchitoches, Louisiana

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE
FINANCIAL STATEMENTS

City of Natchitoches, Louisiana
Government-Wide Statement of Net Position
May 31, 2015

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Assets:			
Cash & Cash Equivalents	\$ 32,658,985	\$ 5,351,779	\$ 38,010,764
Receivables, net	2,724,856	3,479,513	6,204,369
Other Receivables	0	56,426	56,426
Inventories at Cost	0	1,339,286	1,339,286
Prepaid Expenses	117,878	13,598	131,476
Restricted Assets-			
Cash & Cash Equivalents	0	7,323,184	7,323,184
Capital Assets-			
Land	7,633,862	758,408	8,392,270
Buildings	16,693,311	1,899,439	18,592,750
Machinery & Equipment	2,799,669	10,389,130	13,188,799
Vehicles	5,673,260	1,531,168	7,204,428
Other Assets	905,624	310,366	1,215,990
Streets	92,072,601	0	92,072,601
Other Infrastructure	11,455,714	0	11,455,714
Construction in Progress	3,101,874	0	3,101,874
Utility Plant & System	0	82,066,848	82,066,848
Accumulated Depreciation	<u>(103,982,384)</u>	<u>(41,040,760)</u>	<u>(145,023,144)</u>
Total Assets	<u>\$ 71,855,250</u>	<u>\$ 73,478,385</u>	<u>\$ 145,333,635</u>
Deferred Outflows of Resources	<u>\$ 528,667</u>	<u>\$ 45,172</u>	<u>\$ 573,839</u>
Liabilities:			
Cash Overdrafts	\$ 1,546,825	\$ 0	\$ 1,546,825
Accounts Payable	421,064	122,486	543,550
Accrued Payroll	247,291	82,254	329,545
Accrued Expenses	1,002,417	18,679	1021,096
Payable from Restricted Assets-			
Bond Principal	3,588,004	1,030,000	4,618,004
Customer's Deposits	0	835,916	835,916
Long-term Debt-			
Due Within One Year	194,296	0	194,296
Due in More than One Year	161,860	0	161,860
Net OPEB Obligation	822,892	245,778	1,068,670
Net Pension Liability	15,369,268	3,932,993	19,302,261
Accrued Employee Vacations	<u>2,038,565</u>	<u>625,390</u>	<u>2,663,955</u>
Total Liabilities	<u>\$ 25,392,482</u>	<u>\$ 6,893,496</u>	<u>\$ 32,285,978</u>
Deferred Outflows of Resources	<u>\$ 1,904,177</u>	<u>\$ 420,782</u>	<u>\$ 2,324,959</u>
Net Position:			
Net Investment in Capital Assets	\$ 32,409,370	\$ 54,884,598	\$ 87,293,978
Restricted for Debt Service	3,944,160	1,030,000	4,974,160
Unrestricted	<u>8,733,728</u>	<u>10,294,681</u>	<u>19,028,409</u>
Total Net Position	<u>\$ 45,087,258</u>	<u>\$ 66,209,279</u>	<u>\$ 111,296,537</u>

See notes to financial statements.

City of Natchitoches, Louisiana
Government-Wide Statement of Activities
For the Year Ended May 31, 2015

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
Governmental Activities:							
General Government	\$ 4,724,669	\$ 210	\$ 359,281	\$ 0	\$ (4,365,178)	\$ 0	\$ (4,365,178)
Public Safety	8,539,499	191,087	771,780	0	(7,576,632)	0	(7,576,632)
Streets & Sanitation	3,764,856	1,954,388	0	0	(1,810,468)	0	(1,810,468)
Water, Sewer & Utilities	2,181,469	0	0	677,178	(1,504,291)	0	(1,504,291)
Economic Development	2,435,986	782,808	113,926	1,349,808	(189,444)	0	(189,444)
Health & Welfare	210,592	0	0	0	(210,592)	0	(210,592)
Recreation & Culture	1,113,724	49,728	317,693	0	(746,303)	0	(746,303)
Interest on Long-term Debt	<u>260,730</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(260,730)</u>	<u>0</u>	<u>(260,730)</u>
Total Governmental Activities	\$23,231,525	\$ 2,978,221	\$1,562,680	\$2,026,986	\$(16,663,638)	\$ 0	\$(16,663,638)
Business-Type Activities:							
Utilities Administration	\$ 1,198,114	\$ 3,126,737	\$ 0	\$ 0	\$ 0	\$ 1,928,623	\$ 1,928,623
Electric	18,682,447	25,005,100	0	0	0	6,322,653	6,322,653
Water	3,232,614	3,056,214	0	370,868	0	194,468	194,468
Sewer	2,022,811	1,389,769	0	0	0	(633,042)	(633,042)
Information Technology	269,756	0	0	0	0	(269,756)	(269,756)
Interest on Long-term Debt	<u>28,128</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(28,128)</u>	<u>(28,128)</u>
Total Business-Type Activities	\$25,433,870	\$32,577,820	\$ 0	\$ 370,868	\$ 0	\$ 7,514,818	\$ 7,514,818
Total Government	\$48,665,395	\$35,556,041	\$1,562,680	\$2,397,854	\$(16,663,638)	\$ 7,514,818	\$(9,148,820)
General Revenues:							
Taxes-							
Ad Valorem					\$ 2,052,265	\$ 0	\$ 2,052,265
Sales & Use					10,169,245	0	10,169,245
Franchise					402,598	0	402,598
Video Bingo					508,148	0	508,148
Licenses & Permits					809,305	0	809,305
Interest Income					199,749	48,297	248,046
Gain (Loss) on Sale of Assets					17,764	24,142	41,906
Rental Income					111,834	101,364	213,198
Insurance Recoveries					31,896	44,542	76,438
Nonemployer Pension Revenue					447,274	82,994	530,268
Miscellaneous					280,210	(2,545)	277,665
Transfers					<u>7,267,680</u>	<u>(7,267,680)</u>	<u>0</u>
Total General Revenues & Transfers					\$ 22,297,968	\$ (6,968,886)	\$ 15,329,082
Change in Net Position					\$ 5,634,330	\$ 545,932	\$ 6,180,262
Net Position at Beginning of Year (Restated see Note 1)					<u>39,452,928</u>	<u>65,663,347</u>	<u>105,116,275</u>
Net Position at End of Year					<u>\$ 45,087,258</u>	<u>\$ 66,209,279</u>	<u>\$ 111,296,537</u>

See notes to financial statements.

FUND FINANCIAL STATEMENTS

City of Natchitoches, Louisiana
Balance Sheet-Governmental Funds
May 31, 2015

	<u>Major Funds</u>				<u>Total Governmental Funds</u>
	<u>General Fund</u>	<u>Capital Projects Sales Tax Fund</u>	<u>Utility Improvements Fund</u>	<u>Nonmajor Funds</u>	
<u>Assets</u>					
Cash & Cash Equivalents	\$2,162,191	\$17,239,110	\$4,448,906	\$ 8,808,778	\$32,658,985
Revenue Receivables	787,097	626,224	0	1,311,535	2,724,856
Prepaid Expenses	<u>6,474</u>	<u>0</u>	<u>1,499</u>	<u>109,905</u>	<u>117,878</u>
Total Assets	<u>\$2,955,762</u>	<u>\$17,865,334</u>	<u>\$4,450,405</u>	<u>\$10,230,218</u>	<u>\$35,501,719</u>
<u>Liabilities</u>					
Cash Overdrafts	\$ 0	\$ 0	\$ 0	\$ 1,546,825	\$ 1,546,825
Accounts Payable	88,151	25,281	65,674	241,958	421,064
Accrued Expenses	493,712	133,576	0	375,129	1,002,417
Accrued Payroll	<u>236,918</u>	<u>0</u>	<u>0</u>	<u>10,373</u>	<u>247,291</u>
Total Liabilities	<u>\$ 818,781</u>	<u>\$ 158,857</u>	<u>\$ 65,674</u>	<u>\$ 2,174,285</u>	<u>\$ 3,217,597</u>
<u>Fund Balances</u>					
Nonspendable	\$ 6,473	\$ 0	\$ 1,499	\$ 109,905	\$ 117,877
Restricted	0	17,706,477	0	3,353,743	21,060,220
Committed	0	0	4,383,232	5,772,674	10,155,906
Unassigned	<u>2,130,508</u>	<u>0</u>	<u>0</u>	<u>(1,180,389)</u>	<u>950,119</u>
Total Fund Balances	<u>\$2,136,981</u>	<u>\$17,706,477</u>	<u>\$4,384,731</u>	<u>\$ 8,055,933</u>	<u>\$32,284,122</u>
Total Liabilities & Fund Balances	<u>\$2,955,762</u>	<u>\$17,865,334</u>	<u>\$4,450,405</u>	<u>\$10,230,218</u>	<u>\$35,501,719</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, 2015

Total Fund Balances of the Governmental Funds	\$ 32,284,122
Amounts reported for Governmental Activities in the Statement of Net Position are different because:	
Capital Assets used in Governmental Activities are not current financial resources and, therefore, are not reported in the Governmental Funds Balance Sheet-	
Capital Assets	140,335,915
Less, Accumulated Depreciation	(103,982,384)
Deferred Outflows of Resources used in Governmental Activities are not financial resources and, therefore, are not reported in the Governmental Fund Balance Sheet-	
	528,667
Long-term Liabilities are not due and payable in the current period and, therefore, are not reported in the Governmental Funds Balance Sheet-	
Long-term Debt	(3,944,160)
Net OPEB Obligation	(822,892)
Net Pension Liability	(15,369,268)
Accrued Compensated Absences	(2,038,565)
Deferred Inflows of Resources are not due and payable in in the current period and, therefore, are not reported in the Governmental Fund Balance Sheet-	
	<u>(1,904,177)</u>
Total Net Position of Governmental Activities	\$ <u>45,087,258</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, 2015

	Major Funds				Total Governmental Funds
	General Fund	Capital Projects Sales Tax Fund	Utility Improvements Fund	Nonmajor Funds	
REVENUES:					
Taxes	\$ 5,244,707	\$ 3,991,846	\$ 0	\$ 3,895,704	\$13,132,257
Licenses & Permits	809,305	0	0	0	809,305
Intergovernmental	1,369,891	0	0	2,219,775	3,589,666
Charges for Services	68,867	0	0	2,735,206	2,804,073
Fines & Forfeits	97,779	0	0	76,369	174,148
Miscellaneous	<u>160,921</u>	<u>82,559</u>	<u>4,021</u>	<u>401,592</u>	<u>649,093</u>
Total Revenues	<u>\$ 7,741,470</u>	<u>\$ 4,074,405</u>	<u>\$ 4,021</u>	<u>\$ 9,328,646</u>	<u>\$21,158,542</u>
EXPENDITURES:					
Current-					
General Government	\$ 2,994,316	\$ 202,372	\$ 5,469	\$ 1,428,700	\$ 4,630,857
Public Safety	7,925,420	0	0	256,091	8,181,511
Streets & Sanitation	1,274,879	0	0	1,800,319	3,075,198
Water, Sewer & Utilities	0	215,860	683,895	1,458,269	2,358,024
Economic Development	326,526	0	0	3,269,926	3,596,452
Health & Welfare	211,888	0	0	0	211,888
Recreation & Culture	861,866	0	0	65,093	926,959
Debt Service	<u>0</u>	<u>100</u>	<u>0</u>	<u>708,832</u>	<u>708,932</u>
Total Expenditures	<u>\$13,594,895</u>	<u>\$ 418,332</u>	<u>\$ 689,364</u>	<u>\$ 8,987,230</u>	<u>\$23,689,821</u>
Excess (Deficiency) of Revenues over Expenditures	<u>\$ (5,843,425)</u>	<u>\$ 3,656,073</u>	<u>\$ (685,343)</u>	<u>\$ 341,416</u>	<u>\$ (2,531,279)</u>
OTHER FINANCING SOURCES (USES):					
Operating Transfers In	\$ 6,618,052	\$ 123,191	\$2,087,958	\$ 4,464,669	\$13,293,870
Operating Transfers Out	(674,090)	(2,389,084)	0	(2,963,016)	(6,026,190)
Debt Proceeds	<u>0</u>	<u>0</u>	<u>0</u>	<u>101,004</u>	<u>101,004</u>
Total Other Financing	<u>\$ 5,943,962</u>	<u>\$ (2,265,893)</u>	<u>\$2,087,958</u>	<u>\$ 1,602,657</u>	<u>\$ 7,368,684</u>
Excess (Deficiency) of Revenues and Other Sources over Expenditures and Other Uses	\$ 100,537	\$ 1,390,180	\$ 1,402,615	\$ 1,944,073	\$ 4,837,405
Fund Balances- Beginning of Year	<u>2,036,444</u>	<u>16,316,297</u>	<u>2,982,116</u>	<u>6,111,860</u>	<u>27,446,717</u>
Fund Balances- End of Year	<u>\$ 2,136,981</u>	<u>\$17,706,477</u>	<u>\$4,384,731</u>	<u>\$ 8,055,933</u>	<u>\$32,284,122</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, 2015

Net Change in Fund Balance - Governmental Funds \$4,837,405

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

1,929,424

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

(1,861,680)

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

General Obligation Debt Payments	448,201
Non-Employer Pension Revenue	447,274
Net OPEB Obligation	(174,912)
Pension Expense	99,812
Accrued Compensated Absences	17,451

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 (101,004)

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

Decrease in Capital Assets	(489,514)
Decrease in Accumulated Depreciation	<u>481,873</u>

Change in Net Position of Governmental Activities \$5,634,330

See notes to financial statements.

City of Natchitoches, Louisiana
Statement of Net Position
Proprietary Fund
Year Ended May 31, 2015

	<u>Business-Type Activities</u> <u>Enterprise Fund</u>
Assets-	
Current Assets-	
Cash & Cash Equivalents	\$ 5,351,779
Receivables	1,907,880
Less, Allowance for Doubtful Accounts	(300,000)
Unbilled Receivables	1,871,634
Inventory at Cost	1,339,286
Prepaid Expenses	13,598
Total Current Assets	<u>\$ 10,184,177</u>
Restricted Assets-	
Cash & Cash Equivalents-	
Bond Reserve Accounts	\$ 2,507,970
Bond Redemption Accounts	4,328,277
Customer's Deposit Accounts	486,937
Total Restricted Assets	<u>\$ 7,323,184</u>
Noncurrent Assets-	
Land	\$ 758,408
Buildings	1,899,439
Machinery & Equipment	10,389,130
Vehicles	1,531,168
Other Assets	310,366
Construction in Progress	0
Electric System	21,019,099
Water System	39,184,395
Sewer System	21,863,354
Less, Accumulated Depreciation	(41,040,761)
Total Noncurrent Assets	<u>\$ 55,914,598</u>
Other Assets-	
Other Receivables	\$ 56,426
Total Assets	<u>\$ 73,478,385</u>
Deferred Outflows of Resources	<u>\$ 45,172</u>
Liabilities-	
Current Liabilities-	
Accounts Payable	\$ 122,486
Accrued Payroll	82,254
Accrued Expenses	18,679
Accrued Employee Vacations	31,270
Total Current Liabilities	<u>\$ 254,689</u>
Liabilities Payable from Restricted Assets-	
Current Portion of Revenue Bonds	\$ 160,000
Customer's Deposits	835,916
Total Payable from Restricted Assets	<u>\$ 995,916</u>

Continued next page.

See notes to financial statements.

City of Natchitoches, Louisiana
Statement of Net Position
Proprietary Fund
Year Ended May 31, 2015

	<u>Business-Type Activities</u> <u>Enterprise Fund</u>
Noncurrent Liabilities-	
Revenue Bonds Payable	\$ 870,000
Net OPEB Obligation	245,778
Net Pension Liability	3,932,993
Accrued Employee Vacations	<u>594,120</u>
Total Noncurrent Liabilities	\$ <u>5,642,891</u>
Total Liabilities	\$ <u>6,893,496</u>
Deferred Inflows of Resources	\$ <u>420,782</u>
Net Position-	
Net Investment in Capital Assets	\$ 54,884,598
Restricted for-	
Revenue Bond Retirement	1,030,000
Unrestricted	<u>10,294,681</u>
Total Net Position	\$ <u>66,209,279</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, 2015

	<u>Business-Type Activities</u> <u>Enterprise Fund</u>
Operating Revenues:	
Charges for Services-	
Electric	\$25,005,100
Water	3,056,214
Sewer	1,389,769
Miscellaneous-	
Penalties & Charges	367,750
New Account and Reconnect Fees	79,725
Production Credits	2,648,924
Bad Debt Recovery	4,494
Other	<u>25,844</u>
Total Operating Revenues	<u>\$32,577,820</u>
Operating Expenses:	
Utility Administration-	
Personnel Services	\$ 613,797
Utilities & Telephone	24,685
Supplies	314,654
Maintenance	92,281
Uncollectible Accounts	<u>152,697</u>
Total Administration	<u>\$ 1,198,114</u>
Electric-	
Personnel Services	\$ 1,469,307
Power Purchased	15,807,777
System Maintenance	592,740
Depreciation	578,060
Supplies & Miscellaneous	<u>234,563</u>
Total Electric	<u>\$18,682,447</u>
Water-	
Personnel Services	\$ 622,826
Treatment Expenses	751,978
System Maintenance	460,404
Utilities	166,100
Depreciation	1,051,606
Supplies & Miscellaneous	<u>179,700</u>
Total Water	<u>\$ 3,232,614</u>
Sewer-	
Personnel Services	\$ 766,907
Treatment Expenses	164,644
System Maintenance	110,267
Utilities	248,870
Depreciation	600,069
Supplies & Miscellaneous	<u>132,054</u>
Total Sewer	<u>\$ 2,022,811</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, 2015

	<u>Business-Type Activities</u> <u>Enterprise Fund</u>
Information Technology Department-	
Personnel Services	\$ 157,286
Computer Software & Maintenance	105,069
Supplies & Maintenance	<u>7,401</u>
Total Information Technology Department	<u>\$ 269,756</u>
 Total Operating Expenses	 <u>\$25,405,742</u>
 Income from Operations	 <u>\$ 7,172,078</u>
Non-operating Revenues (Expenses):	
Interest Income	\$ 48,297
Insurance Recoveries	44,542
Gain (Loss) on Sale of Assets	24,142
Loss on Investments	(2,545)
Nonemployer Pension Revenue	82,994
Rental Income	101,364
Interest Expense	<u>(28,128)</u>
Total Non-operating Revenues (Expenses)	<u>\$ 270,666</u>
 Income Before Contributions and Transfers	 <u>\$ 7,442,744</u>
Contributions and Transfers-	
Capital Contributions from Other Funds	\$ 370,868
Transfers Out	(8,398,305)
Transfers In	<u>1,130,625</u>
Total Contributions and Transfers	<u>\$ (6,896,812)</u>
 Change in Net Position	 <u>\$ 545,932</u>
 Net Position at Beginning of Year	 <u>65,663,347</u>
 Net Position at End of Year	 <u>\$66,209,279</u>

See notes to financial statements.

City of Natchitoches, Louisiana
Statement of Cash Flows
Proprietary Fund
Year Ended May 31, 2015

	<u>Business-Type Activities</u> <u>Enterprise Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash Received from Customers	\$ 33,171,899
Cash Payments to Employees	(3,657,405)
Cash Payments to Suppliers for Goods and Services	<u>(21,183,009)</u>
Net Cash Provided by Operating Activities	<u>\$ 8,331,485</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:	
Rental Income	\$ 101,364
Transfers to Other Funds	(8,398,305)
Transfers from Other Funds	<u>1,130,625</u>
Net Cash Used by Non-capital Financing Activities	<u>\$ (7,166,316)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Gain on Sale of Assets	\$ 24,142
Insurance Recoveries	44,542
Acquisition of Capital Assets	(447,774)
Principal Paid on Capital Debt	(155,000)
Interest Paid on Capital Debt	(28,128)
Contributed Capital	<u>370,868</u>
Net Cash Provided by Capital and Related Financing Activities	<u>\$ (191,350)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest Income	\$ 48,297
Loss on Investments	<u>(2,545)</u>
Net Cash Provided by Investing Activities	<u>\$ 45,752</u>
Net Increase in Cash & Cash Equivalents	\$ 1,019,571
Cash & Cash Equivalents-Beginning of Year	<u>11,655,393</u>
Cash & Cash Equivalents-End of Year	<u>\$ 12,674,964</u>

Continued next page.

See notes to financial statements.

City of Natchitoches, Louisiana
Statement of Cash Flows
Proprietary Fund
Year Ended May 31, 2015

	<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	\$ 7,172,078
ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:	
Depreciation	2,229,736
Changes in Assets & Liabilities-	
(Increase)/Decrease in Accounts Receivable	592,887
(Increase)/Decrease in Inventory	35,142
(Increase)/Decrease in Prepaid Expenses	71,350
(Increase)/Decrease in Other Receivables	(6,164)
Increase/(Decrease) in Accounts Payable	(1,743,769)
Increase/(Decrease) in Accrued Payroll	12,393
Increase/(Decrease) in Accrued Expenses	152
Increase/(Decrease) in Compensated Absences	64,478
Increase/(Decrease) in Net OPEB	52,247
Increase/(Decrease) in Customer Deposits	7,355
Decrease/(Decrease) in Net Pension Liability	<u>(156,400)</u>
Total Adjustments	<u>\$ 1,159,407</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 8,331,485</u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:	
During the past year, the Enterprise Fund received Capital Assets with a net value of \$370,868 that were purchased and/or constructed by the Governmental Funds.	
RECONCILIATION OF TOTAL CASH AND CASH EQUIVALENTS:	
Current Assets-	
Cash and Cash Equivalents	\$ 5,351,780
Restricted Assets-	
Cash and Cash Equivalents	<u>7,323,184</u>
Total Cash and Cash Equivalents	<u>\$12,674,964</u>

See notes to financial statements.

City of Natchitoches, Louisiana
Statement of Fiduciary Net Position
Agency Fund
Cash Bond Fund
Year Ended May 31, 2015

<u>Assets</u>	
Cash	\$26,310
Accounts Receivable	<u>21,447</u>
Total Assets	<u>\$47,757</u>
<u>Liabilities</u>	
Cash Bonds Held for Future Disposition	<u>\$47,757</u>

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

City of Natchitoches, Louisiana
Notes to Financial Statements
May 31, 2015

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, 2015

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 District 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, 2015

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, 2015

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, 2015

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 collection and administration of a 1% sales tax levy which is dedicated to water and sewer expenditures and to the payment of the DEQ Bonds issued to construct a new wastewater treatment plant.
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.

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, 2015

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, 2015 was \$300,000, which was not changed from the prior year.

City of Natchitoches, Louisiana
Notes to Financial Statements
May 31, 2015

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.

J. Short-term Interfund Receivables/Payables

During the course of operations, numerous transactions occur between the individual funds. These interfund receivables/payables are classified on the balance sheet as "Due from Other Funds" or "Due to Other Funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the governmental-wide financial statements as "internal balances".

City of Natchitoches, Louisiana
Notes to Financial Statements
May 31, 2015

K. Interfund Transactions

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

The following is a summary of interfund operating transfers:

	<u>Operating Transfers In</u>	<u>Operating Transfers Out</u>
General Fund	\$ 6,618,052	\$ 674,090
Special Revenue Funds-		
Hazard Tax	0	944,920
Sales Tax Police	0	1,583,894
Events Center Operations	252,940	0
Airport Operations	50,815	0
Miss Merry Christmas	6,279	0
Knock Knock Grant	8,984	7,553
Employee Benefits	509,218	0
Liability Insurance	707,000	0
Workman's Compensation Fund	0	125,335
STOP Grant	7,553	7,267
Capital Projects Funds-		
Capital Projects-Sales Tax	123,191	2,389,084
Capital Improvements-Special	800,000	170,856
Utility Improvements-CLECO	2,087,958	0
DOTD/LA 478 UT Relocation Fund	6,229	0
Parking Lot Construction	21,535	0
Capital Improvements - Streets	300,000	0
Community Water Enrichment	4,000	0
LCDBG Sibley Lake Fund	248,811	123,191

City of Natchitoches, Louisiana
Notes to Financial Statements
May 31, 2015

	<u>Operating Transfers In</u>	<u>Operating Transfers Out</u>
Water Treatment Plant Fund	361,717	0
Breda Town Park	109,321	0
DOTD Hwy. 1 South Fund	1,060,000	0
Chaplain's Lake Water Imp.	10,267	0
Enterprise Fund- Utility	<u>1,130,625</u>	<u>8,398,305</u>
Totals	<u>\$14,424,495</u>	<u>\$14,424,495</u>

Transfers are primarily used to move funds:

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

L. Prepays

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

M. Long-term Obligations

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

City of Natchitoches, Louisiana
Notes to Financial Statements
May 31, 2015

N. Restricted Assets

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

O. 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.

P. 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.

Q. Impact of Recently Issued Accounting Principles

As of June 1, 2014, the City implemented Governmental Accounting Standards Board (GASB) Statement 68 *Accounting and Financial Reporting for Pensions – Amendment of GASB Statement 27*, which resulted in a cumulative change in accounting principle and also a restatement of net position. The net effect of the restatement was to reduce the net position of the City's governmental funds by \$17,291,863 and the utility fund by \$4,547,997.

City of Natchitoches, Louisiana
Notes to Financial Statements
May 31, 2015

R. 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 \$2,130,508. 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, 2015

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	Total
Nonspendable:									
General Fund	\$ 6,473	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 6,473
Airport Fund	44,532	0	0	0	0	0	0	0	44,532
Main Street Promotions	500	0	0	0	0	0	0	0	500
Utility Improvements Fund	1,499	0	0	0	0	0	0	0	1,499
Sales Tax Police	4,500	0	0	0	0	0	0	0	4,500
Water Treatment Plant	60,151	0	0	0	0	0	0	0	60,151
Chaplain's Lake Wtr Imp	222	0	0	0	0	0	0	0	222
Total	<u>\$117,877</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 117,877</u>
Restricted:									
Capital Projects-Sales Tax	\$ 0	\$ 0	\$17,706,477	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$17,706,477
Hazard Tax	0	236,913	0	388,286	0	0	0	0	625,199
Multi-Drug Task Force	0	0	0	10,418	0	0	0	0	10,418
STOP Grant	0	0	0	100	0	0	0	0	100
Prisoner Bond	0	0	0	45,223	0	0	0	0	45,223
LLEBG Grant Fund	0	0	0	5,890	0	0	0	0	5,890
Sales Tax Police	0	0	0	684,412	0	0	0	0	684,412
Water Treatment Plant	0	0	1,401,160	0	0	0	0	0	1,401,160
DOTD Hwy. 1 South Fund	0	0	546,341	0	0	0	0	0	546,341
DOTD Gateway Ph. II	0	0	35,000	0	0	0	0	0	35,000
Total	<u>\$ 0</u>	<u>\$ 236,913</u>	<u>\$19,688,978</u>	<u>\$1,134,329</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$21,060,220</u>
Committed:									
Event Center Operations	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$162,716	\$ 0	\$ 0	\$ 162,716
Workman's Compensation	0	0	0	0	0	0	418,299	0	418,299
Drug Recovery	0	0	0	100,498	0	0	0	0	100,498
911 Grant Fire	0	0	0	89,176	0	0	0	0	89,176
Animal Shelter	0	0	0	23,212	0	0	0	0	23,212
Liability Insurance	0	0	0	0	0	0	0	597,763	597,763
Main Street Promotions	0	0	0	0	90,017	0	0	0	90,017
Cane River Green Market	0	0	0	0	0	4,374	0	0	4,374
911-Police Grant	0	0	0	43,290	0	0	0	0	43,290
NW Law Enforcement	0	0	0	3,010	0	0	0	0	3,010
Airport Fund	0	0	0	0	0	15,671	0	0	15,671
State Office of Culture Dev.	0	0	0	0	0	7,523	0	0	7,523
Keep Louisiana Beautiful	0	0	0	0	2,954	0	0	0	2,954
LAC/Traffic Enforcement Prog.	0	0	0	0	29,771	0	0	0	29,771
Community Program Fund	0	0	0	0	2,388	0	0	0	2,388
General Obligations	0	199,749	0	0	0	0	0	0	199,749
Capital Improvements	0	0	3,153,400	0	0	0	0	0	3,153,400
Street Improvements Fund	0	0	803,922	0	0	0	0	0	803,922
Breda Town Park	0	0	0	0	972	0	0	0	972
Utility Improvements Fund	0	0	4,383,232	0	0	0	0	0	4,383,232
Parking Lot Construction	0	0	23,969	0	0	0	0	0	23,969
Total	<u>\$ 0</u>	<u>\$ 199,749</u>	<u>\$ 8,364,523</u>	<u>\$288,957</u>	<u>\$96,331</u>	<u>\$190,284</u>	<u>\$418,299</u>	<u>\$597,763</u>	<u>\$10,155,906</u>

City of Natchitoches, Louisiana
Notes to Financial Statements
May 31, 2015

S. 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.

T. Bond Issuance Costs

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

U. Estimates

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

City of Natchitoches, Louisiana
Notes to Financial Statements
May 31, 2015

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, 2015, taxes of 17.03 mills were levied on property with an assessed valuation totaling \$121,069,190 and were dedicated as follows:

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

Total taxes collected were \$2,052,265 after small adjustments were made to the original tax roll. A tax sale was held on May 15, 2015, 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	\$ 9,686,590
Pilgrim's Pride	3,038,000
AT&T Southeast Tax Dept.	2,192,260
Atmos Energy Louisiana	1,861,360
Walmart Louisiana, LLC	<u>1,589,140</u>
Total	<u>\$18,367,350</u>

City of Natchitoches, Louisiana
Notes to Financial Statements
May 31, 2015

3. Capital Assets

Capital assets and depreciation activity as of and for the year ended May 31, 2015, 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	\$ 5,658,750	\$ 0	\$ 0	\$ 5,658,750
Capital Assets; depreciated-				
Buildings	5,678,877	23,248	0	5,711,125
Machinery & Equipment	2,365,784	56,497	0	2,422,281
Vehicles	5,448,141	156,594	0	5,604,735
Other Assets	890,465	856	800	890,521
Streets	92,561,315	0	488,714	92,072,601
Other Infrastructure	<u>6,643,116</u>	<u>264,558</u>	<u>0</u>	<u>6,907,674</u>
Total Assets	<u>\$119,255,448</u>	<u>\$ 501,753</u>	<u>\$ 489,514</u>	<u>\$119,267,687</u>
Accumulated Depreciation-				
Buildings	\$ 2,254,368	\$ 139,310	\$ 0	\$ 2,393,678
Machinery & Equipment	1,617,795	173,606	0	1,791,401
Vehicles	3,617,656	301,949	0	3,919,605
Other Assets	415,923	70,390	0	486,313
Streets	86,201,293	522,680	481,873	86,242,100
Other Infrastructure	<u>4,902,011</u>	<u>180,038</u>	<u>0</u>	<u>5,082,049</u>
Total Accumulated Depn.	<u>\$ 99,009,046</u>	<u>\$1,387,973</u>	<u>\$ 481,873</u>	<u>\$ 99,915,146</u>

City of Natchitoches, Louisiana
Notes to Financial Statements
May 31, 2015

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Airport Fund-				
Capital Assets; not depreciated-				
Land	\$ 335,500	\$ 0	\$ 0	\$ 335,500
Capital Assets; depreciated-				
Buildings	1,490,367	14,000	0	1,504,367
Other Infrastructure	3,456,278	0	0	3,456,278
Machinery & Equipment	167,524	0	0	167,524
Furniture & Fixtures	15,103	0	0	15,103
Vehicles	<u>45,590</u>	<u>0</u>	<u>0</u>	<u>45,590</u>
Total Assets	<u>\$ 5,510,362</u>	<u>\$ 14,000</u>	<u>\$ 0</u>	<u>\$ 5,524,362</u>
Accumulated Depreciation-				
Buildings	\$ 374,506	\$ 38,115	\$ 0	\$ 412,621
Other Infrastructure	1,014,213	93,126	0	1,107,339
Machinery & Equipment	128,685	14,655	0	143,340
Furniture & Fixtures	13,091	3,020	0	16,111
Vehicles	<u>29,847</u>	<u>4,608</u>	<u>0</u>	<u>34,455</u>
Total Accumulated Depn.	<u>\$ 1,560,342</u>	<u>\$ 153,524</u>	<u>\$ 0</u>	<u>\$ 1,713,866</u>
Convention Center Fund-				
Capital Assets; not depreciated-				
Land	\$ 881,623	\$ 0	\$ 0	\$ 881,623
Capital Assets; depreciated-				
Buildings	9,477,819	0	0	9,477,819
Vehicles	22,935	0	0	22,935
Machinery & Equipment	209,864	0	0	209,864
Furniture & Fixtures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Assets	<u>\$ 10,592,241</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 10,592,241</u>
Accumulated Depreciation-				
Buildings	\$ 1,642,690	\$ 261,320	\$ 0	\$ 1,904,010
Vehicles	22,935	0	0	22,935
Machinery & Equipment	199,212	4,274	0	203,486
Furniture & Fixtures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Accumulated Depn.	<u>\$ 1,864,837</u>	<u>\$ 265,594</u>	<u>\$ 0</u>	<u>\$ 2,130,431</u>
Sabine Bank/Industrial Park/Pilgrim's-				
Capital Assets; not depreciated-				
Land	\$ 757,989	\$ 0	\$ 0	\$ 757,989
Capital Assets; depreciated-				
Other Infrastructure	<u>1,091,762</u>	<u>0</u>	<u>0</u>	<u>1,091,762</u>
Total Assets	<u>\$ 1,849,751</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,849,751</u>

City of Natchitoches, Louisiana
Notes to Financial Statements
May 31, 2015

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Accumulated Depreciation- Other Infrastructure	\$ <u>168,352</u>	\$ <u>54,589</u>	\$ <u>0</u>	\$ <u>222,941</u>
Total Accumulated Depn.	\$ <u>168,352</u>	\$ <u>54,589</u>	\$ <u>0</u>	\$ <u>222,941</u>
Airport Taxiway & Apron- Construction in Progress	\$ <u>1,480,845</u>	\$ <u>871,672</u>	\$ <u>0</u>	\$ <u>2,352,517</u>
Old Public Works Rehab- Construction in Progress	\$ <u>23,248</u>	\$ <u>0</u>	\$ <u>23,248</u>	\$ <u>0</u>
Sampite Park Rehab- Construction in Progress	\$ <u>84,117</u>	\$ <u>4,206</u>	\$ <u>88,323</u>	\$ <u>0</u>
Tennis Courts- Construction in Progress	\$ <u>99,993</u>	\$ <u>54,860</u>	\$ <u>154,853</u>	\$ <u>0</u>
Hotel Development- Construction in Progress	\$ <u>0</u>	\$ <u>11,160</u>	\$ <u>0</u>	\$ <u>11,160</u>
Breda Town Park- Construction in Progress	\$ <u>0</u>	\$ <u>152,326</u>	\$ <u>0</u>	\$ <u>152,326</u>
LED Site Development- Construction in Progress	\$ <u>0</u>	\$ <u>35,800</u>	\$ <u>0</u>	\$ <u>35,800</u>
Texas & Pacific Railway- Construction in Progress	\$ <u>0</u>	\$ <u>224,398</u>	\$ <u>0</u>	\$ <u>224,398</u>
City Park Project- Construction in Progress	\$ <u>0</u>	\$ <u>171,335</u>	\$ <u>0</u>	\$ <u>171,335</u>
Chaplain's Lake Water System- Construction in Progress	\$ <u>0</u>	\$ <u>154,336</u>	\$ <u>0</u>	\$ <u>154,336</u>
Total Assets-Governmental Funds	\$ <u>138,896,005</u>	\$ <u>2,195,846</u>	\$ <u>755,938</u>	\$ <u>140,335,915</u>
Total Accumulated Depn.	\$ <u>102,602,577</u>	\$ <u>1,861,680</u>	\$ <u>481,873</u>	\$ <u>103,982,384</u>
Total Nets Assets	\$ <u>36,293,428</u>	\$ <u>334,166</u>	\$ <u>274,065</u>	\$ <u>36,353,531</u>

City of Natchitoches, Louisiana
Notes to Financial Statements
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Depreciation expense of \$1,861,680 for the year ended May 31, 2015, was charged to the following governmental functions:

General Fund-	
Finance Department	\$ 37,979
Community Development Department	78,050
Fire Department	194,261
Recreation Department	200,309
Public Works Department	697,379
Purchasing Department	6,604
Police Department	173,392
Airport Fund	153,524
Convention Center	265,594
Industrial Park South	<u>54,588</u>
 Total	 <u>\$1,861,680</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	\$ 0	\$0	\$ 758,408
Capital Assets; depreciated-				
Buildings	1,899,439	0	0	1,899,439
Furniture & Fixtures	310,366	0	0	310,366
Machinery & Equipment	10,140,956	248,174	0	10,389,130
Vehicles	1,493,423	37,745	0	1,531,168
Electric System	20,887,243	131,856	0	21,019,099
Water System	39,154,395	30,000	0	39,184,395
Sewer System	<u>21,863,354</u>	<u>0</u>	<u>0</u>	<u>21,863,354</u>
Total Assets	<u>\$96,507,584</u>	<u>\$ 447,775</u>	<u>\$0</u>	<u>\$96,955,359</u>
Accumulated Depreciation-				
Buildings	\$ 826,722	\$ 37,988	\$0	\$ 864,710
Furniture & Fixtures	310,366	0	0	310,366
Machinery & Equipment	9,886,665	502,465	0	10,389,130
Vehicles	1,317,604	47,946	0	1,365,550
Electric System	7,002,418	420,382	0	7,422,800
Water System	12,044,163	783,688	0	12,827,85
Sewer System	<u>7,423,087</u>	<u>437,266</u>	<u>0</u>	<u>7,860,353</u>
Total Accumulated Depn.	<u>\$38,811,025</u>	<u>\$ 2,229,735</u>	<u>\$0</u>	<u>\$41,040,760</u>
Total Net Assets	<u>\$57,696,559</u>	<u>\$(1,781,960)</u>	<u>\$0</u>	<u>\$55,914,599</u>

City of Natchitoches, Louisiana
Notes to Financial Statements
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Depreciation expense of \$2,229,736 for the year ended May 31, 2015, was charged to the following business-type functions:

Electric System	\$ 578,059
Water System	1,051,608
Sewer System	<u>600,068</u>
Total Utility Fund	<u>\$2,229,735</u>

4. Long-Term Debt

General Obligation-At May 31, 2015, 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 May 2012, with the Thaxton Family Trusts for the purchase of land at the intersection of Second Street and Amulet Street. The original purchase price was \$233,563, with annual payments to be made over five years with no interest payments. This debt is to be repaid by the Capital Improvements Special Fund, and was paid in full as of May 31, 2015.
- 3) In October 2013, the City entered into an agreement with Motorola Solutions, Inc. for the purchase of police radio equipment. The original purchase price was \$357,729, with annual payments to be repaid over three years with no interest. This debt is to be repaid from the Sales Tax Police Fund.

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

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

City of Natchitoches, Louisiana
Notes to Financial Statements
May 31, 2015

General Obligations and Revenue Bonds Outstanding at May 31, 2015, are as follows:

<u>Issue</u>	<u>Issue Date</u>	<u>Final Maturity Date</u>	<u>Interest Rates</u>	<u>Balance Outstanding</u>
General Obligation-				
Oshkosh Capital	12-15-2007	10-29-2017	1.75%	\$ 236,913
Motorola Solutions	10-01-2013	10-01-2015		119,243
Thaxton Family Trusts	05-01-2012	05-01-2016		<u>0</u>
Total General Obligation Debt				<u>\$ 356,156</u>
Revenue Bonds-				
Series 2009 Revolving	12-15-2009	12-01-14	2.95%	\$3,487,000
Series 2013 Refunding	12-01-2013	12-01-22	2.15%	1,030,000
Series 2015	05-07-2015	12-01-22	2.95%	<u>101,004</u>
Total Revenue Bonds				<u>\$4,618,004</u>
Total General Obligation and Revenue Bonds Payable				<u>\$4,974,160</u>

The annual debt service requirements to maturity of general obligation debt and revenue bonds outstanding at May 31, 2015, excluding interest payments of \$741,156 are as follows:

<u>Year Ending May 31</u>	<u>General Obligation</u>	<u>Revenue Bonds</u>	<u>Total</u>
2016	\$194,297	\$ 442,004	\$ 636,301
2017	78,905	351,000	429,905
2018	82,954	355,000	437,954
2019	0	365,000	365,000
2020	0	374,000	374,000
Thereafter	<u>0</u>	<u>2,731,000</u>	<u>2,731,000</u>
Total	<u>\$356,156</u>	<u>\$4,618,004</u>	<u>\$4,974,160</u>

City of Natchitoches, Louisiana
Notes to Financial Statements
May 31, 2015

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, 2015:

	Balance <u>06-01-14</u>	<u>Additions</u>	<u>Reduction</u>	Balance <u>05-31-15</u>
General Obligation	\$ 6,134,631	\$ 0	\$5,778,475	\$ 356,156
Revenue Bonds	2,826,769	2,122,235	331,000	4,618,004
Compensated Absences (Note 1.I)	2,616,928	47,027	0	2,663,955
Net OPEB (Note 15)	841,511	227,159	0	1,068,670
Net Pension Liability* (Note 7)	<u>21,839,860</u>	<u>0</u>	<u>2,537,599</u>	<u>19,302,261</u>
Total	<u>\$24,259,699</u>	<u>\$2,396,421</u>	<u>\$8,647,074</u>	<u>\$28,009,046</u>

*Beginning Balance Restated (See Note 1.Q)

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 2015 were \$3,991,845. The .5% levy is dedicated to the Police Department. Collections for 2015 were \$1,995,923.

Proceeds of the other 1% tax are dedicated to the following purposes:

1. To pay the reasonable cost of the collection and administration of the tax.
2. To pay DEQ advances and to pay interest and principal on sales tax bonds to be issued to finance sewer construction.
3. Any excess after the above payments are made is dedicated and can be used for any one or more of the following: construction, extending, maintaining, and improving sewers and sewerage disposal works and waterworks facilities and purchasing and acquiring the necessary land, equipment and furnishings for the aforesaid public works.

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.

City of Natchitoches, Louisiana
Notes to Financial Statements
May 31, 2015

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

Substantially all employees of the City of Natchitoches are members of the following statewide retirement systems: Municipal Employees Retirement System of Louisiana, Municipal Police Employees Retirement System of Louisiana, or Firefighters Retirement System of Louisiana. These systems are cost-sharing, multiple-employer defined benefit pension plans administered by separate boards of trustees. Pertinent information relative to each plan follows:

A. Municipal Employees Retirement System of Louisiana (MERS)

Plan Description

The City contributes to MERS 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.

City of Natchitoches, Louisiana
Notes to Financial Statements
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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.

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:

- | | |
|-------------|---|
| -At any age | after 25 years of creditable service |
| -At age 60 | after 10 years of creditable service |
| -At any age | after 20 years of creditable service, exclusive of military service with an actuarially reduced early benefit |

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

- | | |
|-------------|--------------------------------------|
| -At any age | after 30 years of creditable service |
| -At age 60 | after 10 years of creditable service |

Any member of Plan A and Plan B who was hired on or after January 1, 2014 can retire providing he/she meets one of the following criteria:

- | | |
|-------------|--|
| -At age 67 | after 7 years of creditable service |
| -At age 62 | after 10 years of creditable service |
| -At age 55 | after 30 years of creditable service |
| -At any age | after 25 years of creditable service, exclusive of military service and unused side leave, with an actuarially reduced early benefit |

Generally, the monthly amount of the retirement allowance of 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/her years of creditable service. However, under certain conditions, as outlined in the statutes, the benefits are limited to specified amounts.

City of Natchitoches, Louisiana
Notes to Financial Statements
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Generally, the monthly amount of the retirement allowance of 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/her years of creditable service. However, under certain conditions, as outlined in the statutes, the benefits are limited to specified amounts.

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, are not eligible for normal retirement and have 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 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

City of Natchitoches, Louisiana
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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.

Survivor's Benefits

Upon the death of any member of Plan A or 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 and minor children, as outlined in the statutes.

Any member of Plan A or 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.

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 an additional cost of living increase 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

Plans A and B 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, 2015, the actual employer contribution rate was 19.75% for Plan A and 9.5% for Plan B. For the year ended May 31, 2015, the actuarially determined employer contribution rate was 19.48% for Plan A and 9.6% for Plan B. The actual rate differs from the actuarially required rate due to state statutes that require the contribution rate be calculated and set two years prior to the year effective.

In accordance with state statute, MERS receives ad valorem taxes and state revenue sharing funds. These additional sources of income are used as employer contributions and are considered support from non-employer contributing entities, but are not considered special funding situations.

The City's contractually required composite contribution rate for the year ended May 31, 2015 was 19.75% 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.

City of Natchitoches, Louisiana
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Contributions to the pension plan from the City were \$1,025,424 for the year ended May 31, 2015.

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

At May 31, 2015, the City reported a liability of \$8,429,077 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2014 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, 2014, the City's proportion was 3.097986%, which was a decrease of 3.144838% from its proportion measured as of June 30, 2013.

For the year ended May 31, 2015, the City recognized pension expense of \$658,331 plus employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions of \$31,901.

At May 31, 2015, 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	\$278,668
Changes in assumption	0	0
Net difference between projected and actual earnings on pension plan investments	0	590,130
Changes in employer's proportion of beginning net pension liability	96,811	0
Differences between employer contributions and proportionate share of employer contributions	0	33,010
Total	\$ 96,811	\$901,808

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

Year ended June 30:	
2016	\$(254,966)
2017	(254,965)
2018	(147,533)
2019	(147,533)
Total	\$(804,997)

Actuarial Assumptions

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2014 is as follows:

Valuation Date:	June 30, 2014
Actuarial Cost Method:	Entry Age Normal
Actuarial Assumptions:	
Expected Remaining Service Lives	Plan A – 3 years; Plan B – 4 years
Investment Rate of Return:	7.75% net of investment expense
Mortality:	RP-2000 Employee Mortality Table was selected for active members. RP-2000 Healthy Annuitant Mortality Table was selected for healthy annuitants. RP-2000 Disabled Lives Mortality Table was selected for disabled annuitants.
	Experience study performed on plan data for the period July 1, 2006 through June 30, 2010
Salary Increases:	5.75% (2.75% Merit/3.00% Inflation)
Cost of Living Adjustments:	The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost of living increases. The present values do not include provisions for potential future increases not authorized by the Board of Trustees.

City of Natchitoches, Louisiana
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May 31, 2015

The discount rate used to measure the total pension liability was 7.75% 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 approved by the Public Retirement Systems' Actuarial Committee, taking into consideration the recommendation of the actuary. 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.

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 of 2.80% and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rates of return is 8.30% for the year ended June 30, 2014. Best estimates of arithmetic real rates of return for each major asset class included in the System's target asset allocation as of June 30, 2014 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%	2.75%
Public Fixed Income	15%	0.83%
Alternatives	35%	1.92%
Total	100%	5.50%
Inflation		2.80%
Expected Arithmetic Nominal Return		8.30%

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 (6.75%)	Current Discount Rate (7.75%)	1.0% Increase (8.75%)
Employer's proportionate share of net pension liability	\$9,015,536	\$8,429,077	\$4,331,222

City of Natchitoches, Louisiana
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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 Employees' Retirement System of Louisiana Annual Financial Report at www.la.state.la.us.

Payables to the Pension Plan

These financial statements include a payable to the pension plan of \$173,001, which is the legally required contribution due at May 31, 2015. This amount is recorded in accrued expenses.

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

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, which should be reviewed 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 or 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

Any member prior to January 1, 2013 can retire providing he/she meets one of the following criteria:

- | | |
|-------------|---|
| -At any age | after 25 years of creditable service |
| -At age 55 | after 12 years of creditable service |
| -At age 50 | after 20 years of creditable service |
| -At any age | after 20 years of creditable service, with an actuarially reduced benefit |

City of Natchitoches, Louisiana
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Any member after January 1, 2013, under Hazardous Duty sub plan, can retire providing he/she meets one of the following criteria:

-At any age	after 25 years of creditable service
-At age 55	after 12 years of creditable service
-At any age	after 20 years of creditable service, with an actuarially reduced benefit from age 55

Any member after January 1, 2013, under Non Hazardous Duty sub plan, can retire providing he/she meets one of the following criteria:

-At any age	after 30 years of creditable service
-At age 60	after 10 years of creditable service
-At age 55	after 25 years of creditable service
-At any age	after 20 years of creditable service, with an actuarially reduced benefit from age 55

Benefit rates for membership prior to January 1, 2013, 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.

Benefit rates for membership after January 1, 2013 are based on Hazardous Duty and Non Hazardous Duty sub plans. 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.

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 the System 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 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 the System 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 the System's 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 the System's investment portfolio return or a money market investment return. This could result in a negative earnings rate being applied to the account. If

City of Natchitoches, Louisiana
Notes to Financial Statements
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the member elects a money market investment return, the funds are transferred to a government money market account.

Disability Benefits

The Board of Trustees may award benefits to those eligible members who have been certified as disabled by the State Medical Disability Board. The application must be filed with the Board of Trustees through the office of the Director prior to the date of termination of employment. Please see specific procedures for disability retirement as described and provided for in R.S. 11:208, R.S. 11:216 through R.S. 11:224 and R.S. 11:2223.

Survivor's Benefits

Upon the death of an active contributing member (membership prior to January 1, 2013), 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/month, whichever is greater.

Upon the death of an active contributing member (membership after to January 1, 2013), 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 to fifty-five 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/month, whichever is greater. If the deceased member had less than ten years of service, the 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.

City of Natchitoches, Louisiana
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Initial Benefit Option Plan

In 1999, the State Legislature authorized the System 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, 2015, total contributions due for employers and employees were 41.5%. 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 31.5% and 10%, respectively. The employer and employee contribution rates for all Non Hazardous Duty members hired after January 1, 2013 were 33.5% 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 34% and 7.5%, respectively. The actuarial required employer and employee combined contribution for June 30, 2014 was 41.53%.

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, 2015 was 31.5% 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 \$670,340 for the year ended May 31, 2015.

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

At May 31, 2015, the City reported a liability of \$6,482,539 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2014 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, 2014, the City's proportion was .825639%, which was a decrease of .890907% from its proportion measured as of June 30, 2013.

City of Natchitoches, Louisiana
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For the year ended May 31, 2015, the City recognized pension expense of \$647,303 plus employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions of \$132,554.

At May 31, 2015, 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	\$ 68,134
Changes in assumption	0	1,048
Net difference between projected and actual earnings on pension plan investments	0	935,113
Changes in employer's proportion of beginning net pension liability	391,042	0
Differences between employer contributions and proportionate share of employer contributions	6,621	0
Total	\$ 397,663	\$1,004,295

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

Year ended June 30:	
2016	\$(124,284)
2017	(124,284)
2018	(124,284)
2019	(233,780)
Total	\$(606,632)

City of Natchitoches, Louisiana
Notes to Financial Statements
May 31, 2015

Actuarial Assumptions

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2014 is as follows:

Valuation Date	June 30, 2014	
Actuarial Cost Method	Entry Age Normal Cost	
Actuarial Assumptions:		
Expected Remaining Service Lives	4 years	
Investment Rate of Return	7.75% net of investment expense.	
Mortality	The mortality rate assumption used was based upon an experience study performed by the prior actuary on plan data for the period July 1, 2003 through June 30, 2008 and review of similar law enforcement mortality. 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 (3%) and merit	<u>Years of Service</u>	<u>Salary Growth Rate</u>
	1	10.0%
	2	6.0%
	3-19	4.3%
	20-29	5.5%
	30 & Over	4.0%

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.

City of Natchitoches, Louisiana
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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 percentage and by adding expected inflation and an adjustment for the effect of rebalancing/diversification. The resulting forecasted long-term rate of return is 8.0% for the year ended June 30, 2014. Best estimates of arithmetic nominal rates of return for each major asset class included in the System's target allocation as of June 30, 2014 are summarized in the following table:

Asset Class	Target Asset Allocation	Long-Term Expected Portfolio Real Rate of Return
Fixed Income	52%	5.43%
Equity	20%	2.35%
Alternatives	23%	4.51%
Real Assets	5%	4.07%
Total	100%	16.36%
Inflation		3.25%
Expected Arithmetic Nominal Return		19.61%

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	\$7,457,758	\$6,482,539	\$3,239,781

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 or on www.lla.state.la.us.

City of Natchitoches, Louisiana
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Payables to the Pension Plan

These financial statements include a payable to the pension plan of \$91,875, which is the legally required contribution due at May 31, 2015. This amount is recorded in accrued expenses.

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.

Benefit provisions are authorized within Act 434 of 1979 and amended by Louisiana Revised Statutes 11:2251 – 11:2272, which should be reviewed for more complete information.

Membership is mandatory for any full-time firefighters or any person in a position as defined in the municipal fire and police civil service system who is employed by a fire department of any municipality, parish, or fire protection district of the State of Louisiana, except Orleans, and East Baton Rouge Parishes, who earns at least \$375/month excluding state supplemental pay. Employees of the system are eligible, at their option to become members of the System. Persons must be under the age of fifty to be eligible for membership unless they become members through merger.

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 or www.lla.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

Any member can retire providing he/she meets one of the following criteria:

- | | |
|-------------|--|
| -At any age | after 25 years of creditable service, provided they have been a member of FRS for at least one year. |
| -At age 55 | after 12 years of creditable service |
| -At age 50 | after 25 years of creditable service |

Benefit rates for membership, are three and one-third percent of average final compensation per number of years of creditable service not to exceed 100% of average final compensation.

City of Natchitoches, Louisiana
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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.

Initial Benefit Option Plan – This option is available only to regular retirees who have not participated in the Deferred Retirement Option Plan. Under this option, members may receive an initial benefit plus a reduced monthly retirement allowance which, when combined, equal the actuarially equivalent amount of the maximum retirement allowance. The initial benefit may not exceed an amount equal to thirty-six payments of the member's maximum retirement allowance. The initial benefit can be paid either as a lump-sum payment or placed in an account called an "initial benefit account" with interest credited thereto and monthly payments made from the account.

A member may also elect to receive an actuarially reduced benefit which provides for an automatic 2 ½% annual compound increase in monthly retirement benefits based on the reduced benefit and commencing on the later of age fifty-five or retirement anniversary; this COLA is in addition to any ad hoc COLAs which are payable.

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 DROP for up to thirty-six months and defer the receipt of benefits. Upon commencement of participation in the plan, membership in the system terminates and neither the employee nor 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 DROP 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

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contributing membership in the system. If the participant dies during the period of participation in the program, a lump sum payment equal to his/her account balance is paid to his/her named beneficiary or, if none, to his estate; in addition, normal survivor benefits are payable to survivors of retirees.

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 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.

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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 (R.S. 11:243). In lieu of these cost of living adjustments, pursuant to R.S. 11:241, 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 30th of the initial year of such increase.

Contributions

Employer contributions are actuarially determined each year. For the measurement date of June 30, 2014, employer and employee contributions for members above the poverty line were 28.25% and 10%, respectively. The employer and employee contribution rates for those members below the poverty line were 30.25% 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, 2015 was 29.25% 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 \$580,445 for the year ended May 31, 2015.

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

At May 31, 2015, the City reported a liability of \$4,390,643 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2014 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, 2014, the City's proportion was .941393%, which was a decrease of .959243% from its proportion measured as of June 30, 2013.

For the year ended May 31, 2015, the City recognized pension expense of \$541,897 plus employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions of \$8,010.

At May 31, 2015, 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	\$ 87,893
Changes in assumption	0	2,206
Net difference between projected and actual earnings on pension plan investments	0	297,453
Changes in employer's proportion of beginning net pension liability	79,366	0
Differences between employer contributions and proportionate share of employer contributions	0	31,304
Total	\$ 79,366	\$418,856

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

Year ended June 30:	
2016	\$ (81,369)
2017	(81,369)
2018	(81,369)
2019	(81,369)
2020	(7,007)
2021	(7,007)
Total	\$(339,490)

Actuarial Assumptions

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2014 is as follows:

Valuation Date	June 30, 2014									
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	<p>The mortality rate assumption used was based upon an experience study performed on plan data for the period July 1, 2004 through June 30, 2009. 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.</p>									
Salary Increases, including inflation (3%) and merit	<table 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;">15.0%</td> </tr> <tr> <td style="text-align: center;">3-14</td> <td style="text-align: center;">6.5%</td> </tr> <tr> <td style="text-align: center;">15 & Over</td> <td style="text-align: center;">5.5%</td> </tr> </tbody> </table>	<u>Years of Service</u>	<u>Salary Growth Rate</u>	1-2	15.0%	3-14	6.5%	15 & Over	5.5%	
<u>Years of Service</u>	<u>Salary Growth Rate</u>									
1-2	15.0%									
3-14	6.5%									
15 & Over	5.5%									

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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 geometric expected rate of return was 8.10% as of June 30, 2014. Best estimates of real rates of return for each major asset class included in FRS' target asset allocation as of June 30, 2014 are summarized in the following table:

Asset Class	Long-term Target Asset Allocation	Expected Portfolio Real Rate of Return
Fixed Income	24%	1.93%
Equity	51%	5.31%
Alternatives	15%	5.70%
Others	10%	3.81%
Total	100%	16.75%
Inflation		3.25%
Expected Arithmetic Nominal Return		20.00%

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:

City of Natchitoches, Louisiana
Notes to Financial Statements
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	1.0% Decrease (6.5%)	Current Discount Rate (7.5%)	1.0% Increase (8.5%)
Employer's proportionate share of net pension liability	\$6,158,625	\$4,390,643	\$2,529,390

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 or on www.lla.state.la.us.

Payables to the Pension Plan

These financial statements include a payable to the pension plan of \$77,961, which is the legally required contribution due at May 31, 2015. This amount is recorded in accrued expenses.

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, 2015, is a possible class action suit in which a class of persons has alleged the City failed to properly fund the firefighters' retirement system. The City's monetary exposure to this suit, if any, is not known.

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.

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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, 2015, cash and investments totaled \$43,813,433 (book balances), including \$3,985 cash on hand. Bank account and investment balances at May 31, 2015, totaled \$46,535,015, and of this amount \$5,124,145 was secured by government securities. The remaining amount was secured as follows: \$850,000 with FDIC insurance and \$40,560,870 with pledged securities.

10. Compensation of City Councilmen

A detail of compensation paid to individual council members for the year ended May 31, 2015 follows:

Don Mims	\$10,741
Larry Payne	8,341
Sylvia Morrow	8,070
Dale A. Nielsen	8,341
David Stamey	<u>8,341</u>
 Total	 <u>\$43,834</u>

11. Lease Agreements

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

- 1) Waterworks District Number 1 of Natchitoches Parish for a period of fifty years from 1980. This District was originally created to construct a water source, and furnish water to residents of Ward One of Natchitoches Parish, including those residents living within the City's boundaries. The agreement provides that the City operate the water system, including billing the consumers and collecting for services, furnishing all labor, materials, and equipment to operate and maintain the system. The agreement calls for the City to lease the water system from the Water District for an annual payment of \$3,600. The Waterworks District retains control of and responsibility for the water source.

City of Natchitoches, Louisiana
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May 31, 2015

- 2) Cold Water Properties, LLC for a period of five years beginning May 1, 2010. The agreement provides that Cold Water Properties, LLC will lease lot 20 of the airport for \$4,800 per year. At the end of the five year term, the lessee will have an option to extend the lease an additional five years.
- 3) Flight Academy of New Orleans for Lot 1A at the airport. The rent will be \$300 per month for the first six months beginning April 1, 2012, and will increase to \$783 per month effective October 1, 2012. The rent shall then change to \$750 per month effective December 1, 2012, and will increase to \$2,350 per month effective June 1, 2013, and will remain that until March 31, 2022, the end of the lease.

12. Receivables

The following is a summary of receivables at May 31, 2015:

<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	\$724,390	\$313,112	\$ 741,756	\$ 0	\$ 0
Intergovernmental-					
Federal	0	17,358	188,193	0	0
State	0	24,999	298,512	0	0
Local	61,581	26,702	0	0	0
Other Receivables	<u>1,126</u>	<u>326,626</u>	<u>501</u>	<u>3,535,939</u>	<u>21,447</u>
Total	<u>\$787,097</u>	<u>\$708,797</u>	<u>\$1,228,962</u>	<u>\$3,535,939</u>	<u>\$21,447</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. Accounts, Salaries, and Other Payables

A summary of payables at May 31, 2015, is as follows:

<u>Class of Payables</u>	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Capital Projects Funds</u>	<u>Proprietary Funds</u>
Accounts Payable	\$ 88,151	\$221,447	\$111,466	\$122,486
Accrued Payroll	236,918	10,373	0	82,254
Accrued Expenses	<u>493,712</u>	<u>204,837</u>	<u>303,868</u>	<u>18,679</u>
Total	<u>\$818,781</u>	<u>\$436,657</u>	<u>\$415,334</u>	<u>\$223,419</u>

City of Natchitoches, Louisiana
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May 31, 2015

14. Fund Deficits

The following individual funds have deficits in unassigned fund balances at May 31, 2015:

<u>Fund</u>	<u>Deficit Amount</u>
Special Revenue Funds-	
Employee Benefits	\$ 293,863
Knock-Knock Grant	261
Garbage Service	252,154
LWCF City Park Project	154,657
Economic Development Districts	900
BJA Byrne Jag-Police & NPSO	33
Capital Projects Funds-	
Pilgrim's Industrial Park	327,902
Community Water Enrichment	310
Airport Maintenance	122,571
Airport Hangar	<u>27,738</u>
Total	<u>\$1,180,389</u>

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

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

In addition to deficit fund balances, the City has various funds which have cash overdrafts. Of the total cash deficits of \$1,546,825, \$880,727 will be funded by the receipt of revenue receivables and the remaining \$666,098 will be funded by interfund transfers in future years.

15. 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.

Benefits are provided in accordance with a resolution approved by the Council on July 12, 1999 (modified on January 1, 2005 and July 27, 2009), to all City employees who retire with twenty-five years of service with the City of Natchitoches until full retirement age as outlined by the current Social Security Administration's Full Retirement and Reductions by Age Schedule, or upon eligibility for Medicare and to those City employees eligible to retire with eighteen or more years of services if such employee retires on or before July 1, 2009.

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Dependents can be covered under an eligible retiree's family plan if the dependent meets the definition of who can be covered in each option's contract. However, the employee must reimburse the City for dependent coverage. Also, employees who retire without twenty-five years of service for the City of Natchitoches can continue the health insurance coverage for which they must reimburse the full cost of the premium.

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.

Funding Policy. Until 2009, the City of Natchitoches recognized the cost of providing post-employment medical benefits (the City of Natchitoches' portion of the retiree medical benefit premiums) as an expense when the benefit premiums were due and thus financed the cost of the post-employment benefits on a pay-as-you-go basis. In 2015 and 2014, the City's portion of health care funding cost for retired employees totaled \$118,560 and \$211,072, 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' Annual Required Contribution (ARC) is an amount actuarially determined in accordance with GASB Codification Section P50. The Annual Required Contribution (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 Codification Section P50) has been used for the post-employment benefits. The actuarially computed ARC is as follows:

	<u>2015</u>	<u>2014</u>
Normal Cost	\$171,532	\$163,686
30-year UAL amortization amount	<u>189,206</u>	<u>198,754</u>
Annual required contribution (ARC)	<u>\$360,738</u>	<u>\$362,440</u>

City of Natchitoches, Louisiana
Notes to Financial Statements
May 31, 2015

Net Post-employment Benefit Obligation (Asset). The table below shows the City of Natchitoches' Net Other Post-employment Benefit (OPEB) Obligation (Asset) for fiscal year ending May 31, 2015:

	<u>2015</u>	<u>2014</u>
Beginning Net OPEB Obligation	\$ 842,312	\$ 703,487
Annual required contribution	360,738	362,440
Interest on Net OPEB Obligation	33,692	28,139
ARC Adjustment	<u>(48,711)</u>	<u>(40,683)</u>
OPEB Cost	\$ 345,719	\$ 349,897
Contribution to Irrevocable Trust	0	0
Current year retiree premium	<u>(118,560)</u>	<u>(211,072)</u>
Change in Net OPEB Obligation	\$ 227,159	\$ 138,825
Ending Net OPEB Obligation	<u>\$1,069,471</u>	<u>\$ 842,312</u>

The following table shows the City of Natchitoches' annual post employment benefits (PEB) cost, percentage of the cost contributed, and the net unfunded post employment benefits (PEB) liability for last year and this year:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual Cost Contributed</u>	<u>Net OPEB Liability</u>
May 31, 2015	\$345,719	34.29%	\$1,069,471
May 31, 2014	\$349,897	60.32%	\$ 842,312

Funded Status and Funding Progress. In 2015 and 2014, 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, 2014 actuarial valuation, the most recent valuation, the Actuarial Accrued Liability (AAL) at the end of the year May 31, 2015 was \$3,436,865, which is defined as that portion, as determined by a particular actuarial cost method (the City of Natchitoches uses the Projected Unit Credit Cost Method), of the actuarial present value of post employment plan benefits and expenses which is not provided by normal cost.

	<u>2015</u>	<u>2014</u>
Actuarial Accrued Liability (AAL)	\$3,402,644	\$3,436,865
Actuarial Value of Plan Assets (AVP)	<u>0</u>	<u>0</u>
Unfunded Act. Accrued Liability (UAAL)	<u>\$3,402,644</u>	<u>\$3,436,865</u>
Funded Ratio (Act. Val. Assets/AAL)	0%	0%
Covered Payroll (active plan members)	\$8,946,754	\$8,402,003
UAAL as a percentage of covered payroll	38.03%	40.91%

City of Natchitoches, Louisiana
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May 31, 2015

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 Actuarial Standards of Practice Number 6 (ASOP 6), as provided in paragraph number 125 of GASB Statement 45.

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

Post employment Benefit Plan Eligibility Requirements. Based on past experience and retirement patterns, it has been assumed that entitlement to employer-paid retiree medical benefits will commence three years after D.R.O.P. entry based on the earliest eligibility 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 Codification Section P50 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.

City of Natchitoches, Louisiana
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May 31, 2015

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 rate and 50% of the unloaded female mortality rates, was used. This is a published mortality table which was designed to be used in determining the value of accrued benefits in defined benefit pension plans. Projected future mortality improvement has not been used since it is our opinion that this table contains a sufficiently conservation margin for our 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 Codification Section P50 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.

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

	<u>OPEB Costs and Contributions</u>		
	<u>FY 2013</u>	<u>FY 2014</u>	<u>FY 2015</u>
OPEB Cost	\$ 338,508	\$ 349,897	\$ 345,719
Contribution	0	0	0
Retiree premium	<u>(195,437)</u>	<u>(211,072)</u>	<u>(118,560)</u>
Total contribution and premium	<u>\$(195,437)</u>	<u>\$(211,072)</u>	<u>\$(118,560)</u>
Change in net OPEB obligation	<u>\$ 143,071</u>	<u>\$ 138,825</u>	<u>\$ 227,159</u>
% of contribution to cost	0.00%	0.00%	0.00%
% of contribution plus premium to cost	57.73%	60.32%	34.29%

City of Natchitoches, Louisiana
Notes to Financial Statements
May 31, 2015

16. Taxable Revenue Bonds

The City, for the year ended May 31, 2006, authorized the issuance of revenue bonds, not to exceed \$25,000,000, to provide financial assistance to Pilgrim's Pride, a private sector entity for the acquisition of land and construction of a feed mill. The bonds are secured by the property financed and commercial facilities built and are payable solely by the entity, Pilgrim's Pride Corporation. Upon repayment of the bonds, ownership of the property and facilities transfer to the private-sector entity served by the bond issuance. Neither the City, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. At May 31, 2008, the taxable revenue bonds, not to exceed \$25,000,000 had been issued and bear an interest rate of 4%. The full amount of the principal (\$25,000,000) is due December 15, 2021. Therefore, the outstanding principal balance at May 31, 2015, is \$25,000,000.

17. 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 \$559,318 and the related expenditures are as follows:

City Marshal's Office	\$ 18,000
City Police Department	268,745
City Fire Department	<u>272,573</u>
Total	<u>\$559,318</u>

18. Subsequent Events:

Management has evaluated events through November 11, 2015, 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, 2015

	<u>Budgeted Amounts</u>		<u>2015 Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Taxes	\$ 5,040,000	\$ 5,040,000	\$ 5,244,707	\$ 204,707
Licenses & Permits	805,150	805,150	809,305	4,155
Intergovernmental	1,197,622	1,197,622	1,369,891	172,269
Charges for Services	69,200	69,200	68,867	(333)
Fines & Forfeits	159,000	159,000	97,779	(61,221)
Miscellaneous	<u>159,000</u>	<u>159,000</u>	<u>160,921</u>	<u>1,921</u>
Total Revenues	\$ <u>7,429,972</u>	\$ <u>7,429,972</u>	\$ <u>7,751,470</u>	\$ <u>321,498</u>
EXPENDITURES:				
Current-				
General Government	\$ 3,222,089	\$ 3,225,089	\$ 2,994,316	\$ 230,773
Public Safety	8,146,053	8,146,403	7,925,420	220,983
Streets & Sanitation	1,713,565	1,713,565	1,274,879	438,686
Economic Development	276,264	276,264	326,526	(50,262)
Health & Welfare	247,575	247,225	211,888	35,337
Recreation & Culture	<u>737,101</u>	<u>737,101</u>	<u>861,866</u>	<u>(124,765)</u>
Total Expenditures	\$ <u>14,342,647</u>	\$ <u>14,345,647</u>	\$ <u>13,594,895</u>	\$ <u>750,752</u>
Excess (Deficiency) of Revenues over Expenditures	\$ <u>(6,912,675)</u>	\$ <u>(6,915,675)</u>	\$ <u>(5,843,425)</u>	\$ <u>1,072,250</u>
OTHER FINANCING SOURCES (USES):				
Operating Transfers In	\$ 6,894,275	\$ 6,894,275	\$ 6,618,052	\$ (276,223)
Operating Transfers Out	<u>(479,500)</u>	<u>(479,500)</u>	<u>(674,090)</u>	<u>(194,590)</u>
Total Other Financing	\$ <u>6,414,775</u>	\$ <u>6,414,775</u>	\$ <u>5,943,962</u>	\$ <u>(470,813)</u>
Excess (Deficiency) of Revenues and Other Sources over Expen- ditures and Other Uses	\$ (497,900)	\$ (500,900)	\$ 100,537	\$ 601,437
Fund Balance-Beginning of Year	<u>2,036,444</u>	<u>2,036,444</u>	<u>2,036,444</u>	<u>0</u>
Fund Balance-End of Year	\$ <u>1,538,544</u>	\$ <u>1,535,544</u>	\$ <u>2,136,981</u>	\$ <u>601,437</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, 2015

	<u>Budgeted Amounts</u>		<u>2015 Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Taxes-				
Sales & Use Tax	\$ 3,850,000	\$ 3,850,000	\$ 3,991,846	\$ 141,846
Miscellaneous	<u>90,000</u>	<u>90,000</u>	<u>82,559</u>	<u>(7,441)</u>
Total Revenues	\$ <u>3,940,000</u>	\$ <u>3,940,000</u>	\$ <u>4,074,405</u>	\$ <u>134,405</u>
EXPENDITURES:				
Current-				
General Government	\$ 190,000	\$ 190,000	\$ 202,372	\$ (12,372)
Water, Sewer & Utilities	1,442,000	1,687,000	215,860	1,471,140
Debt Service	<u>0</u>	<u>0</u>	<u>100</u>	<u>(100)</u>
Total Expenditures	\$ <u>1,632,000</u>	\$ <u>1,877,000</u>	\$ <u>418,332</u>	\$ <u>1,458,668</u>
Excess (Deficiency) of Revenues over Expenditures	\$ <u>2,308,000</u>	\$ <u>2,063,000</u>	\$ <u>3,656,073</u>	\$ <u>1,593,073</u>
OTHER FINANCING SOURCES (USES):				
Operating Transfers In	\$ 0	\$ 0	\$ 123,191	\$ 123,191
Operating Transfers Out	<u>(1,100,000)</u>	<u>(1,100,000)</u>	<u>(2,389,084)</u>	<u>(1,289,084)</u>
Total Other Financing	\$ <u>(1,100,000)</u>	\$ <u>(1,100,000)</u>	\$ <u>(2,265,893)</u>	\$ <u>(1,165,893)</u>
Excess (Deficiency) of Revenues and Other Sources over Expen- ditures and Other Uses	\$ 1,208,000	\$ 963,000	\$ 1,390,180	\$ 427,180
Fund Balance-Beginning of Year	<u>16,316,297</u>	<u>16,316,297</u>	<u>16,316,297</u>	<u>0</u>
Fund Balance-End of Year	\$ <u>17,524,297</u>	\$ <u>17,279,297</u>	\$ <u>17,706,477</u>	\$ <u>427,180</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, 2015

	<u>Budgeted Amounts</u>		<u>2015 Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Miscellaneous	\$ <u>7,000</u>	\$ <u>7,000</u>	\$ <u>4,021</u>	\$ <u>(2,979)</u>
EXPENDITURES:				
Current-				
General Government	\$ 27,800	\$ 27,800	\$ 5,469	\$ 22,331
Water, Sewer & Utilities	975,000	975,000	683,895	291,105
Debt Service	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures	\$ <u>1,002,800</u>	\$ <u>1,002,800</u>	\$ <u>689,364</u>	\$ <u>313,436</u>
Excess (Deficiency) of Revenues over Expenditures	\$ <u>(995,800)</u>	\$ <u>(995,800)</u>	\$ <u>(685,343)</u>	\$ <u>310,457</u>
OTHER FINANCING SOURCES (USES):				
Operating Transfers In	\$ <u>0</u>	\$ <u>2,087,958</u>	\$ <u>2,087,958</u>	\$ <u>0</u>
Excess (Deficiency) of Revenues and Other Sources over Expen- ditures and Other Uses	\$ (995,800)	\$ 1,092,158	\$ 1,402,615	\$ 310,457
Fund Balance-Beginning of Year	<u>2,982,116</u>	<u>2,982,116</u>	<u>2,982,116</u>	<u>0</u>
Fund Balance-End of Year	\$ <u>1,986,316</u>	\$ <u>4,074,274</u>	\$ <u>4,384,731</u>	\$ <u>310,457</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, 2015

	<u>MERS</u>	<u>LAMPERS</u>	<u>FRS</u>
Employer's Proportion of the Net Pension Liability (Asset)	3.097986%	8.256389%	0.941393%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$8,429,077	\$6,482,539	\$4,390,643
Employer's Covered Employee Payroll	5,203,681	2,128,064	1,984,426
Employer's Proportionate Share of the Net Pension Liability (Asset) as a percentage of its Covered Employee Payroll	162%	305%	221%
Plan Fiduciary Net Pension as a Percentage of the Total Pension Liability	74%	75%	76%

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, 2015

	<u>MERS</u>	<u>LAMPERS</u>	<u>FRS</u>
Contractually Required Contributions	\$1,025,424	\$ 670,340	\$ 580,444
Contribution in Relation to Contractually Required Contribution	1,025,424	670,340	580,444
Contributions Deficiency (Excess)	0	0	0
Employer's Covered Payroll	5,203,681	2,128,064	1,984,426
Contributions as a Percentage of the Covered Employee Payroll	19.71%	31.50%	29.00%

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, 2015.

City of Natchitoches, Louisiana
Schedule of Compensation, Benefits and Other Payments to
Agency Head or Chief Executive Officer
For the Year Ended May 31, 2015

Agency Head Name: Lee Posey, Mayor

<u>Purpose</u>	<u>Amount</u>
Salary	\$86,578
Benefits-Insurance	6,959
Benefits-Retirement	17,033
Deferred Compensation	0
Benefits-Other (Expense Allowance)	8,667
Car allowance	0
Vehicle provided by government	*See Note
Cell phone	620
Dues	3,692
Vehicle rental	0
Per Diem	428
Reimbursements (fuel & auto)	2,022
Travel	0
Registration fees	200
Conference travel	238
Housing	0
Unvouchered expenses	0
Special meals	752
Other	<u>507</u>
Total	<u>\$127,696</u>

*The Mayor has been provided with a Ford Expedition purchased in January 2007 for \$30,848. The vehicle was purchased under the previous Mayoral administration and is currently fully depreciated.

See independent auditor's report.

OTHER SUPPLEMENTAL SCHEDULES

City of Natchitoches, Louisiana
Nonmajor Governmental Funds

Combining Balance Sheet
May 31, 2015

	<u>Special Revenue Funds</u>				
	Event Center Operations <u>Fund</u>	Hazard Tax <u>Fund</u>	Airport <u>Fund</u>	Employee Benefits <u>Fund</u>	Workman's Compensation <u>Fund</u>
<u>Assets</u>					
Cash & Cash Equivalents	\$170,827	\$625,199	\$16,141	\$ 12,422	\$419,347
Revenue Receivables	0	0	5,877	0	0
Due from Other Funds	0	0	0	0	0
Prepaid Expenses	<u>0</u>	<u>0</u>	<u>44,532</u>	<u>0</u>	<u>0</u>
Total Assets	<u>\$170,827</u>	<u>\$625,199</u>	<u>\$66,550</u>	<u>\$ 12,422</u>	<u>\$419,347</u>
<u>Liabilities & Fund Balances</u>					
Liabilities-					
Cash Overdraft	\$ 0	\$ 0	\$ 0	\$ 306,285	\$ 0
Accounts Payable	2,544	0	3,443	0	1,048
Accrued Expenses	0	0	0	0	0
Due to Other Funds	0	0	0	0	0
Accrued Payroll	<u>5,567</u>	<u>0</u>	<u>2,904</u>	<u>0</u>	<u>0</u>
Total Liabilities	<u>\$ 8,111</u>	<u>\$ 0</u>	<u>\$ 6,347</u>	<u>\$ 306,285</u>	<u>\$ 1,048</u>
Fund Balances-					
Nonspendable	\$ 0	\$ 0	\$44,532	\$ 0	\$ 0
Restricted	0	625,199	0	0	0
Committed	162,716	0	15,671	0	418,299
Unassigned	<u>0</u>	<u>0</u>	<u>0</u>	<u>(293,863)</u>	<u>0</u>
Total Fund Balances	<u>\$162,716</u>	<u>\$625,199</u>	<u>\$60,203</u>	<u>\$(293,863)</u>	<u>\$418,299</u>
Total Liabilities & Fund Balances	<u>\$170,827</u>	<u>\$625,199</u>	<u>\$66,550</u>	<u>\$ 12,422</u>	<u>\$419,347</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
\$100,548	\$10,418	\$ 0	\$46,698	\$89,176	\$23,212	\$597,763
0	0	9,324	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
<u>\$100,548</u>	<u>\$10,418</u>	<u>\$9,324</u>	<u>\$46,698</u>	<u>\$89,176</u>	<u>\$23,212</u>	<u>\$597,763</u>
\$ 0	\$ 0	\$7,623	\$ 0	\$ 0	\$ 0	\$ 0
50	0	0	1,475	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	1,601	0	0	0	0
<u>\$ 50</u>	<u>\$ 0</u>	<u>\$9,224</u>	<u>\$ 1,475</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
0	10,418	100	45,223	0	0	0
100,498	0	0	0	89,176	23,212	597,763
0	0	0	0	0	0	0
<u>\$100,498</u>	<u>\$10,418</u>	<u>\$ 100</u>	<u>\$45,223</u>	<u>\$89,176</u>	<u>\$23,212</u>	<u>\$597,763</u>
<u>\$100,548</u>	<u>\$10,418</u>	<u>\$9,324</u>	<u>\$46,698</u>	<u>\$89,176</u>	<u>\$23,212</u>	<u>\$597,763</u>

Continued on next page.

City of Natchitoches, Louisiana
Nonmajor Governmental Funds

Combining Balance Sheet
May 31, 2015

	<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	\$94,347	\$ 943	\$5,890	\$45,370	\$3,010
Revenue Receivables	0	5,312	0	0	0
Due from Other Funds	0	0	0	0	0
Prepaid Expenses	<u>500</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Assets	<u>\$94,847</u>	<u>\$6,255</u>	<u>\$5,890</u>	<u>\$45,370</u>	<u>\$3,010</u>
<u>Liabilities & Fund Balances</u>					
Liabilities-					
Cash Overdraft	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Accounts Payable	0	1,748	0	2,080	0
Accrued Expenses	4,330	0	0	0	0
Due to Other Funds	0	0	0	0	0
Accrued Payroll	<u>0</u>	<u>133</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Liabilities	<u>\$ 4,330</u>	<u>\$1,881</u>	<u>\$ 0</u>	<u>\$ 2,080</u>	<u>\$ 0</u>
Fund Balances-					
Nonspendable	\$ 500	\$ 0	\$ 0	\$ 0	\$ 0
Restricted	0	0	5,890	0	0
Committed	90,017	4,374	0	43,290	3,010
Unassigned	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Fund Balances	<u>\$90,517</u>	<u>\$4,374</u>	<u>\$5,890</u>	<u>\$43,290</u>	<u>\$3,010</u>
Total Liabilities & Fund Balances	<u>\$94,847</u>	<u>\$6,255</u>	<u>\$5,890</u>	<u>\$45,370</u>	<u>\$3,010</u>

See notes to financial statements.

Special Revenue Funds						
Knock-Knock Grant Fund	Economic Development Districts	State Office of Culture Development	Garbage Service Fund	Sales Tax Police Fund	Miss Merry Christmas Fund	Keep Louisiana Beautiful
\$ 0	\$ 0	\$7,523	\$ 0	\$416,697	\$0	\$2,954
1,136	74,929	0	320,750	334,503	0	0
0	0	0	0	0	0	0
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>4,500</u>	<u>0</u>	<u>0</u>
<u>\$1,136</u>	<u>\$74,929</u>	<u>\$7,523</u>	<u>\$320,750</u>	<u>\$755,700</u>	<u>\$0</u>	<u>\$2,954</u>
\$1,397	\$75,829	\$ 0	\$426,959	\$ 0	\$0	\$ 0
0	0	0	145,945	0	0	0
0	0	0	0	66,788	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>\$1,397</u>	<u>\$75,829</u>	<u>\$ 0</u>	<u>\$572,904</u>	<u>\$ 66,788</u>	<u>\$0</u>	<u>\$ 0</u>
\$ 0	\$ 0	\$ 0	\$ 0	\$ 4,500	\$0	\$ 0
0	0	0	0	684,412	0	0
0	0	7,523	0	0	0	2,954
<u>(261)</u>	<u>(900)</u>	<u>0</u>	<u>(252,154)</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>\$ (261)</u>	<u>\$ (900)</u>	<u>\$7,523</u>	<u>\$(252,154)</u>	<u>\$688,912</u>	<u>\$0</u>	<u>\$2,954</u>
<u>\$1,136</u>	<u>\$74,929</u>	<u>\$7,523</u>	<u>\$ 320,750</u>	<u>\$755,700</u>	<u>\$0</u>	<u>\$2,954</u>

Continued on next page.

City of Natchitoches, Louisiana
Nonmajor Governmental Funds

Combining Balance Sheet
May 31, 2015

	<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 & NPSO</u>
<u>Assets</u>					
Cash & Cash Equivalents	\$ 0	\$29,914	\$2,670	\$ 0	\$ 0
Revenue Receivables	24,999	0	0	0	6,898
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>\$24,999</u>	<u>\$29,914</u>	<u>\$2,670</u>	<u>\$ 0</u>	<u>\$6,898</u>
<u>Liabilities & Fund Balances</u>					
Liabilities-					
Cash Overdraft	\$24,999	\$ 0	\$ 0	\$ 91,657	\$6,931
Accounts Payable	0	0	114	63,000	0
Accrued Expenses	0	143	0	0	0
Due to Other Funds	0	0	0	0	0
Accrued Payroll	<u>0</u>	<u>0</u>	<u>168</u>	<u>0</u>	<u>0</u>
Total Liabilities	<u>\$24,999</u>	<u>\$ 143</u>	<u>\$ 282</u>	<u>\$ 154,657</u>	<u>\$6,931</u>
Fund Balances-					
Nonspendable	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Restricted	0	0	0	0	0
Committed	0	29,771	2,388	0	0
Unassigned	<u>0</u>	<u>0</u>	<u>0</u>	<u>(154,657)</u>	<u>(33)</u>
Total Fund Balances	<u>\$ 0</u>	<u>\$29,771</u>	<u>\$2,388</u>	<u>\$(154,657)</u>	<u>\$(33)</u>
Total Liabilities & Fund Balances	<u>\$24,999</u>	<u>\$29,914</u>	<u>\$2,670</u>	<u>\$ 0</u>	<u>\$6,898</u>

See notes to financial statements.

Capital Projects Funds						
Street Improvements Fund	Capital Improvements Fund	DOTD Gateway Phase II Fund	Water Treatment Plant Fund	Pilgrim's Industrial Park Fund	DOTD/LA 478 UT Relocation Fund	Airport Hangar Fund
\$804,006	\$3,077,484	\$35,000	\$1,401,160	\$ 0	\$0	\$ 0
0	83,415	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	60,151	0	0	0
<u>\$804,006</u>	<u>\$3,160,899</u>	<u>\$35,000</u>	<u>\$1,461,311</u>	<u>\$ 0</u>	<u>\$0</u>	<u>\$ 0</u>
\$ 0	\$ 0	\$ 0	\$ 0	\$ 24,034	\$0	\$ 122,571
84	7,499	0	0	0	0	0
0	0	0	0	303,868	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
<u>\$ 84</u>	<u>\$ 7,499</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 327,902</u>	<u>\$0</u>	<u>\$ 122,571</u>
\$ 0	\$ 0	\$ 0	\$ 60,151	\$ 0	\$0	\$ 0
0	0	35,000	1,401,160	0	0	0
803,922	3,153,400	0	0	0	0	0
0	0	0	0	(327,902)	0	(122,571)
<u>\$803,922</u>	<u>\$3,153,400</u>	<u>\$35,000</u>	<u>\$1,461,311</u>	<u>\$(327,902)</u>	<u>\$0</u>	<u>\$(122,571)</u>
<u>\$804,006</u>	<u>\$3,160,899</u>	<u>\$35,000</u>	<u>\$1,461,311</u>	<u>\$ 0</u>	<u>\$0</u>	<u>\$ 0</u>

Continued on next page.

City of Natchitoches, Louisiana
Nonmajor Governmental Funds

Combining Balance Sheet
May 31, 2015

	<u>Capital Projects Funds</u>			
	<u>Airport Maintenance Projects Fund</u>	<u>Parking Lot Construction Fund</u>	<u>LCDBG Sibley lake Fund</u>	<u>LED Site Development Fund</u>
<u>Assets</u>				
Cash & Cash Equivalents	\$ 0	\$23,969	\$0	\$ 0
Revenue Receivables	188,193	0	0	32,800
Due from Other Funds	0	0	0	0
Prepaid Expenses	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Assets	<u>\$188,193</u>	<u>\$23,969</u>	<u>\$0</u>	<u>\$32,800</u>
<u>Liabilities & Fund Balances</u>				
Liabilities-				
Cash Overdraft	\$203,003	\$ 0	\$0	\$32,800
Accounts Payable	12,928	0	0	0
Accrued Expenses	0	0	0	0
Due to Other Funds	0	0	0	0
Accrued Payroll	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Liabilities	<u>\$215,931</u>	<u>\$ 0</u>	<u>\$0</u>	<u>\$32,800</u>
Fund Balances-				
Nonspendable	\$ 0	\$ 0	\$0	\$ 0
Restricted	0	0	0	0
Committed	0	23,969	0	0
Unassigned	<u>(27,738)</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Fund Balances	<u>\$(27,738)</u>	<u>\$23,969</u>	<u>\$0</u>	<u>\$ 0</u>
Total Liabilities & Fund Balances	<u>\$188,193</u>	<u>\$23,969</u>	<u>\$0</u>	<u>\$32,800</u>

See notes to financial statements.

Capital Projects Funds					Debt Service	
Community Water Enrichment	Breda Town Park	Texas & PAC Railway Depot	DOTD Hwy. 1 South Fund	Chaplain's Lake Water Improvements	General Obligations Fund	Total
\$ 0	\$ 0	\$ 0	\$546,341	\$ 0	\$199,749	\$ 8,808,778
0	49,000	174,399	0	0	0	1,311,535
0	0	0	0	0	0	0
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>222</u>	<u>0</u>	<u>109,905</u>
<u>\$ 0</u>	<u>\$49,000</u>	<u>\$174,399</u>	<u>\$546,341</u>	<u>\$222</u>	<u>\$199,749</u>	<u>\$10,230,218</u>
\$ 310	\$48,028	\$174,399	\$ 0	\$ 0	\$ 0	\$ 1,546,825
0	0	0	0	0	0	241,958
0	0	0	0	0	0	375,129
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>10,373</u>
<u>\$ 310</u>	<u>\$48,028</u>	<u>\$174,399</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 2,174,285</u>
\$ 0	\$ 0	\$ 0	\$ 0	\$222	\$ 0	\$ 109,905
0	0	0	546,341	0	0	3,353,743
0	972	0	0	0	199,749	5,772,674
<u>(310)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(1,180,389)</u>
<u>\$(310)</u>	<u>\$ 972</u>	<u>\$ 0</u>	<u>\$546,341</u>	<u>\$222</u>	<u>\$199,749</u>	<u>\$ 8,055,933</u>
<u>\$ 0</u>	<u>\$49,000</u>	<u>\$174,399</u>	<u>\$546,341</u>	<u>\$222</u>	<u>\$199,749</u>	<u>\$10,230,218</u>

Continued on next page.

City of Natchitoches, Louisiana
Nonmajor Governmental Funds

Combining Schedule of Revenues, Expenditures and Changes in Fund Balance
Year Ended May 31, 2015

	Special Revenue Funds				
	Event Center Operations <u>Fund</u>	Hazard Tax <u>Fund</u>	Airport <u>Fund</u>	Employee Benefits <u>Fund</u>	Workman's Compensation <u>Fund</u>
REVENUES:					
Taxes	\$ 0	\$1,202,002	\$ 0	\$ 0	\$ 0
Intergovernmental	0	0	0	0	0
Charges for Services	239,588	0	540,125	0	0
Fines & Forfeits	0	0	0	0	0
Miscellaneous	<u>0</u>	<u>0</u>	<u>73,691</u>	<u>655</u>	<u>91,379</u>
Total Revenues	<u>\$ 239,588</u>	<u>\$1,202,002</u>	<u>\$613,816</u>	<u>\$ 655</u>	<u>\$ 91,379</u>
EXPENDITURES:					
Current-					
General Government	\$ 0	\$ 0	\$ 0	\$ 673,787	\$ 0
Public Safety	0	9,913	0	0	0
Streets & Sanitation	0	0	0	0	0
Water, Sewer & Utilities	0	0	0	0	0
Economic Development	461,293	0	624,068	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>\$ 461,293</u>	<u>\$ 97,124</u>	<u>\$624,068</u>	<u>\$ 673,787</u>	<u>\$ 0</u>
Excess (Deficiency) of Revenues over Expenditures	<u>\$(221,705)</u>	<u>\$1,104,878</u>	<u>\$(10,252)</u>	<u>\$(673,132)</u>	<u>\$ 91,379</u>
OTHER FINANCING SOURCES (USES):					
Operating Transfers In	\$ 252,940	\$ 0	\$ 50,815	\$ 509,218	\$ 0
Operating Transfers Out	0	(944,920)	0	0	(125,335)
Debt Proceeds	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Other Financing	<u>\$ 252,940</u>	<u>\$ (944,920)</u>	<u>\$ 50,815</u>	<u>\$ 509,218</u>	<u>\$(125,335)</u>
Excess (Deficiency) of Revenues and Other Sources over Expenditures and Other Uses	\$ 31,235	\$ 159,958	\$ 40,563	\$(163,914)	\$ (33,956)
Fund Balances-Beginning of Year	<u>131,481</u>	<u>465,241</u>	<u>19,640</u>	<u>(129,949)</u>	<u>452,255</u>
Fund Balances-End of Year	<u>\$ 162,716</u>	<u>\$ 625,199</u>	<u>\$ 60,203</u>	<u>\$(293,863)</u>	<u>\$ 418,299</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	20,262	37,565	0	0	0	0
0	0	0	0	0	3,031	0
0	0	0	41,549	0	0	0
<u>19,250</u>	<u>0</u>	<u>0</u>	<u>3,890</u>	<u>18,525</u>	<u>0</u>	<u>2,549</u>
<u>\$ 19,250</u>	<u>\$20,262</u>	<u>\$37,565</u>	<u>\$45,439</u>	<u>\$18,525</u>	<u>\$ 3,031</u>	<u>\$ 2,549</u>
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 754,913
18,284	14,218	39,432	28,080	1,144	4,513	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>\$ 18,284</u>	<u>\$14,218</u>	<u>\$39,432</u>	<u>\$28,080</u>	<u>\$ 1,144</u>	<u>\$ 4,513</u>	<u>\$ 754,913</u>
\$ <u>966</u>	\$ <u>6,044</u>	\$ <u>(1,867)</u>	\$ <u>17,359</u>	\$ <u>17,381</u>	\$ <u>(1,482)</u>	\$ <u>(752,364)</u>
\$ 0	\$ 0	\$ 7,553	\$ 0	\$ 0	\$ 0	\$ 707,000
0	0	(7,267)	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>\$ 286</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 707,000</u>
\$ 966	\$ 6,044	\$ (1,581)	\$ 17,359	\$ 17,381	\$ (1,482)	\$ (45,364)
<u>99,532</u>	<u>4,374</u>	<u>1,681</u>	<u>27,864</u>	<u>71,795</u>	<u>24,694</u>	<u>643,127</u>
<u>\$100,498</u>	<u>\$10,418</u>	<u>\$ 100</u>	<u>\$45,223</u>	<u>\$89,176</u>	<u>\$23,212</u>	<u>\$ 597,763</u>

Continued on next page.

City of Natchitoches, Louisiana
Nonmajor Governmental Funds

Combining Schedule of Revenues, Expenditures and Changes in Fund Balance
Year Ended May 31, 2015

	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	47,066	12,749	0	22,000	0
Charges for Services	0	0	0	0	0
Fines & Forfeits	0	0	0	0	0
Miscellaneous	<u>41,185</u>	<u>6,308</u>	<u>0</u>	<u>962</u>	<u>2,000</u>
Total Revenues	<u>\$88,251</u>	<u>\$19,057</u>	<u>\$ 0</u>	<u>\$22,962</u>	<u>\$2,000</u>
EXPENDITURES:					
Current-					
General Government	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Public Safety	0	0	0	21,359	1,552
Streets & Sanitation	0	0	0	0	0
Water, Sewer & Utilities	0	0	0	0	0
Economic Development	0	21,780	0	0	0
Recreation & Culture	55,251	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>\$55,251</u>	<u>\$21,780</u>	<u>\$ 0</u>	<u>\$21,359</u>	<u>\$1,552</u>
Excess (Deficiency) of Revenues over Expenditures	<u>\$33,000</u>	<u>\$ (2,723)</u>	<u>\$ 0</u>	<u>\$ 1,603</u>	<u>\$ 448</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	\$33,000	\$ (2,723)	\$ 0	\$ 1,603	\$ 448
Fund Balances-Beginning of Year	<u>57,517</u>	<u>7,097</u>	<u>5,890</u>	<u>41,687</u>	<u>2,562</u>
Fund Balances-End of Year	<u>\$90,517</u>	<u>\$ 4,374</u>	<u>\$5,890</u>	<u>\$43,290</u>	<u>\$3,010</u>

See notes to financial statements.

Special Revenue Funds						
Knock-Knock Grant Fund	Economic Development Districts	State Office of Culture Development	Garbage Service Fund	Sales Tax Police Fund	Miss Merry Christmas Fund	Keep Louisiana Beautiful
\$ 0	\$189,631	\$ 0	\$ 0	\$ 1,995,923	\$ 0	\$ 0
14,138	0	540	0	0	0	6,571
0	0	0	1,950,842	0	0	0
0	0	0	0	0	0	0
<u>0</u>	<u>0</u>	<u>0</u>	<u>4,000</u>	<u>50,856</u>	<u>3,270</u>	<u>0</u>
<u>\$14,138</u>	<u>\$189,631</u>	<u>\$ 540</u>	<u>\$1,954,842</u>	<u>\$ 2,046,779</u>	<u>\$ 3,270</u>	<u>\$6,571</u>
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
15,539	0	0	0	41,354	0	0
0	0	0	1,757,680	0	0	0
0	0	0	0	0	0	0
0	158,877	0	0	0	0	3,345
0	0	0	0	0	9,842	0
0	0	0	0	0	0	0
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>238,486</u>	<u>0</u>	<u>0</u>
<u>\$15,539</u>	<u>\$158,877</u>	<u>\$ 0</u>	<u>\$1,757,680</u>	<u>\$ 279,840</u>	<u>\$ 9,842</u>	<u>\$3,345</u>
\$ (1,401)	\$ 30,754	\$ 540	\$ 197,162	\$ 1,766,939	\$(6,572)	\$3,226
\$ 8,984	\$ 0	\$ 0	\$ 0	\$ 0	\$ 6,279	\$ 0
(7,553)	0	0	0	(1,583,894)	0	0
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>\$ 1,431</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$(1,583,894)</u>	<u>\$ 0</u>	<u>\$ 0</u>
\$ 30	\$ 30,754	\$ 540	\$ 197,162	\$ 183,045	\$ (293)	\$3,226
<u>(291)</u>	<u>(31,654)</u>	<u>6,983</u>	<u>(449,316)</u>	<u>505,867</u>	<u>293</u>	<u>(272)</u>
<u>\$ (261)</u>	<u>\$ (900)</u>	<u>\$7,523</u>	<u>\$ (252,154)</u>	<u>\$ 688,912</u>	<u>\$ 0</u>	<u>\$2,954</u>

Continued on next page.

City of Natchitoches, Louisiana
Nonmajor Governmental Funds

Combining Schedule of Revenues, Expenditures and Changes in Fund Balance
Year Ended May 31, 2015

	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	24,999	0	0	16,678	6,898
Charges for Services	0	0	1,620	0	0
Fines & Forfeits	0	34,820	0	0	0
Miscellaneous	<u>0</u>	<u>0</u>	<u>1,050</u>	<u>0</u>	<u>0</u>
Total Revenues	<u>\$24,999</u>	<u>\$34,820</u>	<u>\$2,670</u>	<u>\$ 16,678</u>	<u>\$6,898</u>
EXPENDITURES:					
Current-					
General Government	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Public Safety	24,999	28,773	0	0	6,931
Streets & Sanitation	0	0	0	0	0
Water, Sewer & Utilities	0	0	0	0	0
Economic Development	0	0	282	171,335	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>\$24,999</u>	<u>\$28,773</u>	<u>\$ 282</u>	<u>\$ 171,335</u>	<u>\$6,931</u>
Excess (Deficiency) of Revenues over Expenditures	\$ <u>0</u>	\$ <u>6,047</u>	<u>\$2,388</u>	<u>\$(154,657)</u>	<u>\$ (33)</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	\$ 0	\$ 6,047	\$2,388	\$(154,657)	\$ (33)
Fund Balances-Beginning of Year	<u>0</u>	<u>23,724</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balances-End of Year	<u>\$ 0</u>	<u>\$29,771</u>	<u>\$2,388</u>	<u>\$(154,657)</u>	<u>\$ (33)</u>

See notes to financial statements.

Capital Projects Funds						
Street Improvements Fund	Capital Improvements Fund	DOTD Gateway Phase II Fund	Water Treatment Plant Fund	Pilgrim's Industrial Park Fund	DOTD/LA 478 UT Relocation Fund	Airport Hangar Fund
\$ 0	\$ 508,148	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
0	20,498	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
<u>0</u>	<u>1,531</u>	<u>0</u>	<u>972</u>	<u>60,773</u>	<u>0</u>	<u>17,774</u>
\$ <u>0</u>	\$ <u>530,177</u>	\$ <u>0</u>	\$ <u>972</u>	\$ <u>60,773</u>	\$ <u>0</u>	\$ <u>17,774</u>
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
0	0	0	0	0	0	0
42,639	0	0	0	0	0	0
0	0	0	0	0	0	0
0	470,891	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
<u>0</u>	<u>81,569</u>	<u>0</u>	<u>301,566</u>	<u>0</u>	<u>0</u>	<u>0</u>
\$ <u>42,639</u>	\$ <u>552,460</u>	\$ <u>0</u>	\$ <u>301,566</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>
\$ <u>(42,639)</u>	\$ <u>(22,283)</u>	\$ <u>0</u>	\$ <u>(300,594)</u>	\$ <u>60,773</u>	\$ <u>0</u>	\$ <u>17,774</u>
\$300,000	\$ 800,000	\$ 0	\$ 361,717	\$ 0	\$ 6,229	\$ 0
0	(170,856)	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>300,000</u>	\$ <u>629,144</u>	\$ <u>0</u>	\$ <u>361,717</u>	\$ <u>0</u>	\$ <u>6,229</u>	\$ <u>0</u>
\$257,361	\$ 606,861	\$ 0	\$ 61,123	\$ 60,773	\$ 6,229	\$ 17,774
<u>546,561</u>	<u>2,546,539</u>	<u>35,000</u>	<u>1,400,188</u>	<u>(388,675)</u>	<u>(6,229)</u>	<u>(140,345)</u>
\$ <u>803,922</u>	\$ <u>3,153,400</u>	\$ <u>35,000</u>	\$ <u>1,461,311</u>	\$ <u>(327,902)</u>	\$ <u>0</u>	\$ <u>(122,571)</u>

Continued on next page.

City of Natchitoches, Louisiana
Nonmajor Governmental Funds

Combining Schedule of Revenues, Expenditures and Changes in Fund Balance
Year Ended May 31, 2015

	Capital Projects Funds			
	Airport Maintenance Projects Fund	Parking Lot Construction Fund	LCDBG Sibley lake Fund	LED Site Development Fund
REVENUES:				
Taxes	\$ 0	\$ 0	\$ 0	\$ 0
Intergovernmental	1,026,932	0	576,528	32,800
Charges for Services	0	0	0	0
Fines & Forfeits	0	0	0	0
Miscellaneous	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Revenues	<u>\$1,026,932</u>	<u>\$ 0</u>	<u>\$ 576,528</u>	<u>\$32,800</u>
EXPENDITURES:				
Current-				
General Government	\$ 0	\$ 0	\$ 0	\$ 0
Public Safety	0	0	0	0
Streets & Sanitation	0	0	0	0
Water, Sewer & Utilities	0	0	749,099	0
Economic Development	915,567	23,968	0	35,800
Recreation & Culture	0	0	0	0
Health & Welfare	0	0	0	0
Debt Service	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures	<u>\$ 915,567</u>	<u>\$ 23,968</u>	<u>\$ 749,099</u>	<u>\$35,800</u>
Excess (Deficiency) of Revenues over Expenditures	<u>\$ 111,365</u>	<u>\$(23,968)</u>	<u>\$(172,571)</u>	<u>\$(3,000)</u>
OTHER FINANCING SOURCES (USES):				
Operating Transfers In	\$ 0	\$ 21,535	\$ 248,811	\$ 0
Operating Transfers Out	0	0	(123,191)	0
Debt Proceeds	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Other Financing	<u>\$ 0</u>	<u>\$ 21,535</u>	<u>\$ 125,620</u>	<u>\$ 0</u>
Excess (Deficiency) of Revenues and Other Sources over Expenditures and Other Uses	\$ 111,365	\$ (2,433)	\$ (46,951)	\$ (3,000)
Fund Balances-Beginning of Year	<u>(139,103)</u>	<u>26,402</u>	<u>46,951</u>	<u>3,000</u>
Fund Balances-End of Year	<u>\$ (27,738)</u>	<u>\$ 23,969</u>	<u>\$ 0</u>	<u>\$ 0</u>

See notes to financial statements.

Capital Projects Funds					Debt Service	
Community Water Enrichment	Breda Town Park	Texas & PAC Railway Depot	DOTD Hwy. 1 South Fund	Chaplain's Lake Water Improvements	General Obligations Fund	Total
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 3,895,704
36,864	49,000	224,399	0	43,288	0	2,219,775
0	0	0	0	0	0	2,735,206
0	0	0	0	0	0	76,369
0	972	0	0	0	0	401,592
<u>\$36,864</u>	<u>\$ 49,972</u>	<u>\$224,399</u>	<u>\$ 0</u>	<u>\$ 43,288</u>	<u>\$ 0</u>	<u>\$ 9,328,646</u>
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,428,700
0	0	0	0	0	0	256,091
0	0	0	0	0	0	1,800,319
41,174	0	0	513,659	154,337	0	1,458,269
0	158,321	224,399	0	0	0	3,269,926
0	0	0	0	0	0	65,093
0	0	0	0	0	0	0
0	0	0	0	0	0	708,832
<u>\$41,174</u>	<u>\$ 158,321</u>	<u>\$224,399</u>	<u>\$ 513,659</u>	<u>\$ 154,337</u>	<u>\$ 0</u>	<u>\$ 8,987,230</u>
<u>\$ (4,310)</u>	<u>\$ (108,349)</u>	<u>\$ 0</u>	<u>\$ (513,659)</u>	<u>\$ (111,049)</u>	<u>\$ 0</u>	<u>\$ 341,416</u>
\$ 4,000	\$ 109,321	\$ 0	\$ 1,060,000	\$ 10,267	\$ 0	\$ 4,464,669
0	0	0	0	0	0	(2,963,016)
0	0	0	0	101,004	0	101,004
<u>\$ 4,000</u>	<u>\$ 109,321</u>	<u>\$ 0</u>	<u>\$ 1,060,000</u>	<u>\$ 111,271</u>	<u>\$ 0</u>	<u>\$ 1,602,657</u>
\$ (310)	\$ 972	\$ 0	\$ 546,341	\$ 222	\$ 0	\$ 1,944,073
0	0	0	0	0	199,749	6,111,860
<u>\$ (310)</u>	<u>\$ 972</u>	<u>\$ 0</u>	<u>\$ 546,341</u>	<u>\$ 222</u>	<u>\$ 199,749</u>	<u>\$ 8,055,933</u>

Continued on next page.

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
Ryan E. Todtenbier, CPA - A Professional Corporation

321 Bienville Street
Natchitoches, Louisiana 71457
(318) 352-3652
Fax (318) 352-4447

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, 2015, 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 11, 2015.

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 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. 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 11, 2015
Natchitoches, Louisiana

Johnson, Thomas & Cunningham

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321 Bienville Street
Natchitoches, Louisiana 71457
(318) 352-3652
Fax (318) 352-4447

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

To the Mayor and the City Council of
Natchitoches, Louisiana

Report on Compliance for Each Major Federal Program

We have audited the City of Natchitoches, Louisiana's (City) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City of Natchitoches, Louisiana's major federal programs for the year ended May 31, 2015. The City of Natchitoches, Louisiana's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City of Natchitoches, Louisiana's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Natchitoches, Louisiana's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City of Natchitoches, Louisiana's compliance.

Opinion on Each Major Federal Program

In our opinion, the City of Natchitoches, Louisiana, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended May 31, 2015.

Report on Internal Control over Compliance

Management of the City of Natchitoches is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Natchitoches' internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Natchitoches' internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Johnson, Thomas & Cunningham, CPA's

November 11, 2015
Natchitoches, Louisiana

City of Natchitoches, Louisiana
Schedule of Audit Findings and Questioned Costs
Year Ended May 31, 2015

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, 2015.
2. The audit disclosed no significant deficiencies in internal control.
3. The audit disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.
4. The audit did not disclose any significant deficiencies in internal control over major programs.
5. An unmodified opinion was issued on compliance for major programs.
6. The audit did not disclose findings related to federal awards that are required to be reported under OMB Circular A-133.
7. The following programs were major for the year ended May 31, 2015:
 - Airport Layout Plan – CFDA # 20.106
 - LCDBG – CFDA # 14.228
8. \$300,000 was the threshold used to distinguish Type A and Type B programs.
9. The City of Natchitoches, Louisiana did qualify as a low-risk auditee.

II. FINDINGS IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

No findings were identified that were required to be reported in accordance with *Government Auditing Standards*.

III. PRIOR YEAR AUDIT FINDINGS

None noted.

City of Natchitoches, Louisiana
Schedule of Expenditures of Federal Awards
Year Ended May 31, 2015

<u>Federal Grantor/Pass through Grantors/Program</u>	<u>Federal CFDA Number</u>	<u>Grant ID Number</u>	<u>Program or Award Amount</u>	<u>Expenditures</u>
U.S. Department of Transportation:				
Federal Aviation Administration				
Airport Improvement Program	20.106	3-22-0034-017-2011	\$ 295,788	\$ 295,788
Airport Improvement Program	20.106	3-22-0034-019-2014	55,368	55,368
Louisiana Department of Administration:				
LCDBG	14.228	-	600,000	576,528
U.S. Department of Justice:				
Passed through La. Department of Public Safety-				
Byrne Formula Grant Program-				
STOP Grant	20.205/20.600/20.601	2014-30-44	18,570	18,570
STOP Grant	20.205/20.600/20.601	2015-30-44	18,995	18,995
U.S. Department of Justice:				
Passed through La. Commission on				
Law Enforcement and Administration-				
Knock-Knock Grant	16.588	2012-WFAX-0011	5,044	5,044
Knock-Knock Grant	16.588	2013-WF-AX-0012	9,094	9,094
Multi-Drug Task Force	16.738	B11-1-007	20,262	14,218
Byrne Jag-ARRA	16.738	-	6,898	6,898
U.S. Department of the Interior:				
Passed through La. Department				
of Culture, Recreation and Tourism-				
Division of Historic Preservation	15.904	-	43,607	39,066
U.S. Department of Environmental Protection:				
Passed through La. Department				
of Health & Hospitals-				
Drinking Water State Revolving Fund-Grant	66.468	-	43,287	43,287
Drinking Water State Revolving Fund-Loan	66.468	-	<u>101,004</u>	<u>101,004</u>
TOTALS			<u>\$1,217,918</u>	<u>\$1,183,860</u>

City of Natchitoches, Louisiana

Notes to the Schedule of Expenditures of Federal Awards
Year Ended May 31, 2015

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the City of Natchitoches, Louisiana and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the primary government financial statements.

Note 2. Subrecipients

The City did not provide any funding to subrecipients.

Note 3. CFDA # 20.106 Airport Improvement Program

The Federal Aviation Administration (FAA) has informed the City that they will receive additional funding in the amount of \$188,192. However, as of report date, the grant agreement has not been amended to include the additional funding. FAA informed the City that the agreement will be amended, but it will take more time than unusual due to complaints being filed with FAA against the City regarding the quality of work performed on the project. Since there is no guarantee FAA will amend the agreement, there is no way to determine if the expenditures related to the grant amendment will be federal expenditures. As a result, these expenditures are not included on the Schedule.

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