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**NATCHITOCHEs TAX COMMISSION
NATCHITOCHEs, LOUISIANA
FINANCIAL REPORT
FOR THE YEAR ENDED
JUNE 30, 1999**

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

Release Date **AUG 25 1999**

NATCHITOCHES TAX COMMISSION
NATCHITOCHES, LOUISIANA
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JUNE 30, 1999

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GENERAL PURPOSE FINANCIAL STATEMENTS

HINES, JACKSON & HINES

CERTIFIED PUBLIC ACCOUNTANTS
P.O. BOX 2188 • 133 EAST FIFTH STREET
NATCHITOCHE, LA 71457

Telephone (318) 352-6458
FAX (318) 352-0404
hjhcpa@worldnetla.net

A. NEILL JACKSON, JR., CPA
(Retired)

FRANK S. HINES, CPA
LEWIS C. HINES, CPA
E. MERLIN SQUYRES, CPA
JAY H. SHEFFIELD, CPA

INDEPENDENT AUDITORS' REPORT

Board of Directors
Natchitoches Tax Commission
P. O. Box 639
Natchitoches, LA 71458

We have audited the accompanying general purpose financial statements of the Natchitoches Tax Commission, Natchitoches, Louisiana, as of and for the year ended June 30, 1999, as listed in the table of contents. These general purpose financial statements are the responsibility of the Natchitoches Tax Commission's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Natchitoches Tax Commission, Natchitoches, Louisiana, as of June 30, 1999, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued a report dated August 3, 1999 on our consideration of the Natchitoches Tax Commission's internal control over financial reporting and our tests of its compliance with laws, regulations, contracts and grants.

Our audit was conducted for the purpose of forming an opinion on the general purpose financial statements of the Natchitoches Tax Commission, Natchitoches, Louisiana, taken as a whole. The accompanying supplemental schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

The financial information for the year ended June 30, 1998, which is included for comparative purposes was taken from the financial report for that year in which we expressed an unqualified opinion dated August 21, 1998, on the general purpose statements of the Natchitoches Tax Commission.

Hines, Jackson & Hines
Natchitoches, Louisiana
August 3, 1999

COMBINED STATEMENTS - OVERVIEW

EXHIBIT A

NATCHITOCHES TAX COMMISSION
 NATCHITOCHES, LOUISIANA
 COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS
 JUNE 30, 1999

	Governmental Fund Type		Fiduciary Fund Type		Account Groups		Totals
	General	Agency Fund	General Fixed Assets	Long-Term Debt	General		
ASSETS							
Cash	\$ 73,638	\$ 36,680	\$ 0	\$ 0	\$ 0	\$ 0	\$ 110,318
Due from other governments	17,987	0	0	0	0	0	17,987
Property and Equipment	0	0	105,198	0	0	0	105,198
Amount to be provided for payment of debt	0	0	0	4,365	0	4,365	4,365
Total Assets	\$ 91,625	\$ 36,680	\$ 105,198	\$ 4,365	\$ 4,365	\$ 4,365	\$ 237,868
LIABILITIES AND FUND EQUITY							
Liabilities							
Accounts payable	\$ 5,671	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 5,671
Payroll taxes withheld and payable	1,719	0	0	0	0	0	1,719
Retirement withheld and payable	4,655	0	0	0	0	0	4,655
Due to taxing bodies	0	36,680	0	0	0	0	36,680
Compensated absences payable	0	0	0	1,905	0	1,905	1,905
Leases payable	0	0	0	2,460	0	2,460	2,460
Total Liabilities	12,045	36,680	0	4,365	0	4,365	55,090
Fund Equity							
Investment in general fixed assets	0	0	105,198	0	0	0	105,198
Fund balance, unreserved	79,580	0	0	0	0	0	79,580
Total Fund Equity	79,580	0	105,198	0	0	0	184,778
Total Liabilities and Fund Equity	\$ 91,625	\$ 36,680	\$ 105,198	\$ 4,365	\$ 4,365	\$ 4,365	\$ 237,868

The accompanying notes are an integral part of this statement.

NATCHITOCHEs TAX COMMISSION
NATCHITOCHEs, LOUISIANA
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - GOVERNMENTAL FUND TYPES - GENERAL FUND
FOR THE YEARS ENDED JUNE 30, 1999 AND 1998

	<u>Governmental</u> <u>Fund Types</u>	<u>Total</u> <u>(Memorandum Only)</u>	
	<u>General</u>	<u>1999</u>	<u>1998</u>
Revenues			
Intergovernmental	\$ 214,892	\$ 214,892	\$ 232,396
Administrative fees and other charges	16,236	16,236	22,684
Interest revenue	<u>1,936</u>	<u>1,936</u>	<u>1,530</u>
Total Revenues	233,064	233,064	256,610
Expenditures			
General government			
Salaries and related benefits	137,863	137,863	134,768
Operating Services	83,802	83,802	87,266
Travel and other charges	2,863	2,863	4,710
Capital Outlay	<u>486</u>	<u>486</u>	<u>9,866</u>
Total Expenditures	<u>225,014</u>	<u>225,014</u>	<u>236,610</u>
Excess of Revenues Over/(Under) Expenditures	8,050	8,050	20,000
Fund Balances, Beginning of year	<u>71,530</u>	<u>71,530</u>	<u>51,530</u>
Fund Balances, End of year	<u>\$ 79,580</u>	<u>\$ 79,580</u>	<u>\$ 71,530</u>

The accompanying notes are an integral part of this statement.

NATCHITOCHEs TAX COMMISSION
NATCHITOCHEs, LOUISIANA
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
GOVERNMENTAL FUND TYPES - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 1999

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u> <u>Fav./Unfav.</u>
Revenues			
Intergovernmental	\$ 241,645	\$ 214,892	\$ (26,753)
Administration fees and other charges	7,300	16,236	8,936
Interest revenue	<u>0</u>	<u>1,936</u>	<u>1,936</u>
Total Revenues	248,945	233,064	(15,881)
Expenditures			
General government			
Salaries and related benefits	138,145	137,863	282
Operating Services	102,800	83,802	18,998
Travel and other charges	5,000	2,863	2,137
Capital Outlay	<u>3,000</u>	<u>486</u>	<u>2,514</u>
Total Expenditures	<u>248,945</u>	<u>225,014</u>	<u>23,931</u>
Excess of Revenues Over/(Under) Expenditures	<u>\$ 0</u>	8,050	<u>\$ 8,050</u>
Fund Balance, Beginning of year		<u>71,530</u>	
Fund Balance, End of year		<u>\$ 79,580</u>	

The accompanying notes are an integral part of this statement.

NATCHITOCHEs TAX COMMISSION
NATCHITOCHEs, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 1999

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As provided in L.S.A. - R.S. 33:2844, any sales and use tax levied by political subdivisions located within a single parish may be collected by a single tax collector for that parish. These political subdivisions are authorized by this statute to create a joint sales and use tax commission as an independent agency and instrumentality to collect, enforce, and administer the sales and use tax levied by all of the taxing authorities in that parish. Under the provisions of this statute, the tax commission must include two members appointed by each governing authority of each taxing jurisdiction which has collections equal to or greater than twenty percent of the total sales and use tax collections in the parish. The tax commission may, at its option, contract and make agreements with other local taxing authorities to collect taxes other than sales and use taxes.

On May 23, 1989, the City of Natchitoches, the Natchitoches Parish School Board, and the Natchitoches Parish Police Jury entered into a joint agreement under the provisions of L.S.A. - R.S. 33:2844, for the collection of sales and use taxes and other fees thereby creating the Natchitoches Tax Commission. This agreement empowers the Natchitoches Tax Commission to collect, enforce, and administer the respective sales and use taxes and other fees as have been and may be authorized and levied by the City, School Board, and Police Jury within the boundaries of the City of Natchitoches, Louisiana, and the Parish of Natchitoches, Louisiana, and may institute in the name of the commission suits to enforce the collection of such taxes.

The affairs of the commission are managed by a six member Board of Commissioners made up of the chief administrative officer and the director of finance of the City of Natchitoches; the treasurer and Parish administrator of the Natchitoches Parish Police Jury; and the director of business affairs and the supervisor of finance of the Natchitoches Parish School Board. The costs of establishing, operating, maintaining, and administering the Commission shall be borne jointly by the City, School Board, and Police Jury on a pro-rata basis on the ratio that the taxes collected for each bears to the total taxes collected during the preceding year.

The accounting and reporting policies of the Natchitoches Tax Commission conform to generally accepted accounting principles (GAAP) as applicable to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. Such accounting and reporting procedures also conform to the requirements set forth in the Louisiana Governmental Audit Guide, and to the industry audit guide, Audits of State and Local Governmental Units.

A. Reporting Entity

The financial reporting entity consists of a) the primary government (the tax commission), b) organizations for which the primary government is financially accountable, and c) other organizations for which the nature and significance of their relationships 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 Statement No. 14 established criteria for determining component units which should be considered part of a primary government for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. Appointing a voting majority of an organizations governing body, and
 - a. The ability of the primary government to impose its will on that organization and/or

NATCHITOCHEs TAX COMMISSION
NATCHITOCHEs, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 1999

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Reporting Entity (Continued)

- b. The potential for the organization to provide specific financial benefits or to impose specific financial burdens on the primary government.
- 2. Organizations for which the primary government does not appoint a voting majority but are fiscally dependent on the primary government.
- 3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Based on the application of these criteria, the Natchitoches Tax Commission was determined not to be a component unit in any other financial reporting entity. The financial statements of the Natchitoches Tax Commission consist only of the funds and account groups of the Tax Commission since the Commission has no financial accountability or oversight responsibility for any other governmental entity.

B. Fund Accounting

The accounts of the Natchitoches Tax Commission are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities. 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. The individual funds account for the governmental resources allocated to them for the purpose of carrying on specific activities in accordance with laws, regulations, or other restrictions. An account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources. The funds are grouped in this report into generic fund types and broad fund categories as follows:

Governmental Fund Types

These are the funds through which most governmental functions typically are financed.

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

Fiduciary Fund Types

These funds account for assets held by the Tax Commission as trustee or agent for individuals, private organizations, and other units of governments.

Agency Fund - used as a depository for sales and use taxes, ad valorem taxes, alcoholic beverage licenses, occupational licenses, insurance licenses, hotel/motel tax and festival fees. Disbursements from this fund are made to various taxing bodies located within the City and Parish of Natchitoches.

The agency fund is custodial in nature (assets equal liabilities) and does not involve measurement of results of operations.

NATCHITOCHEs TAX COMMISSION
NATCHITOCHEs, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 1999

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. General Fixed Assets and General Long-Term Liabilities

The accounting and reporting treatment applied to the fixed assets and long-term liabilities associated with a fund are determined by its measurement focus. All governmental funds are accounted for on a spending or "financial flow" measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of "available spendable resources". Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the General Fixed Assets Account Group, and are recorded as expenditures in the governmental fund type when purchased. No depreciation has been provided on general fixed assets.

All fixed assets are valued at historical cost. Donated fixed assets are stated at their estimated fair value on the date donated. Fixed assets which were donated to the Tax Commission and which are stated at estimated fair value on that date total \$11,786.

Long-term liabilities expected to be financed from governmental funds are accounted for in the General Long-Term Debt Account Group.

The two account groups are not "funds". They are concerned only with the measurement of financial position. They are not concerned with measurements of results of operations.

D. Basis of Accounting

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

The governmental fund and the agency fund are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when they are susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred except that principal and interest on general long-term debt is recognized when due.

Those revenues susceptible to accrual include certain intergovernmental revenues and interest revenue. All other intergovernmental revenues are accrued, when their receipt occurs soon enough after the end of the accounting period so as to be both measurable and available. All miscellaneous revenues are not susceptible to accrual because generally they are not measurable until received in cash.

Transfers between funds that are not expected to be repaid (or any other types, such as capital lease transactions, sales of fixed assets, debt extinguishment, long-term debt proceeds, et cetera) are accounted for as other financing sources or uses. These other financing sources or uses are recognized at the time the underlying events occur.

NATCHITOCHEs TAX COMMISSION
NATCHITOCHEs, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 1999

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Budgetary practices

Annually, the Tax Commission adopts a budget for the General Fund. The budgetary practices include public notice of the proposed budget, public inspection of the proposed budget, and public hearing on the budget. The budget is prepared based on a modified accrual basis of accounting.

Formal budgetary integration is employed as a management control device during the year. Budgeted amounts included in the accompanying financial statements include the original adopted budget amounts and all subsequent amendments. All budget appropriations lapse at year end.

F. Compensated Absences

Employees of the Tax Commission that have at least one year of service earn five days of annual leave, employees with two to ten years of service earn ten days of annual leave, employees with ten to twenty years of service earn fifteen days of annual leave, and employees with greater than twenty years of service earn twenty days of annual leave. Annual leave of up to thirty days may be carried forward and accumulated. The Tax Commission accrues a liability for compensated absences which meet the following criteria:

1. The Tax Commission's obligation relating to employees' rights to receive compensation for future absences is *attributable to employees' services already rendered.*
2. The obligation relates to rights that vest or accumulate.
3. Payment of the compensation is probable.
4. The amount can be reasonably estimated.

In accordance with the above criteria, the Tax Commission has accrued a liability for vacation pay which has been earned but not taken by Tax Commission employees. The liability for compensated absences at June 30, 1999 in the amount of \$ 1,905 *has been recorded within the general long-term debt account group.*

G. Cash

Cash includes not only currency on hand but also demand deposits with banks or other financial institutions and other kinds of accounts that have the general characteristics of demand deposits in that the customer may deposit additional funds at any time and also effectively may withdraw funds at any time without prior notice or penalty.

H. Fund Equity

The unreserved fund balances for governmental funds represent the amount available for budgeting future operations.

I. Total Columns on Combined Statements - Overview

Total columns on the combined financial statements are captioned "*Memorandum Only*" to indicate that they are presented only to facilitate financial analysis. Data in this column does not present financial position, results of operations or changes in financial position, in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

NATCHITOCHEs TAX COMMISSION
NATCHITOCHEs, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 1999

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Comparative Data

Comparative total data for the prior year have been presented in the accompanying financial statements in order to provide an understanding of changes in the Commission's financial position and operations. However, comparative (i.e., presentation of prior year totals by fund type) data have not been presented in each of the statements since their inclusion would make the statements unduly complex and difficult to read. Certain amounts from prior year financial statements have been reclassified to conform with current year classifications.

K. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires 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 and expenses during the reporting period. Actual results could differ from those estimates.

L. Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the Tax Commission.

NOTE 2 CASH

At June 30, 1999, the Natchitoches Tax Commission had cash totaling \$110,318, as follows:

	General Fund	Agency Fund	Total
Demand Deposits	\$ 9,597	\$ 12,051	\$ 21,648
Interest-bearing demand deposits	63,356	24,629	87,985
Petty cash and cash on hand	685	0	685
Total	\$ 73,638	\$ 36,680	\$ 110,318

Under state law, these deposits 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 the amount on deposit with the fiscal agent 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. As of June 30, 1999, the Tax Commission had \$138,658 in bank deposits. These deposits were secured from risk by \$138,658 of federal deposit insurance.

NOTE 3 PENSION PLAN

As provided in L.S.A. - R.S. 33:2844C(2), any employee of a political subdivision that levies a sales and use tax who becomes an employee of the Tax Commission, may remain a member of the retirement system in which he had been participating prior to the creation of the Tax Commission. All employees of the Tax Commission are members of the Parochial Employees Retirement System, a multiple-employer, public employee retirement system (PERS), controlled and administered by a separate board of trustees. The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. All employees of the Natchitoches Tax Commission are members of Plan A.

NATCHITOCHEs TAX COMMISSION
NATCHITOCHEs, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 1999

NOTE 3 PENSION PLAN (CONTINUED)

All permanent employees working at least 28 hours per week who are paid wholly or in part from parish funds and all elected parish officials are eligible to participate in the System. Under Plan A, employees who retire at or after age 60 with at least 10 years of creditable service, at or after age 55 with at least 25 years of creditable service, or at any age with at least 30 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 percent of their final-average salary for each year of creditable service. However, for those employees who were members of the supplemental plan only prior to January 1, 1980, the benefit is equal to one percent of final average salary plus \$24 for each year of supplemental-plan-only service earned prior to January 1, 1980. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above and do not withdraw their employee contributions may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established by state statute.

Contributions to the System include one-fourth of one percent of the taxes shown to be collectible by the tax rolls of each parish, except New Orleans and East Baton Rouge Parishes. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. State statute requires covered employees to contribute a percentage of their salaries to the System.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Parochial Employees' Retirement System of Louisiana, Post Office Box 14619, Baton Rouge, Louisiana 70898-4619, or by calling (504) 928-1361.

Plan members are required by state statute to contribute 9.50 percent of their annual covered salary and the Natchitoches Tax Commission is required to contribute at an actuarially determined rate. The current rate is 7.75 percent of annual covered payroll. The contribution requirements of plan members and the Natchitoches Tax Commission are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employee contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior year. The Natchitoches Tax Commission's contributions to the system for the years ended June 30, 1999 and 1998 were \$8,365 and \$8,119, respectively, equal to the required contributions for each year.

NOTE 4 CHANGES IN GENERAL FIXED ASSETS

A summary of changes in general fixed assets follows:

	Balance July 1, 1998	Additions	Deletions	Balance June 30, 1999
Furniture & fixtures	\$ 13,720	\$ 486	\$ 450	\$ 13,756
Office equipment	28,660	0	0	28,660
Computer equipment & software	59,289	0	0	59,289
Parking lot	3,493	0	0	3,493
Total	<u>\$ 105,162</u>	<u>\$ 486</u>	<u>\$ 450</u>	<u>\$ 105,198</u>

NATCHITOCHEs TAX COMMISSION
NATCHITOCHEs, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 1999

NOTE 5 CHANGES IN GENERAL LONG-TERM OBLIGATIONS

The following is a summary of the long-term obligations transactions during the year:

	Compensated Absences	Lease Purchase Agreements	Total
Balance, July 1, 1998	\$ 3,739	\$ 3,442	\$ 7,181
Additions	0	0	0
Reductions	1,834	982	2,816
Balance, June 30, 1999	\$ 1,905	\$ 2,460	\$ 4,365

NOTE 6 CAPITAL LEASE OBLIGATIONS

The Tax Commission records items under capital lease as an asset and an obligation in the accompanying financial statements. On December 27, 1997, the Tax Commission entered into a capital lease with an original recorded amount of \$3,628 for the purchase of an electronic folding machine. The lease term is for 42 months.

The following is a schedule of future minimum lease payments due under capital lease, together with the present value of the net minimum lease payment, as of June 30, 1999:

Year Ending <u>June 30</u>		
2000		\$ 1,533
2001		1,533
Total minimum lease payments		3,066
Less amount representing interest		(606)
Present value of minimum lease payments		\$ 2,460

NOTE 7 OPERATING LEASE OBLIGATIONS

The Tax Commission is obligated under various leases accounted for as operating leases. Operating leases do not give rise to property rights or lease obligations, and therefore the results of the lease agreements are not reflected in the Commission's account groups. These leases are for office space and a parking lot. The terms of the office space lease is for two years ending June 30, 2000 with monthly payments of \$625 and one renewal option with monthly payments of \$660. The terms of the parking lot lease is for one year with monthly payments of \$50.

The following is a schedule by years of future minimum rental payments required under operating leases that have initial or remaining noncancelable lease terms as of June 30, 1999:

Year Ending <u>June 30</u>	<u>Amounts</u>
2000	\$ 8,100
Total minimum payments required	\$ 8,100

Lease expenditures for the year ended June 30, 1999 amounted to \$8,100.

NATCHITOCHEs TAX COMMISSION
NATCHITOCHEs, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 1999

NOTE 8 AD VALOREM TAXES

The Tax Commission collects ad valorem taxes levied by the City of Natchitoches. Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied by the City of Natchitoches in October and are actually billed by the Tax Commission to the taxpayers in November. Billed taxes become delinquent on January 1 of the following year and penalties and interest are assessed. All ad valorem tax revenues are recognized in compliance with NCGA Interpretation - 3 and GASB Codification Section P70 (Revenue Recognition - Property Taxes) which states that such revenue is recorded when it becomes measurable and available. Available means due, or past due and receivable within the current period and collected no longer than 60 days after the close of the current period. The Tax Commission bills and collects City of Natchitoches property taxes using the assessed values determined by the tax assessor of Natchitoches Parish.

For the year ended June 30, 1999, the Tax Commission collected taxes of 17.03 mills for the City of Natchitoches on property with assessed valuations totaling \$53,172,060. Total taxes levied by the City on the assessed property was \$905,521. There were no taxes receivable for the 1998 tax year at June 30, 1999.

NOTE 9 TAXES PAID UNDER PROTEST

Louisiana Revised Statute 47:1576 provides that taxpayers, at the time of payment of all taxes due, may give notice to the tax collector of their intention to file suit for recovery of all or a portion of the total taxes paid. Upon receipt of this notice, the amount paid shall be segregated and held by the tax collector for a period of thirty days. If suit is filed within the thirty day period for recovery of such amounts, the funds segregated shall be held pending outcome of the suit. If the taxpayer prevails, the tax collector shall refund the amount due, with interest at the rate of two per cent per annum from the date the funds were received by the tax collector. There were \$7,041 in ad valorem taxes paid under protest for the 1998 tax roll.

NOTE 10 LITIGATION

The Tax Commission's attorney advises that, as of June 30, 1999, the Natchitoches Tax Commission has been named as a Defendant in litigation filed in East Baton Rouge Parish, Louisiana. The litigation involves the assertion of claims by a class of plaintiffs for the refund of sales and/or use taxes paid to the Natchitoches Tax Commission with respect to vehicles originally registered in other states and thereafter brought to Louisiana. There are approximately 68 defendants, including tax collectors in and for each of the 64 parishes in the State of Louisiana. This case is currently on appeal. Although the outcome is not determinable at this stage of the proceedings, the potential losses not covered by applicable insurance or the political subdivisions (Natchitoches Parish Police Jury, the Natchitoches Parish School Board and City of Natchitoches) the Commission was created to serve, is not considered to be significant in relation to the Commission's overall financial condition.

OTHER SUPPLEMENTARY INFORMATION

SCHEDULE 1

NATCHITOCHEs TAX COMMISSION
NATCHITOCHEs, LOUISIANA
SCHEDULE OF COLLECTIONS, DISTRIBUTIONS, AND UNSETTLED BALANCES
FOR THE YEARS ENDED JUNE 30, 1999 and 1998

	<u>1999</u>	<u>1998</u>
Unsettled Balances at July 1,	\$ 44,770	\$ 20,477
COLLECTIONS		
Ad valorem taxes	903,904	869,670
Alcoholic beverage licenses	32,932	34,326
Christmas Festival fees	18,020	17,340
Fire District #5	15,063	13,715
Fire District #6	59,835	52,951
Hotel/Motel tax	158,960	133,741
Insurance licenses	223,321	292,473
Interest and cost on:		
Delinquent taxes	6,285	6,913
Occupational licenses	339,999	308,141
Sales and use taxes	<u>14,000,688</u>	<u>13,172,947</u>
 Total Collections	 <u>15,759,007</u>	 <u>14,902,217</u>
 Total Available for Distribution	 15,803,777	 14,922,694
DISTRIBUTIONS		
City of Natchitoches	7,787,064	7,628,295
Christmas Festival Committee	18,020	17,340
Fire District #5	14,609	13,303
Fire District #6	58,031	51,363
Natchitoches Parish Police Jury	1,573,134	1,394,439
Natchitoches Parish School Board	5,998,883	5,498,938
Natchitoches Tax Commission	15,897	9,907
Natchitoches Tourist Commission	154,191	129,729
Other miscellaneous charges	1,784	8,663
Village of Clarence	22,898	20,630
Village of Natchez	5,574	4,838
Village of Campti	98,516	84,111
Village of Robeline	<u>18,496</u>	<u>16,368</u>
 Total Distributions	 <u>15,767,097</u>	 <u>14,877,924</u>
Unsettled Balances at June 30, Due to Taxing Bodies	<u>\$ 36,680</u>	<u>\$ 44,770</u>

The notes to the financial statements are an integral part of this statement.

SCHEDULE 2

NATCHITOCHEs TAX COMMISSION
NATCHITOCHEs, LOUISIANA
SCHEDULE OF EXPENDITURES - ALL GOVERNMENTAL
FUND TYPES - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 1999

Salaries and related benefits	
Contract professional services	\$ 4,835
Health Insurance	13,529
Payroll taxes	1,852
Retirement	8,365
Salaries	107,932
Workers' compensation insurance	<u>1,350</u>
Total Salaries and Related Benefits	137,863
Operating services	
Advertising	6,041
Auditing	5,600
Bank service charges	558
Building & grounds maintenance	2,453
Insurance	2,977
Janitorial	2,575
Legal & professional	11,688
Office supplies	6,021
Pest control	264
Postage	10,219
Printing	2,381
Professional dues & publications	1,986
Rent	8,100
Security system	600
Software maintenance	1,252
Supplies	440
Telephone	4,551
Utilities	4,103
Equipment lease	5,629
Equipment maintenance	2,065
Equipment supplies	<u>4,299</u>
Total Operating Services	83,802
Travel and other charges	
Repairs and maintenance	0
Travel	<u>2,863</u>
Total Travel and Other Charges	2,863
Capital outlay	<u>486</u>
Total Expenditures	<u>\$ 225,014</u>

The notes to the financial statements are an integral part of this statement.

HINES, JACKSON & HINES
CERTIFIED PUBLIC ACCOUNTANTS

FRANK S. HINES, CPA
LEWIS C. HINES, CPA
E. MEFILIN SQUYRES, CPA
JAY H. SHEFFIELD, CPA

P.O. BOX 2188
NATCHITOCHES, LOUISIANA 71457

TELEPHONE (318) 352-6458
FAX (318) 352-0404

A. NEILL JACKSON, JR., CPA
(Retired)

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER
FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Directors
Natchitoches Tax Commission
P. O. Box 639
Natchitoches, LA 71458

We have audited the general purpose financial statements of the Natchitoches Tax Commission, Natchitoches, Louisiana, as of and for the year ended June 30, 1999, and have issued our report thereon dated August 3, 1999. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

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

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Tax Commission's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the Natchitoches Tax Commission and the Legislative Auditor of the State of Louisiana and is not intended to be, and should not be, used by anyone other than the specified parties.

Hines, Jackson & Hines
Natchitoches, Louisiana
August 3, 1999

NATCHITOCHEs TAX COMMISSION
NATCHITOCHEs, LOUISIANA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 1999

<u>Ref. No.</u>	<u>Fiscal Year Finding Initially Occurred</u>	<u>Description of Finding</u>	<u>Corrective Action Taken (Yes, No, Partially)</u>	<u>Planned Corrective Action/Partial Corrective Action Taken</u>
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Nothing came to our attention that would require disclosure under Government Auditing Standards.

NATCHITOCHEs TAX COMMISSION
NATCHITOCHEs, LOUISIANA
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 1999

<u>Ref. No.</u>	<u>Description of Finding</u>	<u>Correct Action Planned</u>	<u>Name(s) of Contact Person(s)</u>	<u>Anticipated Completion Date</u>
1	The actual revenues of the general fund were \$15,881 (6.38 percent) less than budgeted amounts in 1999. Likewise, actual expenditures for the general fund were \$23,931 (9.61 percent) less than the budgeted amounts in 1999.	The Natchitoches Tax Commission will closely monitor its budget and make amendments to it as necessary to accurately reflect expected revenues and expenditures and to satisfy legal requirements.	Jerry McWherter, Tax Supervisor	8/31/99

HINES, JACKSON & HINES
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FRANK S. HINES, CPA
LEWIS C. HINES, CPA
E. MERLIN SQUYRES, CPA
JAY H. SHEFFIELD, CPA

P.O. BOX 2188
NATCHITOCHEES, LOUISIANA 71457

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FAX (318) 352-0404

A. NEILL JACKSON, JR., CPA
(Retired)

Board of Directors
Natchitoches Tax Commission
P. O. Box 639
Natchitoches, LA 71458

We are writing this letter as a follow-up to our recent audit of the general purpose financial statements of the Natchitoches Tax Commission, Natchitoches, Louisiana as of June 30, 1999, and for the year then ended.

We offer the following observations and recommendations, which are intended to help improve record keeping procedures and general operations of the Tax Commission and are intended to be constructive in nature:

Existing Conditions:

We noted that actual revenues of the general fund were \$15,881 (6.38 percent) less than budgeted amounts in 1999. Likewise, actual expenditures for the general fund were \$23,931 (9.61 percent) less than the budgeted amounts in 1999.

LSA-R.S. 39:1310 requires the Natchitoches Tax Commission to amend its budget whenever actual revenues and expenditures are projected to be less than or exceed budgeted amounts by more than five percent.

Recommended Action:

We suggest the Natchitoches Tax Commission's adopted budget be closely monitored and amended whenever there has been a change in operations upon which the original adopted budget was developed. Care should be exercised to maintain actual revenues and expenditures within the five percent limit established by statute.

Management's Response:

The Natchitoches Tax Commission will closely monitor its budget and make amendments to it as necessary to accurately reflect expected revenues and expenditures and to satisfy legal requirements.

These comments and recommendations are not all inclusive and are not intended to be critical of anyone. We would like to thank the Natchitoches Tax Commission's management and staff for their courtesy and cooperation during our engagement. If you have any questions or concerns, please let us know.

Hines, Jackson & Hines
Natchitoches, Louisiana
August 3, 1999