

**NATCHITOCHES TAX COMMISSION
NATCHITOCHES, LOUISIANA
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30, 2004**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the 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 11-10-04

NATCHITOCHES TAX COMMISSION
NATCHITOCHES, LOUISIANA
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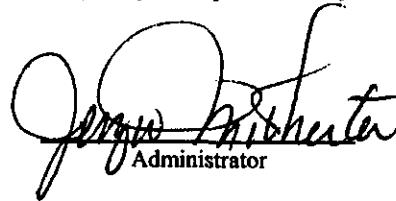
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NATCHITOCHES TAX COMMISSION
NATCHITOCHES, LOUISIANA
FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2004

Legislative Auditor
P. O. Box 94397
Baton Rouge, LA 70804-9397

AFFIDAVIT

Personally came and appeared before the undersigned authority, Jerry McWherter, Administrator of the Natchitoches Tax Commission, who duly sworn, deposes and says, that the financial statements herewith given presents fairly the financial position of the Natchitoches Tax Commission at June 30, 2004 and the results of its operations for the year then ended in accordance with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.



Jerry McWherter
Administrator

Sworn to and subscribed before me, this 12th day of October, 2004.



E. Merlin Daugler
NOTARY PUBLIC



HINES, JACKSON & HINES, L.L.C.

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INDEPENDENT AUDITORS' REPORT

Natchitoches Tax Commission
Post Office Box 639
Natchitoches, Louisiana 71458

We have audited the accompanying basic financial statements of the Natchitoches Tax Commission, Natchitoches, Louisiana, as of and for the year ended June 30, 2004, as listed in the table of contents. These financial statements are the responsibility of management of the Natchitoches Tax Commission. Our responsibility is to express an opinion 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. 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 financial statements referred to above present fairly, in all material respects, the financial position of the Natchitoches Tax Commission as of June 30, 2004, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued a report dated October 12, 2004, on our consideration of the Natchitoches Tax Commission's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis and the budgetary information on pages 3 through 7 and 23, respectively, are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was made for the purpose of forming an opinion on the basic financial statements of the Natchitoches Tax Commission 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Hines, Jackson & Hines
Natchitoches, Louisiana
October 12, 2004

NATCHITOCHES TAX COMMISSION
NATCHITOCHES, LOUISIANA
MANAGEMENT'S DISCUSSION, AND ANALYSIS
JUNE 30, 2004

The Management's Discussion and Analysis of the Natchitoches Tax Commission's financial performance presents a narrative overview and analysis of Natchitoches Tax Commission's financial activities for the year ended June 30, 2004. This document focuses on the current year's activities, resulting changes, and currently known facts. Please read this document in conjunction with the Natchitoches Tax Commission's financial statements, which begin on page 8.

FINANCIAL HIGHLIGHTS

- 1) The Natchitoches Tax Commission had cash and investments of \$135,320 at June 30, 2004 which represents a decrease of \$20,283 from prior year end.
- 2) The Natchitoches Tax Commission had accounts receivable of \$52,987 at June 30, 2004 which represents an increase of \$40,893 from prior year end.
- 3) The Natchitoches Tax Commission had accounts payable and accruals of \$16,958 at June 30, 2004 which represents an increase of \$5,656 from prior year end.
- 4) The Natchitoches Tax Commission had total revenues of \$355,893 for the year ended June 30, 2004 which represents an increase of \$45,897 from prior year.
- 5) The Natchitoches Tax Commission had intergovernmental revenues of \$311,983 for the year ended June 30, 2004 which represents an increase of \$36,191 from prior year.
- 6) The Natchitoches Tax Commission had fees and other charges of \$20,230 for the year ended June 30, 2004 which represents an increase of \$615 from prior year.
- 7) The Natchitoches Tax Commission had personal services expenses of \$184,140 for the year ended June 30, 2004 which represents an increase of \$9,452 from prior year.
- 8) The Natchitoches Tax Commission had operating services expenses of \$67,802 for the year ended June 30, 2004 which represents a decrease of \$244 from prior year.
- 9) The Natchitoches Tax Commission had capital asset purchases of \$15,998 for the year ended June 30, 2004 which represents an increase of \$15,998 from prior year.
- 10) The Natchitoches Tax Commission had debt services payments of \$0 for the year ended June 30, 2004 which represents a change of \$0 from prior year.

OVERVIEW OF THE FINANCIAL STATEMENTS

The following graphic illustrates the minimum requirements for the Natchitoches Tax Commission as established by Governmental Accounting Standards Board Statement 34, Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments.

NATCHITOCHES TAX COMMISSION
NATCHITOCHES, LOUISIANA
MANAGEMENT'S DISCUSSION, AND ANALYSIS (CONTINUED)
JUNE 30, 2004

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Management Discussion and Analysis

Basic Financial Statements

Required Supplementary Information
(Other than MD&A)

These financial statements consist of three sections - Management's Discussion and Analysis (this section), the basic financial statements (including the notes to the financial statements), and required supplementary information.

Basic Financial Statements

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities (on pages 8 and 9) provide information about the activities of the Natchitoches Tax Commission as a whole and present a longer-term view of the Commission's finances. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

The Statement of Net Assets and the Statement of Activities report the Commission's net assets and changes in them. You can think of the Commission's net assets, the difference between assets and liabilities, as one way to measure the Commission's financial health, or financial position. Over time, increases or decreases in the Commission's net assets are one indicator of whether its financial health is improving or deteriorating.

Fund financial statements start on page 10. All of the Commission's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short term view of the Commission's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Commission's activities as well as what remains for future spending.

**NATCHITOCHES TAX COMMISSION
NATCHITOCHES, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
JUNE 30, 2004**

FINANCIAL ANALYSIS OF THE ENTITY

**Statement of Net Assets
As of Year End**

	<u>2004</u>	<u>2003</u>
Current and other assets	\$ 188,307	\$ 167,697
Capital assets, net	<u>17,220</u>	<u>10,203</u>
 Total Assets	<u><u>\$ 205,527</u></u>	<u><u>\$ 177,900</u></u>
 Other liabilities	\$ 16,958	\$ 11,302
Compensated absences payable	<u>3,436</u>	<u>4,815</u>
Total Liabilities	<u>20,394</u>	<u>16,117</u>
 Net assets		
Investment in capital assets, net of related debt	17,220	10,203
Unrestricted	<u>167,913</u>	<u>151,580</u>
Total Net Assets	<u>185,133</u>	<u>161,783</u>
 Total Liabilities and Net Assets	<u><u>\$ 205,527</u></u>	<u><u>\$ 177,900</u></u>

Net assets of the Natchitoches Tax Commission's increased by \$23,350 or 14.43% from the previous fiscal year. The increase is the result of operating and non-operating revenues exceeding expenses during the fiscal year ended 2004 (See table below).

**Statement of Activities
For the Year Ended**

	<u>2004</u>	<u>2003</u>
General government Expenses	\$ (332,543)	\$ (291,413)
Program revenues		
Charges for services	20,230	19,615
Operating grants and contributions	<u>311,983</u>	<u>275,792</u>
 Subtotal	(330)	3,994
 General revenues	<u>23,680</u>	<u>14,589</u>
 Change in net assets	<u><u>\$ 23,350</u></u>	<u><u>\$ 18,583</u></u>

The Natchitoches Tax Commission's total revenues increased by \$45,897 or 14.81% from the previous year. The total cost of all programs and services increased by \$41,130 or 14.11% from the previous year.

NATCHITOCHES TAX COMMISSION
NATCHITOCHES, LOUISIANA
MANAGEMENT'S DISCUSSION, AND ANALYSIS (CONTINUED)
JUNE 30, 2004

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2004, the Natchitoches Tax Commission had \$17,220, net of depreciation, invested in a broad range of capital assets (See table below). This amount represents a net increase (including additions and deductions) of \$7,017 or 68.77% from the previous year.

**Capital Assets at Year End
(Net of Depreciation)**

	<u>2004</u>	<u>2003</u>
Buildings and building improvements	\$ 873	\$ 1,048
Equipment, furniture and fixtures	<u>16,347</u>	<u>9,155</u>
Total	<u>\$ 17,220</u>	<u>\$ 10,203</u>

This year's major additions included:

Equipment, furniture and fixtures \$ 15,998

This years's major retirements included:

Equipment, furniture and fixtures \$ 76,048

Debt

The Natchitoches Tax Commission had \$3,436 in compensated absences payable at year end compared to \$4,815 at the previous year end, a decrease of \$1,379 or 28.64% as shown in the table below.

Outstanding Debt at Year End

	<u>2004</u>	<u>2003</u>
Compensated absences payable	\$ 3,436	\$ 4,815
Totals	<u>\$ 3,436</u>	<u>\$ 4,815</u>

New debt during the year included:

None.

NATCHITOCHES TAX COMMISSION
NATCHITOCHES, LOUISIANA
MANAGEMENT'S DISCUSSION, AND ANALYSIS (CONTINUED)
JUNE 30, 2004

VARIATIONS BETWEEN ORIGINAL AND FINAL BUDGETS

Actual revenues were \$22,810 more than budgeted amounts due to miscellaneous revenues being more than expected.

Actual expenditures were \$16,556 more than budgeted amounts due to professional services expenses being more than expected.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The Natchitoches Tax Commission's elected and appointed officials considered the following factors and indicators when setting next year's budget, rates, and fees. These factors and indicators include:

- 1) Intergovernmental revenues (based on personal and operating expenses)
- 2) Charges for services
- 3) Interest income

The Natchitoches Tax Commission does not expect any significant changes in next year's results as compared to the current year.

CONTACTING THE NATCHITOCHES TAX COMMISSION'S MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the Natchitoches Tax Commission's finances and to show the Natchitoches Tax Commission's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Jerry McWherter, Administrator, Post Office Box 639, Natchitoches , Louisiana 71458.

EXHIBIT A

NATCHITOCHES TAX COMMISSION
NATCHITOCHES, LOUISIANA
STATEMENT OF NET ASSETS
JUNE 30, 2004 AND 2003

	<u>2004</u>	<u>2003</u>
ASSETS		
Current Assets		
Cash	\$ 43,410	\$ 64,000
Investments	91,910	91,603
Accounts receivable	<u>52,987</u>	<u>12,094</u>
Total Current Assets	<u>188,307</u>	<u>167,697</u>
 Noncurrent Assets		
Capital assets, net	<u>17,220</u>	<u>10,203</u>
 Total Assets	<u>\$ 205,527</u>	<u>\$ 177,900</u>
 LIABILITIES AND NET ASSETS		
LIABILITIES		
Current Liabilities		
Accounts payable and accruals	\$ 16,958	\$ 11,302
Total Current Liabilities	<u>16,958</u>	<u>11,302</u>
 Noncurrent Liabilities		
Compensated absences payable	<u>3,436</u>	<u>4,815</u>
 Total Liabilities	<u>20,394</u>	<u>16,117</u>
 NET ASSETS		
Investment in capital assets, net of related debt	17,220	10,203
Unrestricted	<u>167,913</u>	<u>151,580</u>
 Total Net Assets	<u>185,133</u>	<u>161,783</u>
 Total Liabilities and Net Assets	<u>\$ 205,527</u>	<u>\$ 177,900</u>

EXHIBIT B

NATCHITOCHES TAX COMMISSION
NATCHITOCHES, LOUISIANA
STATEMENT OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2004 AND 2003

	2004			2003		
	Expenses	Charges for Services	Operating Contributions	Capital Grants and Contributions	Revenue and Changes in Net Assets	Revenue and Changes in Net Assets
General Government						
Personal services	\$ 184,140	\$ 11,513	\$ 177,550	\$ 0	\$ 4,923	\$ 0
Travel	3,878	243	3,739	0	104	0
Operating services	67,802	4,239	65,376	0	1,813	9,775
Supplies	11,360	710	10,954	0	304	0
Professional services	56,382	3,525	54,364	0	1,507	0
Depreciation	8,981	0	0	(8,981)	(5,781)	
Total General Government	<u>\$ 332,543</u>	<u>\$ 20,230</u>	<u>\$ 311,983</u>	<u>\$ 0</u>	<u>(330)</u>	<u>3,994</u>
General Revenues:						
Interest income					3,527	4,948
Miscellaneous					<u>20,153</u>	<u>9,641</u>
Total General Revenues					<u>23,680</u>	<u>14,589</u>
Change in Net Assets					23,350	18,583
Net Assets, Beginning of year					<u>161,783</u>	<u>143,200</u>
Net Assets, End of year					<u>\$ 185,133</u>	<u>\$ 161,783</u>

The accompanying notes are an integral part of this statement.

EXHIBIT C

NATCHITOCHES TAX COMMISSION
NATCHITOCHES, LOUISIANA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2004 AND 2003

	<u>2004</u>	<u>2003</u>
ASSETS		
Cash	\$ 43,410	\$ 64,000
Investments	91,910	91,603
Accounts receivable	<u>52,987</u>	<u>12,094</u>
Total Assets	<u>\$ 188,307</u>	<u>\$ 167,697</u>
LIABILITIES AND FUND BALANCES		
LIABILITIES		
Accounts payable and accruals	\$ 16,958	\$ 11,302
Total Liabilities	<u>16,958</u>	<u>11,302</u>
FUND BALANCES		
Unrestricted	<u>171,349</u>	<u>156,395</u>
Total Fund Balances	<u>171,349</u>	<u>156,395</u>
Total Liabilities and Fund Balances	<u>\$ 188,307</u>	<u>\$ 167,697</u>

EXHIBIT D

NATCHITOCHES TAX COMMISSION
NATCHITOCHES, LOUISIANA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2004

Total Fund Balances for Governmental Funds (Exhibit C) \$ 171,349

Total Net Assets reported for governmental activities in the statement of net assets
is different because:

Capital assets used in governmental activities are not financial resources and
therefore are not reported in the funds. Those assets consist of:

Buildings and building improvements, net of \$2,620 in accumulated depreciation	\$ 873
Equipment, furniture and fixtures, net of \$30,590 in accumulated depreciation	<u>\$ 16,347</u>
Total Capital Assets	17,220

Long-term liabilities, including compensated absences payable, are not due
and payable in the current period and therefore are not reported in the fund
liabilities.

(3,436)

Total Net Assets of Governmental Activities (Exhibit A) \$ 185,133

EXHIBIT E

NATCHITOCHES TAX COMMISSION
NATCHITOCHES, LOUISIANA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES GOVERNMENTAL
FUNDS
FOR THE YEARS ENDED JUNE 30, 2004 AND 2003

	<u>2004</u>	<u>2003</u>
REVENUES		
Intergovernmental revenues	\$ 311,983	\$ 275,792
Charges for services	20,230	19,615
Interest income	3,527	4,948
Miscellaneous	<u>20,153</u>	<u>9,641</u>
Total Revenues	<u>355,893</u>	<u>309,996</u>
EXPENDITURES		
General government		
Personal services	185,519	176,253
Travel	3,878	4,548
Operating services	67,802	68,046
Supplies	11,360	6,963
Professional services	56,382	31,387
Capital outlay	<u>15,998</u>	<u>0</u>
Total Expenditures	<u>340,939</u>	<u>287,197</u>
Excess/(Deficiency) Of Revenues Over Expenditures	14,954	22,799
Fund Balance, Beginning of year	<u>156,395</u>	<u>133,596</u>
Fund Balance, End of year	<u>\$ 171,349</u>	<u>\$ 156,395</u>

EXHIBIT F

NATCHITOCHES TAX COMMISSION
NATCHITOCHES, LOUISIANA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2004

Net Change in Fund Balances-Total Governmental Funds (Exhibit E) \$ 14,954

The change in Net Assets reported for governmental activities in the statement of activities is different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays (\$15,998) exceeds depreciation (8,981) in the current period. 7,017

Some expense reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. 1,379

Change in Net Assets of Governmental Activities (Exhibit B) \$ 23,350

EXHIBIT G

NATCHITOCHES TAX COMMISSION
NATCHITOCHES, LOUISIANA
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUNDS
JUNE 30, 2004 AND 2003

	<u>2004</u>	<u>2003</u>
Assets		
Cash	\$ 226,068	\$ 116,115
Total Assets	<u>\$ 226,068</u>	<u>\$ 116,115</u>
 Liabilities		
Due to other governments	\$ 226,068	\$ 116,115
Total Liabilities	<u>\$ 226,068</u>	<u>\$ 116,115</u>

NATCHITOCHES TAX COMMISSION
NATCHITOCHES, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2004

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.

A. Basis of Accounting

In April of 1984, the Financial Accounting Foundation established the Governmental Accounting Standards Board (GASB) to promulgate generally accepted accounting principles and reporting standards with respect to activities and transactions of state and local governmental entities. The GASB has issued a Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification). This Codification and subsequent GASB pronouncements are recognized as generally accepted accounting principles for state and local governments. The accompanying financial statements have been prepared in accordance with such principles.

The accompanying financial statements of the Natchitoches Tax Commission consist only of the transactions and activity of the Natchitoches Tax Commission as authorized by Louisiana statutes.

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

The accounts of the Natchitoches Tax Commission are maintained in accordance with applicable statutory provisions as follows:

NATCHITOCHES TAX COMMISSION
NATCHITOCHES, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2004

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Basis of Accounting (Continued)

Revenue Recognition

Revenues are recognized using the full accrual basis of accounting; therefore, revenues are recognized in the accounting period in which they are earned and become measurable.

Expense Recognition

Expenses are recognized on the accrual basis; therefore, expenses, including salaries, are recognized in the period incurred, if measurable.

B. Budgetary Accounting

Formal budgetary accounting is employed as a management control. The Natchitoches Tax Commission prepares and adopts a budget prior to July 1 of each year for its general fund in accordance with Louisiana Revised Statutes. The operating budget is prepared based on prior year's revenues and expenditures and the estimated increase therein for the current year, using the full accrual basis of accounting. The Commission amends its budget when projected revenues are expected to be less than budgeted revenues by five percent or more and/or projected expenditures are expected to be more than budgeted amounts by five percent or more. All budget appropriations lapse at year end.

C. Cash and Cash Equivalents

Consistent with GASB Statement 9, the Natchitoches Tax Commission defines cash and cash equivalents as follows:

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.

Cash equivalents - includes all short term, highly liquid investments that are readily convertible to known amounts of cash and are so near their maturity that they present insignificant risk of changes in value because of interest rates. Generally, only investments which, at the day of purchase, have a maturity date no longer than three months qualify under this definition.

D. Receivables

All receivables are reported at their gross value and, where applicable, are reduced by the estimated portion that is expected to be uncollectible.

E. Bad Debts

Uncollectible accounts receivable 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. At June 30, 2004, \$0 were considered to be uncollectible.

NATCHITOCHES TAX COMMISSION
NATCHITOCHES, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2004

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Capital Assets

Capital assets are carried at historical costs. Depreciation of all exhaustible capital assets used by the Natchitoches Tax Commission are charged as an expense against operations in the Statement of Activities. Capital assets net of accumulated depreciation are reported on the Statement of Net Assets. Depreciation is computed using the straight line method over the estimated useful life of the assets, generally 20 to 40 years for buildings and building improvements and 5 to 10 years for moveable property. Expenditures for maintenance, repairs and minor renewals are charged to earnings as incurred. Major expenditures for renewals and betterments are capitalized.

G. Compensated Absences

The Natchitoches Tax Commission employees earn annual leave at various rates depending on the number of years in service. The maximum amount of annual leave that may be accumulated by each employee is 240. Upon termination, an employee is compensated for up to 240 hours of unused annual leave at the employee's hourly rate of pay at the time of termination.

H. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures 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.

NOTE 2 DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS

A. Deposits with Financial Institutions

For reporting purposes, deposits with financial institutions including savings, demand deposits, time deposits, and certificates of deposit. Under state law the Natchitoches Tax Commission may deposit funds within a fiscal agent bank selected and designated by the Interim Emergency Board. Further the Commission may invest in time certificates of deposit of state banks organized under the laws of Louisiana, national banks having their principal office in the state of Louisiana, in savings accounts or shares of savings and loan associations and savings banks and in share accounts and share certificate accounts of federally or state chartered credit unions.

Deposits in bank accounts are stated at cost, which approximates market. 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 pledged securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank in the form of safekeeping receipts mutually acceptable to both parties. The deposits at June 30, 2004 were secured as follows:

NATCHITOCHES TAX COMMISSION
NATCHITOCHES, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2004

NOTE 2 DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS (CONTINUED)

A. Deposits with Financial Institutions (Continued)

	Cash	Certificates of Deposit		Total
Deposits in bank accounts per balance sheet	\$ 268,793	\$ 0		\$ 268,793
Bank Balances:				
1. Insured or collateralized with securities held by the entity or its agency in the entity's name	\$ 200,000	\$ 0	\$ 200,000	
2. Collateralized with securities held by the pledging institution's trust department or agent in the entity's name	129,388	0	129,388	
3. Uncollateralized, including any securities held for the entity but not in entity's name	0	0	0	
Total Bank Balances	\$ 329,388	\$ 0	\$ 329,388	

The following is a breakdown by banking institution and amount of the balances shown above:

<u>Banking Institution</u>	<u>Amount</u>
City Bank and Trust Company of Natchitoches	\$ 118,350
Exchange Bank of Natchitoches	211,038
Total	\$ 329,388

B. Investments

The Natchitoches Tax Commission maintains investment accounts as authorized by the Louisiana Revised Statutes. Under state law, the Commission may invest in obligations of the U. S. Treasury and U. S. Agencies, or certificates of deposit. Investments are carried at fair market value as of the balance sheet date.

Investments can be classified according to the level of risk to the entity. Investments made by the Natchitoches Tax Commission as of June 30, 2004 are summarized below by the category of risk.

- | | |
|------------|--|
| Category 1 | Insured or registered in the entity's name, or security held by the entity or its agent in the entity's name. |
| Category 2 | Uninsured or registered with securities held by the counterparty's trust department or agent in the entity's name. |
| Category 3 | Unsecured and unregistered with securities held by the counterparty, or by its trust department or agent but not in the entity's name. |

NATCHITOCHES TAX COMMISSION
NATCHITOCHES, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2004

NOTE 2 DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS (CONTINUED)

B. Investments (Continued)

Type of Investments	Category Risk			Reported Amount	Fair Value
	1	2	3		
U. S. Government securities	\$ 91,910	\$ 0	\$ 0	\$ 91,910	\$ 91,910
Total	<u>\$ 91,910</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 91,910</u>	<u>\$ 91,910</u>

NOTE 3 ACCOUNTS RECEIVABLE

The following is a summary of accounts receivable at June 30, 2004:

<u>Class of Receivable</u>			
Intergovernmental revenues			\$ 52,967
Other			20
Total			<u>\$ 52,987</u>

NOTE 4 CAPITAL ASSETS

A summary of the Natchitoches Tax Commission's capital assets at June 30, 2004 follows:

	Balance July 1, 2003	Additions	Retirements	Balance June 30, 2004
Capital Assets, not being depreciated				
Land	\$ 0	\$ 0	\$ 0	\$ 0
Total Capital Assets, not being depreciated	0	0	0	0
Capital Assets, being depreciated				
Buildings and building improvements	3,493	0	0	3,493
Less accumulated depreciation	(2,445)	(175)	0	(2,620)
Total Buildings and building improvements	1,048	(175)	0	873
Equipment, furniture and fixtures	106,987	15,998	(76,048)	46,937
Less accumulated depreciation:	(97,832)	(8,806)	76,048	(30,590)
Total Automobiles and equipment	9,155	7,192	0	16,347
Total Capital Assets, being depreciated	10,203	7,017	0	17,220
Total Capital Assets, net	<u>\$ 10,203</u>	<u>\$ 7,017</u>	<u>\$ 0</u>	<u>\$ 17,220</u>

NOTE 5 ACCOUNTS PAYABLE AND ACCRUALS

The following is a summary of accounts payable at June 30, 2004:

<u>Class of Payable</u>			
Vendor			\$ 7,222
Salaries and benefits			9,736
Total			<u>\$ 16,958</u>

NATCHITOCHES TAX COMMISSION
NATCHITOCHES, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2004

NOTE 6 COMPENSATED ABSENCES

At June 30, 2004, employees of the Natchitoches Tax Commission had accumulated \$3,436 in annual leave benefits which were computed in accordance with GASB Codification Section C 60. The following is a summary of the changes in accumulated annual leave benefits for the year ended June 30, 2004.

Compensated absences payable, beginning of year	\$ 4,815
Additions	7,010
Deletions	(8,389)
Compensated absences payable, end of year	<u>\$ 3,436</u>

NOTE 7 PENSION PLAN

All employees of the Natchitoches 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.

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 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 9.5 percent of their annual covered salary and the Natchitoches Tax Commission is required to contribute at an actuarially determined rate. The rate was 7.75 percent from July 1, 2003 through December 31, 2003 and 11.75 percent from January 1, 2004 through June 30, 2004 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, 2004, 2003 and 2002 were \$13,936, \$10,640 and \$10,023, respectively, equal to the required contribution for each year.

NATCHITOCHES TAX COMMISSION
NATCHITOCHES, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2004

NOTE 8 LEASE OBLIGATIONS

The Natchitoches Tax Commission was not obligated under any capital or operating lease commitments at June 30, 2004.

NOTE 9 AD VALOREM TAXES

The Natchitoches Tax Commission collects ad valorem taxes levied by the City of Natchitoches and Fire District #1, #5 and #6. Ad valorem taxes, which are levied in October and billed in November, attach as an enforceable lien on property as of January 1 of each year. Ad valorem taxes that have been billed become delinquent on January 1 of the following year and penalties and interest are assessed. The Commission bills and collects the taxes using the assessed values determined by the Tax Assessor of Natchitoches Parish.

NOTE 10 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 a notice, the amount paid shall be segregated and held by the tax collector for a period of thirty days. If a suit is filed within 30 days, the segregated funds 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 percent per annum from the date the funds were received by the Tax Collector. There were \$0 in ad valorem taxes paid under protest at June 30, 2004.

NOTE 11 LITIGATION

The Natchitoches Tax Commission was not involved in any litigation at June 30, 2004.

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE 1

NATCHITOCHES TAX COMMISSION
NATCHITOCHES, LOUISIANA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS - BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2004

	Original/Final Budget	Actual	Variance Fav./Unfav.)
REVENUES			
Intergovernmental revenues	\$ 312,483	\$ 311,983	(500)
Charges for services	19,000	20,230	1,230
Interest income	1,100	3,527	2,427
Miscellaneous	<u>500</u>	<u>20,153</u>	<u>19,653</u>
Total Revenues	333,083	355,893	22,810
EXPENDITURES			
General government			
Personal services	193,199	185,519	7,680
Travel	5,000	3,878	1,122
Operating services	74,584	67,802	6,782
Supplies	10,100	11,360	(1,260)
Professional services	36,500	56,382	(19,882)
Capital outlay	<u>5,000</u>	<u>15,998</u>	<u>(10,998)</u>
Total Expenditures	324,383	340,939	(16,556)
Excess/(Deficiency) Of Revenues Over Expenditures	8,700	14,954	6,254
Fund Balance, Beginning of year	<u>156,395</u>	<u>156,395</u>	<u>0</u>
Fund Balance, End of year	\$ 165,095	\$ 171,349	\$ 6,254

OTHER SUPPLEMENTARY INFORMATION

SCHEDULE 2

NATCHITOCHES TAX COMMISSION
NATCHITOCHES, LOUISIANA
SCHEDULE OF COLLECTIONS, DISTRIBUTIONS, AND UNSETTLED BALANCES
FOR THE YEAR ENDED JUNE 30, 2004

Unsettled Balances at July 1,	\$ 116,115
COLLECTIONS	
Ad valorem taxes	1,299,934
Alcoholic beverage licenses	34,530
Christmas Festival fees	24,195
Hotel/Motel tax	215,704
Insurance licenses	320,169
Occupational licenses	435,428
Sales and use taxes	<u>15,893,082</u>
Total Collections	<u>18,223,042</u>
Total Available for Distribution	18,339,157
DISTRIBUTIONS	
City of Natchitoches	9,241,580
Christmas Festival Committee	24,195
Fire District #1	32,686
Fire District #5	16,096
Fire District #6	64,099
Natchitoches Parish Police Jury	1,633,457
Natchitoches Parish School Board	6,675,637
Natchitoches Tax Commission	20,230
Natchitoches Tourist Commission	209,233
Village of Campti	130,660
Village of Clarence	36,020
Village of Natchez	9,651
Village of Robeline	<u>19,545</u>
Total Distributions	<u>18,113,089</u>
Unsettled Balances at June 30, Due to Taxing Bodies	\$ 226,068

SCHEDULE 3

NATCHITOCHES TAX COMMISSION
NATCHITOCHES, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2004

SECTION #1

SUMMARY OF AUDITORS' RESULTS

FINANCIAL STATEMENTS

- | | | |
|----|---|-------------|
| 1. | Type of auditors' report issued. | Unqualified |
| 2. | Internal control over financial reporting: | |
| a) | Material weaknesses identified? | None |
| b) | Reportable conditions identified not considered to be
material weaknesses? | None |
| c) | Noncompliance material to the financial statements noted? | None |

SECTION #2

FINANCIAL STATEMENT FINDINGS

None reported.

HINES, JACKSON & HINES, L.L.C.

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

Natchitoches Tax Commission
Post Office Box 639
Natchitoches, Louisiana 71458

We have audited the basic financial statements of the Natchitoches Tax Commission, Natchitoches, Louisiana, as of and for the year ended June 30, 2004, and have issued our report thereon dated October 12, 2004. 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.

Compliance

As part of obtaining reasonable assurance about whether the Natchitoches 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 Natchitoches 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 misstatement 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 operations 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. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Hines, Jackson & Hines

Natchitoches, Louisiana
October 12, 2004

SCHEDULE 4

NATCHITOCHES TAX COMMISSION
NATCHITOCHES, LOUISIANA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2004

<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.

SCHEDULE 5

NATCHITOCHES TAX COMMISSION
NATCHITOCHES, LOUISIANA
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2004

<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>
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Nothing came to our attention that would require disclosure under Government Auditing Standards.