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VILLAGE OF NATCHEZ, LOUISIANA
ANNUAL FINANCIAL REPORT
JUNE 30, 2007

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Release Date 1/30/08

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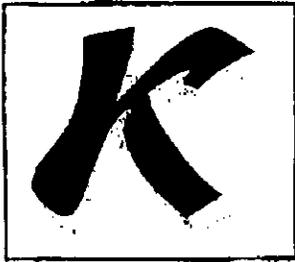
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FINANCIAL SECTION



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Certified Public Accountant

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INDEPENDENT AUDITOR'S REPORT

Honorable Rosia L Humphrey, Mayor
and Members of the Board of Aldermen
Village of Natchez, Louisiana

I have audited the accompanying general purpose financial statements of the Village of Natchez, Louisiana, as of June 30, 2007, and for the year then ended, as listed in the table of contents. These financial statements are the responsibility of the Village of Natchez, Louisiana's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my 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 I 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. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Village of Natchez, Louisiana, as of June 30, 2007, and the results of its operations and cash flows of its proprietary fund types for the year then ended in conformity with accounting principles generally accepted in the United States of America.

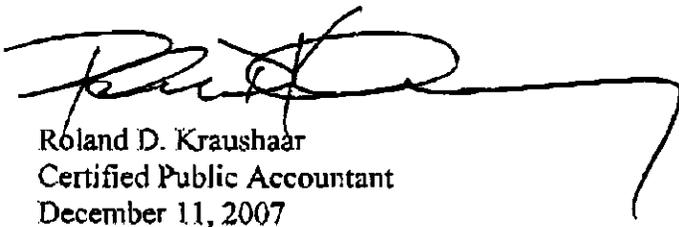
In accordance with Government Auditing Standards, I have also issued my report dated December 11, 2007 on my consideration of the Village of Natchez's internal control over financial reporting and my test of its compliance with certain provisions of laws, regulations, contracts and grants. That report 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 my audit.

As described in Note 1 to the basic financial statements, the Village adopted the provisions of Governmental Accounting Board Statement No. 34 Basic Financial Statements - and Management's Discussion and Analysis - For State and Local Governments; Statement No. 37, Basic Financial Statements - For State and Local Governments, Omnibus; and Interpretations No. 6, Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Statements, as of July 1, 2004, This results in a change in the format and content of the basic financial statements.

The management's discussion and analysis (pages 4 through 6) and budgetary comparison (pages 23 through 25) are not a required part of the basic financial statements, but are supplementary information

required by the Governmental Accounting Standards Board. I have applied procedures, which consist principally of inquiries of management regarding the method of measurement and presentation of the management's discussion and analysis. However I did not audit the information and express no opinion on it.

My audit was conducted for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The information listed as required supplemental information in the table of contents is presented for purposes of additional analysis and is not a required part of the general purpose financial statements of Village of Natchez, Louisiana. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in my opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole.



Roland D. Kraushaar
Certified Public Accountant
December 11, 2007

Village of Natchez, Louisiana

Management Discussion and Analysis (MD&A)
June 30, 2007

The discussion and analysis of the Village's financial performance provides an overall review of the Village's financial activities for the fiscal year ended June 30, 2007. The intent of this discussion and analysis is to look at the Village's financial performance as a whole; readers should also review the financial statements and notes to the financial statements to enhance their understandings of the Village's financial performance.

BASIC FINANCIAL STATEMENTS

The *Financial Statements* are designed to provide readers with a broad overview of the Village of Natchez's finances in a manner similar to private sector business.

The *Statement of Net Assets* focuses on resources available for future operations. In simple terms, this statement presents a snap-shot view of the assets the Village owns, liabilities it owes and the net difference. The net difference is further separated into amounts restricted for specific purposes and unrestricted amounts.

The *Statement of Activities* focuses gross and net costs of the Village's programs and the extent to which such programs rely upon general revenues. This statement summarizes and simplifies the user's analysis to determine the extent to which programs are self-supporting and/or subsidized by general revenues.

Our basic financial statements are prepared using governmental fund statements which follow the more traditional presentation of financial statements.

The notes to the financial statements provide additional disclosures required by governmental accounting standards and provide information to assist the reader in understanding the Village's financial condition.

The MD&A is intended to explain the significant changes in financial position and differences in operation between the current and prior years.

CONDENSED FINANCIAL INFORMATION

Condensed financial information from the statements of net assets and revenues as of June 30, 2007 and expenses and changes in net assets for the year ended June 30, 2007 are as follows:

VILLAGE OF NATCHEZ, LOUISIANA

Management Discussion and Analysis (MD&A)
June 30, 2007

STATEMENT OF NET ASSETS
For the Years Ended June 30, 2007 and 2006

	GOVERNMENTAL ACTIVITIES		BUSINESS TYPE ACTIVITIES		TOTALS	
	2007	2006	2007	2006	2007	2006
Current and other assets	\$ 38,645	\$ 51,303	5,980	\$ 58,782	\$ 77,290	\$ 110,085
Capital assets(net)	<u>41,666</u>	<u>47,822</u>	<u>1,247,020</u>	<u>1,288,994</u>	<u>83,332</u>	<u>1,336,816</u>
Total assets	\$ <u>80,311</u>	\$ <u>99,125</u>	\$ <u>1,253,000</u>	\$ <u>1,347,776</u>	\$ <u>160,622</u>	\$ <u>1,446,901</u>
Current liabilities	\$ 9,152	\$ 1,907	\$ 13,158	\$ 61,553	\$ 18,304	\$ 63,460
Long term liabilities	<u>6,488</u>	<u>12,624</u>	-	-	<u>12,976</u>	<u>12,624</u>
Total liabilities	\$ <u>15,640</u>	\$ <u>14,531</u>	\$ <u>13,158</u>	\$ <u>61,553</u>	\$ <u>31,280</u>	\$ <u>76,084</u>
Net assets:						
Invested in capital assets(net)	\$ 31,995	\$ 35,198	\$ 1,240,569	\$ 1,288,994	\$ 63,990	\$ 1,324,192
Unrestricted	<u>32,676</u>	<u>49,396</u>	<u>(7,178)</u>	<u>(2,771)</u>	<u>65,352</u>	<u>46,625</u>
Total net assets	\$ <u>64,671</u>	\$ <u>84,594</u>	\$ <u>1,233,391</u>	\$ <u>1,286,223</u>	\$ <u>129,342</u>	\$ <u>1,370,817</u>

STATEMENT OF CHANGES IN NET ASSETS

Program revenues:						
Charges for services	\$ 850	\$ -	\$ 58,937	\$ 58,207	\$ 59,787	\$ 58,207
Intergovernmental	4,332	235	-	-	4,332	235
Capital grants and Contributions	-	1,647	-	276,446	-	278,093
Miscellaneous	-	-	1,139	-	1,139	-
Total program revenues	\$ <u>5,182</u>	\$ <u>1,882</u>	\$ <u>60,076</u>	\$ <u>334,653</u>	\$ <u>65,258</u>	\$ <u>336,535</u>
General revenues:						
Property taxes	\$ 3,782	\$ 4,328	\$ -	\$ -	\$ 3,782	\$ 4,328
Sales taxes	10,389	9,866	-	-	10,389	9,866
Licenses and permits	1,720	1,918	-	-	1,720	1,918
Franchise fees	7,867	8,541	-	-	7,867	8,541
Fines and court revenues	92,244	83,559	-	-	92,244	83,559
Investment earnings	1,015	702	-	110	1,015	812
Miscellaneous	1,046	3,028	-	-	1,046	3,028
Payment of long term debt	2,953	-	-	-	2,953	-
Capital outlay in excess of depreciation	-	15,219	-	-	-	15,219
Total general revenues	<u>121,016</u>	\$ <u>127,161</u>	\$ <u>-</u>	\$ <u>110</u>	\$ <u>121,016</u>	\$ <u>127,271</u>
Total revenues	\$ <u>126,198</u>	\$ <u>129,043</u>	\$ <u>60,076</u>	\$ <u>334,763</u>	\$ <u>186,274</u>	\$ <u>463,806</u>
Expenses:						
General services	\$ 107,055	\$ 73,887	\$ 58,117	\$ 53,514	165,172.00	\$ 127,401
Public safety	32,910	42,889	-	-	32,910.00	42,889
Depreciation expense	6,156	-	54,738	43,320	60,894.00	43,320
Net increase in long term debt	-	12,624	-	-	-	12,624
Total expenses	\$ <u>146,121</u>	\$ <u>129,400</u>	\$ <u>112,855</u>	\$ <u>96,834</u>	\$ <u>258,976</u>	\$ <u>226,234</u>
Increase (decrease) in net assets	\$ <u>(19,923)</u>	\$ <u>(357)</u>	\$ <u>(52,779)</u>	\$ <u>237,929</u>	\$ <u>(72,702)</u>	\$ <u>237,572</u>

VILLAGE OF NATCHEZ, LOUISIANA

Management Discussion and Analysis (MD&A)
June 30, 2007
(Continued)

Capital Assets

The Village's capital assets as of June 30, 2007 amounted to \$ 1,288,686 (net of accumulated depreciation). This investment in capital assets includes land, buildings, office furniture, equipment, computers, utility lines, tractors and equipment. There were \$ 6,314 in capital asset additions during the year.

The Village acquires its assets primarily with local funds and grants relative to the utility funds.

Variations Between Original and Final Budgets

Variations in budget figures during the year were insignificant and are therefore not reported.

Contacting the Village of Natchez's Management

This financial report is designed to provide a general overview of the Village's finances with an interest in the government's financial position and operations. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Rosia L Humphrey, Mayor, Village of Natchez, P.O. Box 229, Natchez, La. 71456

VILLAGE OF NATCHEZ, LOUISIANA

STATEMENT OF NET ASSETS

June 30, 2007

	<u>GOVERNMENTAL</u> <u>ACTIVITIES</u>	<u>BUSINESS-TYPE</u> <u>ACTIVITIES</u>	<u>TOTAL</u>
ASSETS			
Cash in bank-checking	\$ 8,154	\$ 1,497	\$ 9,651
Cash in bank-savings	14,574	-	14,574
Accounts receivable-services	3,454	20,643	24,097
Allowance for uncollectible taxes	-	(16,160)	(16,160)
Due from other funds	12,413	-	12,413
Deposits	50	-	50
Capital assets -- net			
Assets not subject to depreciation	-	9,196	9,196
Assets subject to depreciation	41,666	1,231,373	1,273,039
	<u>80,311</u>	<u>1,246,549</u>	<u>1,326,860</u>
Total Assets	\$	\$	\$
LIABILITIES			
Accounts payable	\$ 5,363	\$ 745	\$ 6,108
Payroll liabilities	606	-	606
Long term debt			
Due within one year	3,183	-	3,183
Due in more than one year	6,488	-	6,488
Due to other funds	-	12,413	12,413
	<u>15,640</u>	<u>13,158</u>	<u>28,798</u>
Total Liabilities	\$	\$	\$
NET ASSETS			
Invested in capital assets -			
Net of related debt	\$ 31,995	\$ 1,240,569	\$ 1,272,564
Restricted			
Unrestricted	32,676	(7,178)	25,498
	<u>64,671</u>	<u>1,233,391</u>	<u>1,298,062</u>
Total net assets	\$	\$	\$

See Notes to Financial Statements.

VILLAGE OF NATCHEZ, LOUISIANA

STATEMENT OF ACTIVITIES

June 30, 2007

FUNCTIONS/PROGRAMS	PROGRAM REVENUE				NET (EXPENSE)/ REVENUE
	EXPENSES	FEES, FINES, AND CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	
PRIMARY GOVERNMENT					
Governmental activities					
Public safety					
Police	\$ 32,910	\$ 92,244	\$ 3,998	\$ -	\$ 63,332
General government	110,258	10,437	334	-	(99,487)
Total governmental activities	\$ 143,168	\$ 102,681	\$ 4,332	\$ -	\$ (36,155)
Business-type activities					
Sewer collection and treatment	\$ 112,855	\$ 60,076	\$ -	\$ -	\$ (52,779)
Total business-type activities	\$ 112,855	\$ 60,076	\$ -	\$ -	\$ (52,779)
Total primary government	\$ 256,023	\$ 162,757	\$ 4,332	\$ -	\$ (88,934)

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
Changes in net assets			
Net (expense)/revenue (from above)	\$ (36,155)	\$ (52,779)	\$ (88,934)
General revenues			
Real estate and personal property taxes	\$ 3,782	\$ -	\$ 3,782
General sales taxes	10,389	-	10,389
Unrestricted investment income	1,015	-	1,015
Other	1,046	-	1,046
Total general revenues and transfers	\$ 16,232	\$ -	\$ 16,232
Change in net assets	\$ (19,923)	\$ (52,779)	\$ (72,702)
Net assets - beginning of year	84,594	1,286,170	1,370,764
Net assets - end of year	\$ 64,671	\$ 1,233,391	\$ 1,298,062

See Notes to Financial Statements.

VILLAGE OF NATCHEZ, LOUISIANA

GOVERNMENTAL FUNDS
BALANCE SHEET
June 30, 2007

		<u>GENERAL FUND</u>
ASSETS		
Cash in bank-checking	\$	8,154
Cash in bank-savings		14,574
Accounts receivable-services		3,454
Due from other funds		12,413
Deposits		<u>50</u>
Total Assets	\$	<u>38,645</u>
LIABILITIES		
Accounts payable	\$	5,363
Payroll liabilities		<u>606</u>
Total Liabilities	\$	5,969
FUND BALANCE		<u>32,676</u>
Total liabilities and fund balance	\$	<u>38,645</u>
Fund balance (per above)	\$	32,676
Amounts reported for governmental activities in the Statement of Net Assets are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds		41,666
Long-term liabilities, are not due and payable in the current period and, therefore, are not reported in the funds		<u>(9,671)</u>
Net assets of governmental activities	\$	<u>64,671</u>

See Notes to Financial Statements.

VILLAGE OF NATCHEZ, LOUISIANA

GOVERNMENTAL FUNDS
 STATEMENT OF REVENUE, EXPENDITURES AND
 CHANGES IN FUND BALANCE
 Year Ended June 30, 2007

	<u>GENERAL FUND</u>
REVENUE	
Taxes	\$ 14,171
Licenses and permits	9,587
Intergovernmental	4,332
Court revenue	92,244
Miscellaneous	<u>2,911</u>
Total revenue	<u>\$ 123,245</u>
 EXPENDITURES	
Current:	
General government	\$ 107,056
Police department	<u>32,910</u>
Total expenditures	<u>\$ 139,966</u>
 EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	
	\$ (16,721)
 FUND BALANCE, Beginning	
	<u>49,397</u>
 FUND BALANCE, Ending	
	<u>\$ 32,676</u>

See Notes to Financial Statements.

VILLAGE OF NATCHEZ, LOUISIANA
 GOVERNMENTAL FUNDS
 RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES AND
 CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS
 TO THE STATEMENT OF ACTIVITIES
 Year Ended June 30, 2007

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds	\$ (16,721)
--	-------------

Governmental funds report capital outlay 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 depreciation exceeded capital outlays in the current period	(6,155)
--	---------

The net effect of various transactions involving capital assets (ie., sales, trade ins and contributions) is to decrease net assets

For governmental funds, the issuance of long-term debt (e.g. warrents and leases) provide current financial resources and the repayment of long-term debt consumes current financial resources.

Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net difference in the treatment of long-term debt and related items

2,953

Change in Net Assets of Governmental Activities	<u>\$ (19,923)</u>
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See Notes to Financial Statements.

VILLAGE OF NATCHEZ, LOUISIANA

EXHIBIT 6

BUSINESS - TYPE ACTIVITIES
STATEMENT OF NET ASSETS

June 30, 2007

	<u>SEWER</u>
ASSETS	
CURRENT ASSETS	
Cash in checking	\$ 1,497
Accounts receivable-customers	20,643
Allowance for doubtful accounts	<u>(16,160)</u>
Total current assets	<u>\$ 5,980</u>
NONCURRENT ASSETS	
Capital Assets	
Land	\$ 9,196
Distribution system	1,857,601
Accumulated depreciation	<u>(626,228)</u>
Total capital assets	<u>\$ 1,240,569</u>
TOTAL ASSETS	<u>\$ 1,246,549</u>
LIABILITIES	
Current liabilities	
Accounts payable	\$ 745
Due to other funds	<u>12,413</u>
Total current liabilities	<u>\$ 13,158</u>
NET ASSETS	
Invested in capital assets, net of related debt	\$ 1,240,569
Unrestricted fund balance	<u>(7,178)</u>
Total net assets	<u>\$ 1,233,391</u>

See Notes to Financial Statements.

BUSINESS - TYPE ACTIVITIES
STATEMENT OF REVENUE, EXPENSES
AND CHANGES IN FUND NET ASSETS
Year Ended June 30, 2007

	<u>SEWER</u>
OPERATING REVENUE	
Charges for services	\$ 58,937
Miscellaneous	<u>1,139</u>
Total operating revenue	<u>\$ 60,076</u>
OPERATING EXPENSES	
Salaries	\$ 23,191
Payroll Taxes	1,353
Office supplies	1,087
Cut off fees	400
Postage	772
Repairs and maintenance	5,201
Bad debts	5,012
Contract labor	185
Dues and subscriptions	200
Insurance - workmens compensation	587
Fuel	184
Chemicals	2,257
Lab fees	223
Telephone	2,375
Travel	3,022
Training	125
Utilities	10,391
Miscellaneous	1,552
Depreciation	<u>54,738</u>
Total operating expenses	<u>\$ 112,855</u>
NET INCOME (LOSS) FROM OPERATIONS	<u>\$ (52,779)</u>
NON-OPERATING REVENUE (EXPENSES)	<u>\$ -</u>
Change in net assets	\$ (52,779)
Total net assets - beginning	<u>1,286,170</u>
Total net assets - ending	<u>\$ 1,233,391</u>

See Notes to Financial Statements.

VILLAGE OF NATCHEZ, LOUISIANA

EXHIBIT 8

BUSINESS - TYPE ACTIVITIES
STATEMENT OF CASH FLOWS
Year Ended June 30, 2007

	<u>SEWER</u>
Cash flows from operating activities:	
Cash received for services	\$ 58,572
Other cash receipts	1,139
Cash payments for goods and services	(34,541)
Cash payments to employees	<u>(23,191)</u>
Net cash provided (used) by operating activities	<u>\$ 1,979</u>
Cash flows from non-capital financing activities:	
Loans and advances (to) from other funds	<u>\$ 878</u>
Net cash provided (used) by non-capital financing activities	<u>\$ 878</u>
Cash flows from investment activities:	
Improvements to sewer system	<u>\$ (6,314)</u>
Net cash provided (used) by investment activities	<u>\$ (6,314)</u>
Net increase (decrease) in cash	\$ (3,457)
Cash balance beginning:	<u>4,954</u>
Cash balance ending:	<u>\$ 1,497</u>
Reconciliation of Operating Income to cash provided (used) by operating activities:	
Operating Income (Loss)	\$ (52,779)
Adjustments to reconcile Operating Income to net cash provided (used) by operating activities:	
Depreciation expense	54,738
(Increase) Decrease in Accounts Receivable	(365)
Increase (Decrease) in Accounts Payable	<u>385</u>
Net cash provided (used) by operating activities	<u>\$ 1,979</u>

See Notes to Financial Statements.

VILLAGE OF NATCHEZ, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
June 30, 2007

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting methods and procedures adopted by the Village of Natchez, Louisiana, conform to generally accepted accounting principles as applied to governmental entities. Such accounting methods and procedures also conform to the requirements of Louisiana Revised Statutes 24:517 and to the guides set forth in the Louisiana Municipal Audit and Accounting Guide, and the industry audit guide, Audits of State and Local Governmental Units. The following notes to the financial statements are an integral part of the Village's Annual Financial Report.

This financial report has been prepared in conformity with GASB Statement 34, Basic Financial Statements and Management's Discussion and Analysis - for State and Local Governments issued June, 1999. The following is a summary of certain significant accounting policies and practices

A. FINANCIAL REPORTING ENTITY

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

As required by generally accepted accounting principles, the financial statements of the reporting entity include all funds and account groups of the Village of Natchez. The Village does not have any component units that meet criteria of GASB 14 to be included as component units.

B. FUNDS AND ACCOUNT GROUPS

The accounts of the Village are organized into funds, each of which is considered to be a separate accounting entity. The major fund categories are:

Governmental Fund Type

Governmental funds use the current financial resources measurement focus. Only current assets and current liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available resources during a given period.

Business - Type Activities

Business - type Activity funds use the economic resources measurement focus. The accounting objectives are determination of net income, financial position, and cash flows. All assets and liabilities associated with business type activities are included on its balance sheet. Business type activity fund equity is segregated into contributed capital and retained earnings. The Village applies all applicable FASB pronouncements issued after November 30, 1989 in accounting and reporting for its enterprise fund.

VILLAGE OF NATCHEZ, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

June 30, 2007

(Continued)

C. BASIS OF PRESENTATION

The Village's basic financial statements consist of the government-wide statements which include the government funds and the business - type activities funds.

The statements are prepared in accordance with accounting principles generally accepted in the United States of America as applied to governmental units. Private sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide financial statements and business-type fund financial statements to the extent that those standards do not conflict or contradict guidance of the GASB.

D. MANAGEMENT FOCUS/BASIS OF ACCOUNTING

GOVERNMENT-WIDE FINANCIAL STATEMENTS (GWFS)

The Statement of Net Assets and the Statement of Activities display information about the reporting government as a whole. These statements include all the financial activity of the Village. The GWFS were prepared using the economic measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from the exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed). Revenues, expenses, gains, losses, assets and liabilities resulting from non-exchange transactions are recognized in accordance with the requirements of GASB No.33, Accounting and Reporting for Non-exchange Transactions.

Program Revenues

Program revenues included in the Statement of Activities are derived directly from parties outside of the Village's taxpayers or citizenry, as a whole; -program revenues reduce the cost of the function to be financed from the Village's general revenues.

FUND FINANCIAL STATEMENTS (FFS)

Governmental Funds

The Village uses the modified accrual basis of accounting for governmental fund types. The modified accrual basis of accounting recognizes revenues when both "measurable and available." Measurable means the amount can be determined. Available means collectable within the current period or soon enough thereafter to pay current liabilities. Also, under the modified accrual basis of accounting, expenditures are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported as expenditures in the year due.

VILLAGE OF NATCHEZ, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

June 30, 2007

(Continued)

Major revenue sources susceptible to accrual include: sales and use taxes, property taxes, franchise fees, intergovernmental revenues, and investment income. See note 4 for property tax information.

Business - Type Activities

The accrual basis of accounting is used in business - type activities fund types. The accrual basis of accounting recognizes revenues when earned. Expenses are recorded when incurred.

Statement of Cash Flows

For purposes of the statement of cash flows, the Enterprise Funds consider all highly liquid investments, i.e. cash in checking and savings accounts and bank certificates of deposits, to be cash equivalents.

E. BUDGETS

Budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP). Annual appropriated budgets are adopted for the general fund. All annual appropriations lapse at fiscal year end. Project-length financial plans are adopted for all capital projects funds.

Encumbrances are not used by the Village of Natchez.

F. CASH

Cash includes amounts in demand deposits as well as savings accounts and certificates of deposit.

State statutes authorize the Village to invest in obligations of the U.S. Treasury, time certificates of deposit of any bank domiciled or having a branch office in the state of Louisiana, or other instruments backed by the U.S. Treasury.

G. SHORT-TERM INTERFUND RECEIVABLES/PAYABLES

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet. Short-term interfund loans are classified as "interfund receivables/payables."

H. INVENTORIES

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

VILLAGE OF NATCHEZ, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

June 30, 2007

(Continued)

I. FIXED ASSETS

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures in the governmental funds. All purchased fixed assets are valued at cost where historical records are available and at an estimated historical cost where no historical record exist. Donated fixed assets are valued at their estimated fair market value on the date received.

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

Public domain ("infrastructure") general fixed assets consisting of roads, bridges, streets and sidewalks, drainage systems and lighting systems are not capitalized, as these assets are immovable and of value only to the Village. However, GASB Statement No. 34 requires that based upon the size of the governmental unit that in the future all infrastructure be capitalized.

Depreciation of buildings, equipment, lines and vehicles is computed using the straight-line method.

Interest is capitalized on assets acquired with tax-exempt debt. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project with interest earned on invested proceeds over the same period.

J. COMPENSATED ABSENCES

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

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

K. LONG-TERM OBLIGATIONS

The Village has a note payable on the purchase of a new police car payable at \$316.62 per month for 48 months. The balance on the note is \$ 9,6741 at June 30, 2007.

VILLAGE OF NATCHEZ, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

June 30, 2007

(Continued)

L. NET ASSETS-DEFICIT UNRESTRICTED

Contributed capital is recorded in proprietary funds that have received capital grants or contributions from developers, customers or other funds. Reserves represent those portions of fund equity not appropriable for expenditure or legally segregated for a specific future use. Designated fund balances represent tentative plans for future use of financial resources.

M. INTERFUND TRANSACTIONS

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except Quasi-external transactions and reimbursements, are reported as operating transfers.

N. BAD DEBTS AND ALLOWANCES

Allowance for uncollectible amounts due for customers' utility receivables are recognized as bad debts at the time they become more than 90 days old.

NOTE 2. BUDGETS AND BUDGETARY ACCOUNTING

The Village follows these procedures in establishing the budgetary data reflected in these financial statements:

1. The Mayor prepares a proposed budget and submits same to the Board of Aldermen no later than fifteen days prior to the beginning of each fiscal year.
2. A summary of the proposed budget is published and the public notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
3. A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing.
4. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of an ordinance prior to the commencement of the fiscal year for which the budget is being adopted.
5. Budgetary amendments involving the transfer of funds from one department, program or function to another or involving increases in expenditures resulting from revenue exceeding amounts estimated require the approval of the Board of Aldermen.

VILLAGE OF NATCHEZ, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

June 30, 2007

(Continued)

6. All budgetary appropriations lapse at the end of each fiscal year.
7. Budgets for the General Fund are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted, or as amended from time to time by the Board of Aldermen. Such amendments were not material in relation to the original appropriations.

NOTE 3. DEPOSITS

The Village of Natchez maintains cash in various checking, savings and certificates of deposit. At year-end, the carrying amount of the Village's deposits were \$ 24,225 and the bank balance was \$ 26,703. Of the bank balance, \$ 26,703 was covered by federal depository insurance.

NOTE 4. AD VALOREM TAXES

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied by the Village in September or October and are actually billed to the taxpayer in November. Billed taxes become delinquent on January 1 of the following year. Revenue from ad valorem taxes are budgeted in the year billed.

The Village bills and collects its own property taxes using the assessed values determined by the tax assessor of Natchitoches Parish.

Total taxes levied were \$ 3,248. Taxes receivable at June 30, 2007 consisted of \$ 0 of which \$ 0 was on the current roll.

NOTE 5. INTERFUND RECEIVABLE AND PAYABLE BALANCES WERE AS FOLLOWS
AS OF June 30, 2007:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund:		
Sewer System	\$ 12,413	\$ -
Sewer System		
General Fund	<u>-</u>	<u>12,413</u>
 TOTALS	 <u>\$ 12,413</u>	 <u>\$ 12,413</u>

NOTE 6. SALES TAX REVENUE

The voters of Natchez passed a one percent (1%) sales and use tax. The proceeds of the sales tax are to be used for any lawful corporate purpose.

VILLAGE OF NATCHEZ, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

June 30, 2007

(Continued)

The following is a summary of business-type activities fixed assets at June 30, 2007:

	<u>Sewer</u>
Land	\$ 9,196
Buildings	68,626
Service Equipment	21,317
Distribution System	1,767,659
Accumulated depreciation	<u>(626,228)</u>
Net fixed assets	<u>\$1,240,569</u>

In business-type activities, the following estimated useful lives are used to compute depreciation:

Buildings	10-30 years
Service equipment	5-15 years
Distribution system	10-60 years

NOTE 9. PENSION PLAN

All employees of the Village of Natchez, including police officers (other than elected officials) are covered under the Social Security System. The employees pay 7.65% of their total salaries into the system, while the Village pays in a like amount. Data concerning the actuarial status of this system is not available. Future deficits in this system will be financed by the Federal government and the Village has no further liability to the system.

GENERAL FUND

To account for resources traditionally associated with governments which are not required to be accounted for in another fund.

GENERAL FUND
STATEMENT OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCE-BUDGET (GAAP BASIS) AND ACTUAL
Year Ended June 30, 2007

	<u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
REVENUE			
Taxes	\$ 13,500	\$ 14,171	\$ 671
Licenses and permits	9,670	9,587	(83)
Intergovernmental	4,348	4,332	(16)
Court revenue	90,150	92,244	2,094
Miscellaneous	2,622	2,911	289
Total revenue	<u>\$ 120,290</u>	<u>\$ 123,245</u>	<u>\$ 2,955</u>
EXPENDITURES			
Current:			
General government	\$ 96,065	\$ 107,056	\$ (10,991)
Police department	<u>34,669</u>	<u>32,910</u>	<u>1,759</u>
Total expenditures	<u>\$ 130,734</u>	<u>\$ 139,966</u>	<u>\$ (9,232)</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	\$ (10,444)	\$ (16,721)	\$ (6,277)
 FUND BALANCE, Beginning	 <u>49,397</u>	 <u>49,397</u>	 <u>-</u>
 FUND BALANCE, Ending	 <u>\$ 38,953</u>	 <u>\$ 32,676</u>	 <u>\$ (6,277)</u>

VILLAGE OF NATCHEZ, LOUISIANA

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GENERAL FUND
 STATEMENT OF REVENUE
 BUDGET (GAAP BASIS) AND ACTUAL
 Year Ended June 30, 2007

	<u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
TAXES			
Sales	\$ 9,800	\$ 10,389	\$ 589
Ad valorem	3,700	3,782	82
Total taxes	<u>\$ 13,500</u>	<u>\$ 14,171</u>	<u>\$ 671</u>
LICENSES AND PERMITS			
Occupational	\$ 1,435	\$ 1,485	\$ 50
Building and moving permits	235	235	-
Franchise fees	8,000	7,867	(133)
Total licenses and permits	<u>\$ 9,670</u>	<u>\$ 9,587</u>	<u>\$ (83)</u>
INTERGOVERNMENTAL			
Beer tax	\$ 350	\$ 334	\$ (16)
Law Enforcement	3,998	3,998	-
Total inter-governmental	<u>\$ 4,348</u>	<u>\$ 4,332</u>	<u>\$ (16)</u>
COURT REVENUE			
Court Revenues	<u>\$ 90,150</u>	<u>\$ 92,244</u>	<u>\$ 2,094</u>
MISCELLANEOUS			
Interest income	\$ 1,015	\$ 1,015	\$ -
Building rental	900	850	(50)
Accident report	70	70	-
Other	337	676	339
Donations	300	300	-
Total miscellaneous	<u>\$ 2,622</u>	<u>\$ 2,911</u>	<u>\$ 289</u>
TOTAL REVENUE	<u>\$ 120,290</u>	<u>\$ 123,245</u>	<u>\$ 2,955</u>

VILLAGE OF NATCHEZ, LOUISIANA

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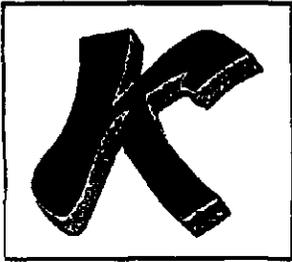
GENERAL FUND
 STATEMENT OF EXPENDITURES-BUDGET (GAAP BASIS) AND ACTUAL
 Year Ended June 30, 2007

	<u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
GENERAL GOVERNMENT			
Salaries- elected officials	\$ 16,000	\$ 15,935	\$ 65
Salaries	24,000	26,509	(2,509)
Travel expense	7,000	7,274	(274)
Conventions and Conferences	-	1,765	(1,765)
Office supplies	3,200	3,657	(457)
Cleaning supplies	400	551	(151)
Citation fees	900	912	(12)
Election expense	-	3,339	(3,339)
Postage	500	504	(4)
Utilities	6,500	8,545	(2,045)
Telephone & internet	3,030	3,392	(362)
Training	-	413	(413)
Advertising	400	671	(271)
Contract labor	375	425	(50)
Miscellaneous	12,970	10,011	2,959
Dues & subscriptions	2,450	2,458	(8)
Property tax expense	450	557	(107)
Legal	658	658	-
Accounting	8,000	8,000	-
Payroll taxes	-	2,855	(2,855)
Insurance	5,500	6,443	(943)
Repairs & maintenance	2,451	2,182	269
Total general government	<u>\$ 94,784</u>	<u>\$ 107,056</u>	<u>\$ (12,272)</u>
PUBLIC SAFETY - POLICE			
Salaries	\$ 10,269	\$ 8,100	\$ 2,169
Uniforms	-	828	(828)
Fuel Expense	4,000	4,827	(827)
Auto repairs	710	132	578
Insurance	2,400	2,354	46
Equipment & supplies	2,900	2,632	268
Raido & communications	3,090	7,297	(4,207)
Training classes	830	1,119	(289)
Dues & subscriptions	-	305	(305)
Miscellaneous	5,960	1,516	4,444
Debt service	4,510	3,800	710
Total police	<u>\$ 34,669</u>	<u>\$ 32,910</u>	<u>\$ 1,759</u>
TOTAL EXPENDITURES	<u>\$ 129,453</u>	<u>\$ 139,966</u>	<u>\$ (10,513)</u>

VILLAGE OF NATCHEZ
SUPPLEMENTAL INFORMATION SCHEDULES

OTHER REPORTS REQUIRED BY GOVERNMENT AUDITING STANDARDS

The following pages contain reports on internal control structure and compliance with laws and regulations required by Government Auditing Standards, issued by the Comptroller General of the United States.



Roland D. Kraushaar
Certified Public Accountant

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

Honorable Rosia L. Humphrey, Mayor
and Members of the Board of Aldermen
Village of Natchez, Louisiana

I have audited the general purpose financial statements of the Village of Natchez as of and for the year ended June 30, 2007 and have issued my report thereon dated December 11, 2007. I conducted my 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 Village of Natchez's financial statements are free of material misstatement, I 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 my audit and, accordingly, I do not express such an opinion.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the Village of Natchez's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the Village's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is a more than remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses. However, I noted certain matters involving the internal control over financial reporting and its operation that I consider to be reportable conditions.

Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in my judgment, could adversely affect the Village's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying schedule of findings and questioned costs as item 2007-1.

This report is intended for the information of the Town Council, management and federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.



Roland D. Kraushaar
Certified Public Accountant
December 11, 2007

REQUIRED SUPPLEMENTAL INFORMATION

VILLAGE OF NATCHEZ, LOUISIANA

REQUIRED SUPPLEMENTAL INFORMATION
PER DIEM PAID COUNCIL
Year Ended June 30, 2007

The Per Diem paid to the Council members is an expenditure of the general fund. According to Town ordinances, council members are paid \$130 for each regular meeting and \$130 for each special meeting. Particulars of the Per Diem paid to the council members for the year ended June 30, 2007 are as follows; also included is the salary paid to the Mayor.

<u>COUNCIL MEMBERS</u>	<u>NUMBER OF MEETINGS ATTENDED</u>		<u>PER DIEM</u>
	<u>REGULAR</u>	<u>SPECIAL</u>	
Mayor Rosia L Humphries			\$ 3,250
Gerald W Johnson	12	-	\$ 1,275
Edna Jones	12	-	\$ 1,275
Rufus Sowell Jr	12	-	\$ 1,275

VILLAGE OF NATCHEZ, LOUISIANA
SCHEDULE OF FINDINGS, QUESTIONED COSTS
AND CORRECTIVE ACTION
Year Ended June 30, 2007

	FINDINGS	COST
All Funds	2007-1 <u>Inadequate Segregation of Duties</u>	N/A

Finding:

Due to the small number of accounting employees, the Village did not have adequate segregation of functions within the accounting system.

Recommendation:

Based upon the size of the accounting operations and the cost-benefit of additional personnel, it may not be feasible to achieve complete segregation of duties.

Response and/or Corrective Action:

No response and/or corrective action necessary.