

**NATCHITOCHEs TAX COMMISSION
NATCHITOCHEs, LOUISIANA
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30, 2007**

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 10/10/07

NATCHITOCHEs TAX COMMISSION
NATCHITOCHEs, LOUISIANA
TABLE OF CONTENTS
JUNE 30, 2007

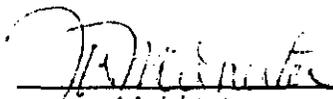
	<u>Exhibit</u>	<u>Schedule</u>	<u>Page</u>
Affidavit	-	-	1
Independent Auditors' Report	-	-	2
Management's Discussion and Analysis	-	-	3
Statement of Net Assets	A	-	8
Statement of Activities	B	-	9
Balance Sheet - Governmental Funds	C	-	10
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets	D	-	11
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	E	-	12
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	F	-	13
Statement of Fiduciary Assets and Liabilities - Fiduciary Funds	G	-	14
Notes to the Financial Statements	-	-	15
Required Supplementary Information	-	-	22
Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds - Budget (GAAP Basis) and Actual	-	1	23
Other Supplementary Information	-	-	24
Schedule of Collections, Distributions, and Unsettled Balances	-	2	25
Schedule of Findings and Questioned Costs	-	3	26
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <u>Government Auditing Standards</u>	-	-	27
Summary Schedule of Prior Audit Findings	-	4	29
Corrective Action Plan for Current Year Audit Findings	-	5	30
Management Letter	-	-	31

NATCHITOCHEs TAX COMMISSION
NATCHITOCHEs, LOUISIANA
FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2007

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

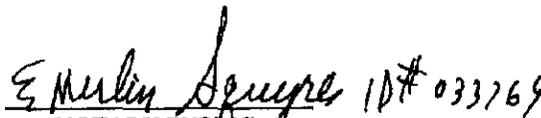
AFFIDAVIT

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, 2007 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.



Administrator

Sworn to and subscribed before me, this 28th day of September, 2007.



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 financial statements of the governmental activities and the aggregate remaining fund information of the Natchitoches Tax Commission, Natchitoches, Louisiana, as of and for the year ended June 30, 2007, as listed in the table of contents. These 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 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 respective financial position of the governmental activities and the aggregate remaining fund information of the Natchitoches Tax Commission as of June 30, 2007, and the respective changes in financial position 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 September 28, 2007, 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. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing 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 opinions on the financial statements that collectively comprise the Natchitoches Tax Commission's basic financial statements. 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.

The financial information for the year ended June 30, 2006, which is included for comparative purposes was taken from the financial report for that year in which we expressed an unqualified opinion dated October 24, 2006, on the basic financial statements of the Natchitoches Tax Commission.

Hines, Jackson & Hines

Natchitoches, Louisiana
September 28, 2007

-MEMBERS-

American Institute of Certified Public Accountants Society of Louisiana Certified Public Accountants

2

NATCHITOCHES TAX COMMISSION
NATCHITOCHES, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2007

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, 2007. 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 of \$125,858 at June 30, 2007 which represents an increase of \$94,740 from prior year end.
- 2) The Natchitoches Tax Commission had accounts receivable of \$0 at June 30, 2007 which represents a decrease of \$18,100 from prior year end.
- 3) The Natchitoches Tax Commission had accounts payable and accruals of \$17,251 at June 30, 2007 which represents an increase of \$5,143 from prior year end.
- 4) The Natchitoches Tax Commission had total revenues of \$456,870 for the year ended June 30, 2007 which represents an increase of \$118,658 from prior year.
- 5) The Natchitoches Tax Commission had intergovernmental revenues of \$335,154 for the year ended June 30, 2007 which represents an increase of \$32,328 from prior year.
- 6) The Natchitoches Tax Commission had charges for services of \$86,114 for the year ended June 30, 2007 which represents an increase of \$61,532 from prior year.
- 7) The Natchitoches Tax Commission had personal services expenses of \$214,500 for the year ended June 30, 2007 which represents an increase of \$23,967 from prior year.
- 8) The Natchitoches Tax Commission had operating services expenses of \$92,899 for the year ended June 30, 2007 which represents an increase of \$19,688 from prior year.
- 9) The Natchitoches Tax Commission had capital asset purchases of \$6,792 for the year ended June 30, 2007 which represents a decrease of \$36,945 from prior year.
- 10) The Natchitoches Tax Commission had capital lease payments of \$18,000 for the year ended June 30, 2007 which represents no change 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.

NATCHITOCHEES TAX COMMISSION
NATCHITOCHEES, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
JUNE 30, 2007

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 consist 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.

NATCHITOCHESES TAX COMMISSION
NATCHITOCHESES, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
JUNE 30, 2007

FINANCIAL ANALYSIS OF THE ENTITY

Statement of Net Assets
As of Year End

	<u>2007</u>	<u>2006</u>
Current and other assets	\$ 133,120	\$ 57,128
Capital assets, net	<u>228,820</u>	<u>243,999</u>
Total Assets	<u>\$ 361,940</u>	<u>\$ 301,127</u>
Other liabilities	\$ 17,251	\$ 12,108
Compensated absences payable	2,003	2,809
Capital lease obligation	<u>51,000</u>	<u>69,000</u>
Total Liabilities	70,254	83,917
Net assets		
Investment in capital assets, net of related debt	177,820	174,999
Unrestricted	<u>113,866</u>	<u>42,211</u>
Total Net Assets	<u>291,686</u>	<u>217,210</u>
Total Liabilities and Net Assets	<u>\$ 361,940</u>	<u>\$ 301,127</u>

Net assets of the Natchitoches Tax Commission's increased by \$74,476 or 34.29% from the previous fiscal year. The increase is the result of operating and nonoperating revenues exceeding expenses during the fiscal year ended 2007 (See table below).

Statement of Activities
For the Year Ended

	<u>2007</u>	<u>2006</u>
General government		
Expenses	\$ (382,394)	\$ (336,287)
Program revenues		
Charges for services	86,114	24,582
Operating grants and contributions	<u>335,154</u>	<u>302,826</u>
Subtotal	38,874	(8,879)
General revenues	<u>35,602</u>	<u>10,804</u>
Change in net assets	<u>\$ 74,476</u>	<u>\$ 1,925</u>

The Natchitoches Tax Commission's total revenues increased by \$118,658 or 35.08% from the previous year. The total cost of all programs and services increased by \$46,107 or 13.71% from the previous year.

NATCHITOCHEES TAX COMMISSION
NATCHITOCHEES, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
JUNE 30, 2007

VARIATIONS BETWEEN ORIGINAL AND FINAL BUDGETS

Actual revenues were \$80,416 more than budgeted amounts due to charges for services being more than expected.

Actual expenditures were \$11,267 more than budgeted amounts due to operating services 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 NATCHITOCHEES 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.

NATCHITOCHEs TAX COMMISSION
NATCHITOCHEs, LOUISIANA
STATEMENT OF NET ASSETS
JUNE 30, 2007 AND 2006

	<u>2007</u>	<u>2006</u>
ASSETS		
Current Assets		
Cash	\$ 125,858	\$ 31,118
Accounts receivable	0	18,100
Prepaid expense	<u>7,262</u>	<u>7,910</u>
Total Current Assets	133,120	57,128
Noncurrent Assets		
Capital assets, net	<u>228,820</u>	<u>243,999</u>
Total Assets	<u>\$ 361,940</u>	<u>\$ 301,127</u>
 LIABILITIES AND NET ASSETS		
LIABILITIES		
Current Liabilities		
Current portion of capital lease obligations	\$ 18,000	\$ 18,000
Accounts payable and accruals	<u>17,251</u>	<u>12,108</u>
Total Current Liabilities	35,251	30,108
Noncurrent Liabilities		
Compensated absences payable	2,003	2,809
Capital lease obligations, net of current portion	<u>33,000</u>	<u>51,000</u>
Total Liabilities	70,254	83,917
NET ASSETS		
Investment in capital assets, net of related debt	177,820	174,999
Unrestricted	<u>113,866</u>	<u>42,211</u>
Total Net Assets	<u>291,686</u>	<u>217,210</u>
Total Liabilities and Net Assets	<u>\$ 361,940</u>	<u>\$ 301,127</u>

The accompanying notes are an integral part of this statement.

EXHIBIT B

NATCHITOCHEE TAX COMMISSION
NATCHITOCHEE, LOUISIANA
STATEMENT OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2007 AND 2006

	2007			2006
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Assets
General Government				
Personal services	\$ 214,500	\$ 51,249	\$ 0	\$ 7,384
Travel	10,166	2,429	0	368
Operating services	92,899	22,196	0	2,837
Supplies	10,574	2,526	0	365
Professional services	32,284	7,714	0	1,261
Depreciation	21,971	0	0	(21,094)
Total General Government	\$ 382,394	\$ 86,114	\$ 0	\$ 38,874
General Revenues:				
Interest income				808
Miscellaneous				34,794
Total General Revenues				35,602
Change in Net Assets				74,476
Net Assets, Beginning of year				217,210
Net Assets, End of year				\$ 291,686
				\$ 217,210

The accompanying notes are an integral part of this statement.

NATCHITOCHEES TAX COMMISSION
NATCHITOCHEES, LOUISIANA
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2007 AND 2006

	<u>2007</u>	<u>2006</u>
ASSETS		
Cash	\$ 125,858	\$ 31,118
Accounts receivable	0	18,100
Prepaid expense	<u>7,262</u>	<u>7,910</u>
Total Assets	<u>\$ 133,120</u>	<u>\$ 57,128</u>
 LIABILITIES AND FUND BALANCES		
LIABILITIES		
Accounts payable and accruals	<u>\$ 17,251</u>	<u>\$ 12,108</u>
Total Liabilities	17,251	12,108
 FUND BALANCES		
Unrestricted	<u>115,869</u>	<u>45,020</u>
Total Fund Balances	<u>115,869</u>	<u>45,020</u>
Total Liabilities and Fund Balances	<u>\$ 133,120</u>	<u>\$ 57,128</u>

The accompanying notes are an integral part of this statement.

NATCHITOCHEs TAX COMMISSION
NATCHITOCHEs, LOUISIANA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
JUNE 30, 2007

Total Fund Balances for Governmental Funds (Exhibit C)	\$	115,869
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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:

Land	\$	40,000	
Buildings and building improvements, net of \$15,382 in accumulated depreciation		141,407	
Equipment, furniture and fixtures, net of \$45,656 in accumulated depreciation		<u>47,413</u>	
Total Capital Assets			228,820

Long-term liabilities are not due and payable in the current period and therefore are not reported in the fund liabilities. Long-term liabilities are reported in the statement of net assets. Long-term liabilities at year end consist of:

Compensated absences payable		2,003	
Capital lease obligations	\$	<u>51,000</u>	
Total Long-term Liabilities			<u>(53,003)</u>

Total Net Assets of Governmental Activities (Exhibit A)	\$	<u>291,686</u>
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NATCHITOCHEES TAX COMMISSION
NATCHITOCHEES, LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEARS ENDED JUNE 30, 2007 AND 2006

	<u>2007</u>	<u>2006</u>
REVENUES		
Intergovernmental revenues	\$ 335,154	\$ 302,826
Charges for services	86,114	24,582
Interest income	808	1,364
Miscellaneous	<u>34,794</u>	<u>9,440</u>
Total Revenues	456,870	338,212
EXPENDITURES		
General government		
Personal services	215,306	190,166
Travel	10,166	9,493
Operating services	92,899	73,211
Supplies	10,574	9,406
Professional services	32,284	32,550
Capital outlay	<u>6,792</u>	<u>43,737</u>
Total Expenditures	<u>368,021</u>	<u>358,563</u>
Excess/(Deficiency) Of Revenues Over Expenditures	88,849	(20,351)
Other Financing Sources/(Uses)		
Capital lease payments	<u>(18,000)</u>	<u>(18,000)</u>
Total Other Financing Sources/(Uses)	<u>(18,000)</u>	<u>(18,000)</u>
Net Change in Fund Balance	70,849	(38,351)
Fund Balance, Beginning of year	<u>45,020</u>	<u>83,371</u>
Fund Balance, End of year	<u>\$ 115,869</u>	<u>\$ 45,020</u>

The accompanying notes are an integral part of this statement.

NATCHITOCHEES TAX COMMISSION
NATCHITOCHEES, 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, 2007

Net Change in Fund Balances-Total Governmental Funds (Exhibit E)	\$	70,849
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 depreciation (\$21,971) exceeds capital outlays (\$6,792) in the current period.		(15,179)
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.		806
Governmental funds report principal repayments as expenditures. However, these amounts are not included in the statement of activities but reduces the liability in the statement of net assets. Those expenditures consist of:		
Capital lease obligations	\$ 18,000	<u>18,000</u>
Change in Net Assets of Governmental Activities (Exhibit B)	\$	<u>74,476</u>

NATCHITOCHEs TAX COMMISSION
NATCHITOCHEs, LOUISIANA
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUNDS
JUNE 30, 2007 AND 2006

	<u>2007</u>	<u>2006</u>
Assets		
Cash	\$ 329,115	\$ 337,885
Total Assets	<u>\$ 329,115</u>	<u>\$ 337,885</u>
Liabilities		
Due to other governments	\$ 329,115	\$ 337,885
Total Liabilities	<u>\$ 329,115</u>	<u>\$ 337,885</u>

The accompanying notes are an integral part of this statement.

NATCHITOCHEs TAX COMMISSION
NATCHITOCHEs, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2007

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:

NATCHITOCHEES TAX COMMISSION
NATCHITOCHEES, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2007

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, 2007, \$0 were considered to be uncollectible.

NATCHITOCHEES TAX COMMISSION
NATCHITOCHEES, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2007

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, 2007 were secured as follows:

NATCHITOCHEES TAX COMMISSION
NATCHITOCHEES, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2007

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	\$ 454,973	\$ 0	\$ 454,973
	Cash	Certificates of Deposit	Total
Bank Balances (Category 3 Only, If Any)			
a. Uninsured and uncollateralized	\$ 37,210	\$ 0	\$ 37,210
b. Uninsured and uncollateralized with securities held by the pledging institution	0	0	0
c. Uninsured and uncollateralized with securities held by the pledging institution's trust department or agent but not in the entity's name	0	0	0
Total Category 3 Bank Balances	\$ 37,210	\$ 0	\$ 37,210
Total Bank Balances (All Categories Including Category 3 Reported Above)	\$ 497,374	\$ 0	\$ 497,374

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

Banking Institution	Amount
City Bank and Trust Company of Natchitoches	\$ 259,840
Exchange Bank of Natchitoches	237,534
Total	\$ 497,374

B. Investments

At June 30, 2007, the Natchitoches Tax Commission had investments of \$0.

NOTE 3 ACCOUNTS RECEIVABLE

The following is a summary of accounts receivable at June 30, 2007:

Class of Receivable	
Intergovernmental revenues	\$ 0
Other	0
Total	\$ 0

NATCHITOCHEES TAX COMMISSION
NATCHITOCHEES, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2007

NOTE 4 CAPITAL ASSETS

A summary of the Natchitoches Tax Commission's capital assets at June 30, 2007 follows:

	Balance July 1, 2006	Additions	Retirements	Balance June 30, 2007
Capital Assets, not being depreciated				
Land	\$ 40,000	\$ 0	\$ 0	\$ 40,000
Total Capital Assets, not being depreciated	40,000	0	0	40,000
Capital Assets, being depreciated				
Buildings and building improvements	156,789	0	0	156,789
Less accumulated depreciation	(11,128)	(4,254)	0	(15,382)
Total Buildings and building improvements	145,661	(4,254)	0	141,407
Equipment, furniture and fixtures	117,217	6,792	(30,940)	93,069
Less accumulated depreciation:	(58,879)	(17,717)	30,940	(45,656)
Total Automobiles and equipment	58,338	(10,925)	0	47,413
Total Capital Assets, being depreciated	203,999	(15,179)	0	188,820
Total Capital Assets, net	<u>\$ 243,999</u>	<u>\$ (15,179)</u>	<u>\$ 0</u>	<u>\$ 228,820</u>

NOTE 5 ACCOUNTS PAYABLE AND ACCRUALS

The following is a summary of accounts payable at June 30, 2007:

<u>Class of Payable</u>	
Vendor	\$ 5,710
Salaries and benefits	<u>11,541</u>
Total	<u>\$ 17,251</u>

NOTE 6 COMPENSATED ABSENCES

At June 30, 2007, employees of the Natchitoches Tax Commission had accumulated \$2,003 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, 2007.

Compensated absences payable, beginning of year	\$ 2,809
Additions	7,282
Deletions	<u>(8,088)</u>
Compensated absences payable, end of year	<u>\$ 2,003</u>

NATCHITOCHEs TAX COMMISSION
NATCHITOCHEs, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2007

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% of their annual covered salary and the Natchitoches Tax Commission is required to contribute at an actuarially determined rate. The rate was 12.75% from July 1, 2006 through December 31, 2006 and 13.25% from January 1, 2007 through June 30, 2007 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, 2007, 2006 and 2005 were \$20,014, \$17,454 and \$17,700, respectively, equal to the required contribution for each year.

NOTE 8 LEASE OBLIGATIONS

During the year ended June 30, 2005, the Natchitoches Tax Commission entered into a lease agreement with a member of the governing authority, City of Natchitoches, for the acquisition of land and an office building. The agreement provides for a down payment of \$100,000 and 60 monthly lease payments of \$1,500. Upon payment of the 60 monthly lease payments, the Commission may purchase the land and office building by paying all expenses and costs of passing the act of sale. The costs of the land and office building, \$190,000, are included as assets and obligations in the financial statements.

NATCHITOCHEs TAX COMMISSION
NATCHITOCHEs, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2007

NOTE 8 LEASE OBLIGATIONS (CONTINUED)

The following is a schedule of future minimum lease payments and the present value of the net future minimum lease payments as of June 30, 2007:

Year Ending June 30	Total
2008	\$ 18,000
2009	18,000
2010	15,000
Total minimum lease payments	51,000
Less amount representing interest	0
Present value of minimum lease payments	\$ 51,000

The Natchitoches Tax Commission was not obligated under any noncancellable operating leases at June 30, 2007.

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, 2007.

NOTE 11 LITIGATION

The Natchitoches Tax Commission was not involved in any litigation at June 30, 2007.

REQUIRED SUPPLEMENTARY INFORMATION

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, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Fav./(Unfav.)</u>
REVENUES				
Intergovernmental revenues	\$ 353,254	\$ 353,254	\$ 335,154	\$ (18,100)
Charges for services	21,500	21,500	86,114	64,614
Interest income	1,200	1,200	808	(392)
Miscellaneous	<u>500</u>	<u>500</u>	<u>34,794</u>	<u>34,294</u>
Total Revenues	376,454	376,454	456,870	80,416
EXPENDITURES				
General government				
Personal services	214,080	214,080	215,306	(1,226)
Travel	9,000	9,000	10,166	(1,166)
Operating services	72,274	81,274	92,899	(11,625)
Supplies	10,900	10,900	10,574	326
Professional services	36,500	36,500	32,284	4,216
Capital outlay	<u>5,000</u>	<u>5,000</u>	<u>6,792</u>	<u>(1,792)</u>
Total Expenditures	<u>347,754</u>	<u>356,754</u>	<u>368,021</u>	<u>(11,267)</u>
Excess/(Deficiency) Of Revenues Over Expenditures	28,700	19,700	88,849	69,149
Other Financing Sources/(Uses)				
Capital lease payments	<u>(18,000)</u>	<u>(18,000)</u>	<u>(18,000)</u>	<u>0</u>
Total Other Financing Sources/(Uses)	<u>(18,000)</u>	<u>(18,000)</u>	<u>(18,000)</u>	<u>0</u>
Net Change in Fund Balance	10,700	1,700	70,849	69,149
Fund Balance, Beginning of year	<u>45,020</u>	<u>45,020</u>	<u>45,020</u>	<u>0</u>
Fund Balance, End of year	<u>\$ 55,720</u>	<u>\$ 46,720</u>	<u>\$ 115,869</u>	<u>\$ 69,149</u>

OTHER SUPPLEMENTARY INFORMATION

NATCHITOCHEES TAX COMMISSION
NATCHITOCHEES, LOUISIANA
SCHEDULE OF COLLECTIONS, DISTRIBUTIONS, AND UNSETTLED BALANCES
FOR THE YEAR ENDED JUNE 30, 2007

Unsettled Balances at July 1,	\$ 337,885
COLLECTIONS	
Ad valorem taxes	1,550,829
Alcoholic beverage licenses	38,731
Christmas Festival fees	24,210
Hotel/Motel tax	282,198
Insurance licenses	316,945
Occupational licenses	535,008
Sales and use taxes	<u>26,479,918</u>
Total Collections	<u>29,227,839</u>
 Total Available for Distribution	 29,565,724
DISTRIBUTIONS	
City of Natchitoches	11,372,964
Christmas Festival Committee	22,460
Fire District #1	33,558
Fire District #5	16,920
Fire District #6	66,887
Natchitoches Parish Police Jury	2,789,428
Natchitoches Parish School Board	12,439,814
Natchitoches Parish Sheriff	1,951,502
Natchitoches Tax Commission	86,114
Natchitoches Tourist Commission	273,732
Village of Campti	117,381
Village of Clarence	30,583
Village of Natchez	10,179
Village of Robeline	<u>25,087</u>
Total Distributions	<u>29,236,609</u>
 Unsettled Balances at June 30, Due to Taxing Bodies	 <u>\$ 329,115</u>

NATCHITOCHEs TAX COMMISSION
NATCHITOCHEs, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2007

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

2007-01	The bank deposit balances of the Natchitoches Tax Commission exceeded federal deposit insurance corporation (FDIC) coverage and the depositing banks did not pledge sufficient securities to cover the amount exceeding the FDIC's coverage.
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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Natchitoches Tax Commission
Post Office Box 639
Natchitoches, Louisiana 71458

We have audited the financial statements of the governmental activities and the aggregate remaining fund information of the Natchitoches Tax Commission, Natchitoches, Louisiana, as of and for the year ended June 30, 2007, and have issued our report dated September 28, 2007. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Natchitoches Tax Commission's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Natchitoches Tax Commission'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 more than a 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.

Our 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. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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 grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance or other matters that is required to be reported under Government Auditing Standards. A description of the finding can be found at finding 2007-01 of the accompanying Corrective Action Plan For Current Year Audit Findings, Schedule 5.

Page #2

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

September 28, 2007

NATCHITOCHEs TAX COMMISSION
NATCHITOCHEs, LOUISIANA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2007

<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>
2006-01	2006	We noted actual expenditures of the Tax Commission were \$31,638 (9.68%) more than budgeted amounts in 2006.	Yes	This finding has been resolved.

NATCHITOCHEs TAX COMMISSION
NATCHITOCHEs, LOUISIANA
CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2007

<u>Ref. No.</u>	<u>Description of Finding</u>	<u>Corrective Action Planned</u>	<u>Name(s) of Contact Person(s)</u>	<u>Anticipated Completion Date</u>
2007-01	The bank deposit balances of the Natchitoches Tax Commission exceeded federal deposit insurance corporation (FDIC) coverage and the depositing banks did not pledge sufficient securities to cover the amount exceeding the FDIC's coverage.	The amount of securities being pledged to secure bank deposits will be reviewed quarterly with each financial institution.	Jerry McWherter, Administrator	12/31/2007

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Post Office Box 639
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We are writing this letter as a follow-up to our recent audit of the basic financial statements of the Natchitoches Tax Commission, Natchitoches, Louisiana as of June 30, 2007, 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

At June 30, 2007, the bank deposit balances of the Natchitoches Tax Commission exceeded federal deposit insurance corporation (FDIC) coverage. This resulted in bank deposits not being secured against loss because the depositing banks did not pledge sufficient securities at a third party custodian to cover the excess deposits.

LSA-RS 39:1225 requires that the amount of security maintained on bank deposits shall at all times be equal to one hundred percent of the amount of bank deposits except that portion of the deposits insured by the FDIC.

Recommended Action

We suggest the Natchitoches Tax Commission's management review on a quarterly basis the amount of securities being pledged at each institution that deposits are maintained to ensure that proper security is being maintained over the funds as required by LSA-RS 39:1225.

Management's Response

The amount of securities being pledged to secure bank deposits will be reviewed quarterly with each financial institution.

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
September 28, 2007