

**CITY OF PINEVILLE, LOUISIANA**

**ANNUAL FINANCIAL REPORT**

**FOR THE YEAR ENDED JUNE 30, 2002**

---

# TABLE OF CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITORS' REPORT.....	1-2
INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i> .....	3-4
<b>GENERAL PURPOSE FINANCIAL STATEMENTS</b>	
Combined Balance Sheet.....	5
Combined Statement of Revenues, Expenditures and Changes in Fund Balance - All Governmental Fund Types .....	6
Combined Statement of Revenues, Expenditures and Changes in Fund Balance -Budget (GAAP Basis) and Actual – General and Special Revenue Funds.....	7
Combined Statement of Revenues, Expenses and Changes in Retained Earnings - Proprietary Fund Types.....	8
Combined Statement of Cash Flows - Proprietary Fund Types.....	9
Notes To Financial Statements.....	10-26
<b>SUPPLEMENTAL FINANCIAL INFORMATION</b>	
General Fund - Schedule of Expenditures by Department .....	27
Special Revenue Funds – Combining Balance Sheet .....	28
Special Revenue Funds – Combining Statement of Revenues and Expenditures.....	29
Debt Service Funds – Combining Balance Sheet .....	30
Debt Service Funds – Combining Statement of Revenues and Expenditures.....	31
Capital Project Funds – Combining Balance Sheet .....	32
Capital Project Funds – Combining Statement of Revenues and Expenditures.....	33
Enterprise Funds - Combining Balance Sheet .....	34
Enterprise Funds - Combining Statement of Revenues and Expenses.....	35
Schedule of Per Diem Paid to Board Members .....	36
SCHEDULE OF FINDINGS AND QUESTIONED COST .....	37
MANAGEMENT’S CORRECTIVE ACTION PLAN.....	38
SUMMARY OF PRIOR YEAR FINDINGS AND QUESTINED COST.....	39
INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 .....	40-41
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS .....	42

# ROZIER, HARRINGTON & MCKAY

## CERTIFIED PUBLIC ACCOUNTANTS

1407 PETERMAN DRIVE • ALEXANDRIA, LOUISIANA 71301

JOHN S. ROZIER, IV, CPA  
M. DALE HARRINGTON, CPA  
MARK S. MCKAY, CPA  
LEE W. WILLIS, CPA  
STEVEN E. KIMBALL, CPA

**MAILING ADDRESS**  
POST OFFICE BOX 12178  
ALEXANDRIA, LOUISIANA 71315-2178  
TELEPHONE (318) 442-1608  
TELECOPIER (318) 487-2027

November 22, 2002

### Independent Auditors' Report

To the Honorable Mayor and Board of Aldermen  
City of Pineville, Louisiana

We have audited the accompanying general purpose financial statements of the City of Pineville, Louisiana as of and for the year ended June 30, 2002, as listed in the table of contents. These general purpose financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in the *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 general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the City of Pineville, Louisiana, as of June 30, 2002, and the results of its operations and cash flows of its proprietary fund types for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued a report dated November 22, 2002, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget

**-Members-**

**American Institute of Certified Public Accountants • Society of Louisiana, CPAs**

Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The supplemental information listed 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 the City of Pineville. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.



ROZIER, HARRINGTON & MCKAY  
Certified Public Accountants

# ROZIER, HARRINGTON & MCKAY

## CERTIFIED PUBLIC ACCOUNTANTS

1407 PETERMAN DRIVE • ALEXANDRIA, LOUISIANA 71301

JOHN S. ROZIER, IV, CPA  
M. DALE HARRINGTON, CPA  
MARK S. MCKAY, CPA  
LEE W. WILLIS, CPA  
STEVEN E. KIMBALL, CPA

**MAILING ADDRESS**  
POST OFFICE BOX 12178  
ALEXANDRIA, LOUISIANA 71315-2178  
TELEPHONE (318) 442-1608  
TELECOPIER (318) 487-2027

November 22, 2002

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

To the Honorable Mayor  
and the Board of Aldermen  
City of Pineville, Louisiana

We have audited the financial statements of the City of Pineville, as of and for the year ended June 30, 2002, and have issued our report thereon dated November 22, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in the *Government Auditing Standards* issued by the Comptroller General of the United States.

#### Compliance

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

#### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Pineville's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the City's ability to record, process, summarize and report financial data consistent with the assertions of management in the general purpose financial statements. Reportable conditions are described in the accompanying schedule of findings and questioned costs as item 2002-1.

**-Members-**

American Institute of Certified Public Accountants • Society of Louisiana, CPAs

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe none of the reportable conditions described above is a material weakness.

This report is intended for the information of management. However, this report is a matter of public record and its distribution is not limited.



ROZIER, HARRINGTON & MCKAY  
Certified Public Accountants

# CITY OF PINEVILLE

## All Fund Types and Account Groups

### Combined Balance Sheet

**June 30, 2002**

	Governmental Funds				Proprietary Funds		Fiduciary Funds		Account Group			Total (Memorandum Only)
	General Fund	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Enterprise Funds	Internal Service Fund	Agency Funds	General Fixed Assets	Long-term Debt			
<b>ASSETS</b>												
Cash	\$ 881,814	\$ 712,057	\$ 579,272	\$ 452,776	\$ 421,309	\$ 1,198	\$ 521,819	\$ -	\$ -	\$ -	\$ 3,570,245	
Receivables (net)	652,605	290,867	-	140,625	508,470	-	-	-	-	-	1,592,567	
Interfund receivable	123,403	25,124	4,856	1,833,237	-	-	1,218,026	-	-	-	3,204,646	
Other assets	25,218	-	-	-	1,114	-	-	-	-	-	26,332	
Restricted cash	-	-	-	-	601,919	-	-	-	-	-	601,919	
Land, buildings and equipment (net of accumulated depreciation)	-	-	-	-	14,694,633	-	-	6,836,078	-	-	21,530,711	
Amount available in debt service funds	-	-	-	-	-	-	-	-	583,443	-	583,443	
Amount to be provided for retirement of general long-term debt	-	-	-	-	-	-	-	-	3,680,435	-	3,680,435	
<b>Total assets</b>	<b>\$ 1,683,040</b>	<b>\$ 1,028,048</b>	<b>\$ 584,128</b>	<b>\$ 2,426,638</b>	<b>\$ 16,227,445</b>	<b>\$ 1,198</b>	<b>\$ 1,739,845</b>	<b>\$ 6,836,078</b>	<b>\$ 4,263,878</b>	<b>\$ 3,680,435</b>	<b>\$ 34,790,298</b>	
<b>LIABILITIES AND EQUITY</b>												
<b>LIABILITIES:</b>												
Accounts and other payables	\$ 557,522	\$ 3,429	\$ 370	\$ 251,917	\$ 176,353	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 989,591	
Interfund payables	454,109	265,346	315	-	745,031	-	1,739,845	-	-	-	3,204,646	
Compensated absences payable	-	-	-	-	43,973	-	-	425,954	-	-	469,927	
Deposits due others	-	-	-	-	289,081	-	-	-	-	-	289,081	
Accrued interest	-	-	-	-	16,942	-	-	-	-	-	16,942	
Certificates of indebtedness	-	-	-	-	-	-	-	2,032,000	-	-	2,032,000	
Revenue bonds payable	-	-	-	-	1,615,000	-	-	20,000	-	-	1,635,000	
General obligation bonds payable	-	-	-	-	-	-	-	1,055,000	-	-	1,055,000	
Capital lease obligations	-	-	-	-	-	-	-	730,924	-	-	730,924	
<b>Total liabilities</b>	<b>1,011,631</b>	<b>268,775</b>	<b>685</b>	<b>251,917</b>	<b>2,886,380</b>	<b>-</b>	<b>1,739,845</b>	<b>-</b>	<b>4,263,878</b>	<b>730,924</b>	<b>10,423,111</b>	
<b>EQUITY:</b>												
Investment in general fixed assets	-	-	-	-	-	-	-	6,836,078	-	-	6,836,078	
Contributed capital	-	-	-	-	15,412,316	-	-	-	-	-	15,412,316	
Retained Earnings:	-	-	-	-	601,919	-	-	-	-	-	601,919	
Reserved by bond covenants	-	-	-	-	(2,673,170)	1,198	-	-	-	-	(2,671,972)	
Unreserved	-	-	-	-	-	-	-	-	-	-	4,188,846	
<b>Fund Balances</b>	<b>671,409</b>	<b>759,273</b>	<b>583,443</b>	<b>2,174,721</b>	<b>13,341,065</b>	<b>-</b>	<b>-</b>	<b>6,836,078</b>	<b>-</b>	<b>-</b>	<b>24,367,187</b>	
<b>Total equity</b>	<b>671,409</b>	<b>759,273</b>	<b>583,443</b>	<b>2,174,721</b>	<b>13,341,065</b>	<b>1,198</b>	<b>-</b>	<b>6,836,078</b>	<b>-</b>	<b>-</b>	<b>24,367,187</b>	
<b>Total liabilities and equity</b>	<b>\$ 1,683,040</b>	<b>\$ 1,028,048</b>	<b>\$ 584,128</b>	<b>\$ 2,426,638</b>	<b>\$ 16,227,445</b>	<b>\$ 1,198</b>	<b>\$ 1,739,845</b>	<b>\$ 6,836,078</b>	<b>\$ 4,263,878</b>	<b>\$ 3,680,435</b>	<b>\$ 34,790,298</b>	

# CITY OF PINEVILLE

## Governmental Funds

### Combined Statement of Revenues, Expenditures and Changes in Fund Balances For the Year Ended June 30, 2002

	Governmental Funds				Total (Memorandum Only)
	General Fund	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	
<b>REVENUES:</b>					
Taxes:					
Ad valorem	\$ 319,774	\$ 532,150	\$ 180,931	\$ -	\$ 1,032,855
Sales	3,625,949	2,742,950	-	-	6,368,899
Licenses and permits					
Franchise fees	594,170	-	-	-	594,170
Occupational licenses	446,142	-	-	-	446,142
Other	35,714	-	-	-	35,714
Intergovernmental	642,510	105,134	-	454,589	1,202,233
Sanitation fees	813,894	-	-	-	813,894
Fines and forfeitures	57,386	-	-	-	57,386
Other	271,930	20,741	12,882	102,192	407,745
<b>Total revenues</b>	<b>6,807,469</b>	<b>3,400,975</b>	<b>193,813</b>	<b>556,781</b>	<b>10,959,038</b>
<b>EXPENDITURES:</b>					
Current:					
General government:					
Judicial	348,607	-	-	-	348,607
Executive	170,829	-	-	-	170,829
Finance & Administrative	1,221,576	-	21,133	-	1,242,709
Public safety	4,378,533	-	-	-	4,378,533
Public works	2,253,546	-	-	-	2,253,546
Health & Welfare	118,566	5,020	-	-	123,586
Culture & Recreation	430,511	22,709	-	-	453,220
Capital Expenditures	-	-	-	1,976,648	1,976,648
Debt Service	213,987	-	1,538,604	137,957	1,890,548
<b>Total expenditures</b>	<b>9,136,155</b>	<b>27,729</b>	<b>1,559,737</b>	<b>2,114,605</b>	<b>12,838,226</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(2,328,686)</b>	<b>3,373,246</b>	<b>(1,365,924)</b>	<b>(1,557,824)</b>	<b>(1,879,188)</b>
<b>OTHER FINANCING SOURCES (USES):</b>					
Operating transfers in	2,841,011	-	508,249	1,493,575	4,842,835
Operating transfers out	(277,529)	(3,260,816)	(81,481)	(313,690)	(3,933,516)
Proceeds from long-term debt	-	-	1,020,000	1,213,882	2,233,882
<b>Excess (deficiency) of revenues and other sources over expenditures and other uses</b>	<b>234,796</b>	<b>112,430</b>	<b>80,844</b>	<b>835,943</b>	<b>1,264,013</b>
<b>Fund balance (deficit) - beginning of year</b>	<b>436,613</b>	<b>646,843</b>	<b>502,599</b>	<b>1,338,778</b>	<b>2,924,833</b>
<b>Fund balance (deficit) - end of year</b>	<b>\$ 671,409</b>	<b>\$ 759,273</b>	<b>\$ 583,443</b>	<b>\$ 2,174,721</b>	<b>\$ 4,188,846</b>

The accompanying notes are an integral part of this statement.



# CITY OF PINEVILLE

## General and Special Revenue Funds

### Combined Statement of Revenues, Expenditures and Changes in Fund Balance Budget (GAAP Basis) and Actual For the Year Ended June 30, 2002

	General Fund			Special Revenue Funds		
	Amended Budget	Actual	Variance Favorable (Unfavorable)	Amended Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES:</b>						
Taxes:						
Ad valorem	\$ 333,000	\$ 319,774	\$ (13,226)	\$ 561,600	\$ 532,150	\$ (29,450)
Sales	3,592,900	3,625,949	33,049	2,716,230	2,742,950	26,720
Licenses and permits						
Franchise fees	587,800	594,170	6,370	-	-	-
Occupational licenses	448,290	446,142	(2,148)	-	-	-
Other	33,870	35,714	1,844	-	-	-
Intergovernmental	276,540	642,510	365,970	103,000	105,134	2,134
Sanitation fees	810,655	813,894	3,239	-	-	-
Fines and forfeitures	55,645	57,386	1,741	-	-	-
Other	198,105	271,930	73,825	20,842	20,741	(101)
<b>Total revenues</b>	<b>6,336,805</b>	<b>6,807,469</b>	<b>470,664</b>	<b>3,401,672</b>	<b>3,400,975</b>	<b>(697)</b>
<b>EXPENDITURES:</b>						
Current:						
General government	1,721,810	1,741,012	(19,202)	-	-	-
Public safety	4,046,425	4,378,533	(332,108)	-	-	-
Public works	2,127,200	2,253,546	(126,346)	-	-	-
Health & Welfare	116,235	118,566	(2,331)	5,020	5,020	-
Culture & Recreation	390,449	430,511	(40,062)	19,280	22,709	(3,429)
Debt Service	195,215	213,987	(18,772)	-	-	-
<b>Total expenditures</b>	<b>8,597,334</b>	<b>9,136,155</b>	<b>(538,821)</b>	<b>24,300</b>	<b>27,729</b>	<b>(3,429)</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(2,260,529)</b>	<b>(2,328,686)</b>	<b>(68,157)</b>	<b>3,377,372</b>	<b>3,373,246</b>	<b>(4,126)</b>
<b>OTHER FINANCING SOURCES (USES):</b>						
Operating transfers in	2,821,765	2,841,011	19,246	-	-	-
Operating transfers out	(236,725)	(277,529)	(40,804)	(3,284,687)	(3,260,816)	23,871
<b>Excess (deficiency) of revenues and other sources over expenditures and other uses</b>	<b>324,511</b>	<b>234,796</b>	<b>(89,715)</b>	<b>92,685</b>	<b>112,430</b>	<b>19,745</b>
<b>Fund balance (deficit) - beginning of year</b>	<b>436,613</b>	<b>436,613</b>	<b>-</b>	<b>646,843</b>	<b>646,843</b>	<b>-</b>
<b>Fund balance (deficit) - end of year</b>	<b>\$ 761,124</b>	<b>\$ 671,409</b>	<b>\$ (89,715)</b>	<b>\$ 739,528</b>	<b>\$ 759,273</b>	<b>\$ 19,745</b>

The accompanying notes are an integral part of this statement.

# **CITY OF PINEVILLE**

## **Proprietary Funds**

### **Combined Statement of Revenue, Expenses and Changes in Retained Earnings** **For the Year Ended June 30, 2002**

	Enterprise Funds	Internal Service Fund	Total (Memorandum Only)
<b><u>OPERATING REVENUES:</u></b>			
Utility revenue	\$ 2,860,925	\$ -	\$ 2,860,925
Other	198,610	20	198,630
<b>Total operating revenues</b>	<b>3,059,535</b>	<b>20</b>	<b>3,059,555</b>
<b><u>OPERATING EXPENSES:</u></b>			
Salaries	712,649	-	712,649
Legal and professional	131,973	-	131,973
Repairs and maintenance	195,188	-	195,188
Supplies and chemicals	218,894	-	218,894
Employee benefits	275,434	77	275,511
Utilities	351,572	-	351,572
Permits and testing	38,848	-	38,848
Depreciation	733,686	-	733,686
Bad debts	55,210	-	55,210
Other	40,044	-	40,044
<b>Total operating expenses</b>	<b>2,753,498</b>	<b>77</b>	<b>2,753,575</b>
<b>Operating income (loss)</b>	<b>306,037</b>	<b>(57)</b>	<b>305,980</b>
<b><u>NONOPERATING REVENUES (EXPENSES):</u></b>			
Interest revenue	24,603	-	24,603
Interest expense	(139,537)	-	(139,537)
<b>Net income (loss) before operating transfers</b>	<b>191,103</b>	<b>(57)</b>	<b>191,046</b>
<b><u>OTHER FINANCING SOURCES (USES):</u></b>			
Operating transfers in	64,353	475	64,828
Operating transfers out	(974,145)	-	(974,145)
<b>Net income (loss)</b>	<b>(718,689)</b>	<b>418</b>	<b>(718,271)</b>
<b>Retained earnings - beginning of year:</b>	<b>(1,352,562)</b>	<b>780</b>	<b>(1,351,782)</b>
<b>Retained earnings - end of year</b>	<b>\$ (2,071,251)</b>	<b>\$ 1,198</b>	<b>\$ (2,070,053)</b>

*The accompanying notes are an integral part of this statement.*

# CITY OF PINEVILLE

## Proprietary Funds

### **Combined Statement of Cash Flows For the Year Ended June 30, 2002**

	Enterprise Funds	Internal Service Fund	Total (Memorandum Only)
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES:</u></b>			
Operating income	\$ 306,037	\$ (57)	\$ 305,980
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	733,686	-	733,686
(Increase) decrease in receivable	(69,980)	-	(69,980)
Increase (decrease) in accounts and other payables	28,602	-	28,602
Increase (decrease) in compensated absences payable	12,658	-	12,658
Increase (decrease) in deposits due others	6,129	-	6,129
<b>Net cash provided (used) by operating activities</b>	<u>1,017,132</u>	<u>(57)</u>	<u>1,017,075</u>
<b><u>CASH FLOW FROM NON-CAPITAL FINANCING ACTIVITIES:</u></b>			
Operating transfers in	64,353	475	64,828
Operating transfers out	(974,145)	-	(974,145)
Net increase (decrease) in interfund payables	205,139	-	205,139
<b>Net cash provided (used) by non-capital financing activities</b>	<u>(704,653)</u>	<u>475</u>	<u>(704,178)</u>
<b><u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</u></b>			
Interest paid on revenue bonds	(140,826)	-	(140,826)
Principal paid on revenue bonds	(65,000)	-	(65,000)
<b>Net cash provided (used) by capital and related financing activities</b>	<u>(205,826)</u>	<u>-</u>	<u>(205,826)</u>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES:</u></b>			
Interest income	24,603	-	24,603
<b>Net cash provided (used) by capital and related financing activities</b>	<u>24,603</u>	<u>-</u>	<u>24,603</u>
<b>Net increase (decrease) in cash</b>	131,256	418	131,674
<b>Beginning cash balance</b>	<u>891,972</u>	<u>780</u>	<u>892,752</u>
<b>Ending cash balance</b>	1,023,228	1,198	1,024,426
<b>Restricted cash balance</b>	<u>601,919</u>	<u>-</u>	<u>601,919</u>
<b>Unrestricted cash balance</b>	<u>\$ 421,309</u>	<u>\$ 1,198</u>	<u>\$ 422,507</u>

#### **Supplemental Disclosure of Cash Flow Information:**

During the year, the City's capital improvement fund expended \$126,154 for the improvement of the utility system. In addition, the capital improvement fund and the major equipment purchase fund expended \$36,952 and \$50,105, respectively for equipment that was contributed to the utility system.

*The accompanying notes are an integral part of this statement.*

# **CITY OF PINEVILLE**

## **Notes To Financial Statements**

**June 30, 2002**

---

### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The City of Pineville (the City) was incorporated under the provisions of the Lawrason Act. The City is governed by a Mayor and a Board of Alderman consisting of five (5) members. Services provided by the City include police protection, fire protection, street maintenance, drainage, recreation and sanitation. The City also operates a water distribution system, a sewer system and a municipal airport.

The accompanying policies conform to generally accepted accounting principles for governmental units.

#### **Financial Reporting Entity**

As the municipal governing authority, for reporting purposes, the City is considered a separate financial reporting entity. The financial reporting entity consists of (a) the primary government (the City), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board (GASB) Statement No. 14 established criteria for determining which component units should be considered part of the City of Pineville for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. Appointing a voting majority of an organization's governing body, and
  - a) The ability of the City to impose its will on that organization and/or
  - b) The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the City.
2. Organizations for which the City does not appoint a voting majority but are fiscally dependent on the City.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Based on the criteria presented above, the City has no component units. In reaching this conclusion, the operations of the City Court System were considered; however it was determined that the City

# **CITY OF PINEVILLE**

## **Notes To Financial Statements**

**June 30, 2002**

---

Court System did not meet the necessary criteria for classification as a component unit. Component unit status does not apply because the City Court System is managed by elected officials and it functions in a fiscally independent manner.

### **Fund Accounting**

The accounts of the City are organized on the basis of funds or account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures. The various funds are summarized by type in the financial statements. The following fund types and account groups are used by the City:

#### **Governmental Fund Type**

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

Special Revenue Funds – Account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

Debt Service Funds – Account for transactions relating to resources retained and used for the payment of principal and interest on general long-term obligations.

Capital Project Funds – Account for financial resources received and used for the acquisition, construction, or improvement of capital facilities not reported in the other governmental funds.

#### **Proprietary Funds**

Enterprise Funds - Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

Internal Service Funds – Account for the goods and services provided to other funds on a cost reimbursement basis.

#### **Fiduciary Funds**

Agency Funds – Account for assets that are held on behalf of others as their agent. Agency funds are custodial in nature and do not involve measurement of results of operations.

# **CITY OF PINEVILLE**

## **Notes To Financial Statements**

**June 30, 2002**

---

### **Account Groups**

General Fixed Assets Account Group - This group of accounts is used to account for fixed assets of the City other than those accounted for in the proprietary fund.

General Long-Term Debt Account Group - This group of accounts is used to account for long-term debt of the City not accounted for in the proprietary fund.

### **BASIS OF ACCOUNTING**

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

All governmental funds and expendable trust funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. Taxpayer-assessed income and gross receipts are considered "measurable" when in the hands of collecting governments and are recognized as revenue at that time. Anticipated refunds of such taxes are recorded as liabilities and reductions of revenue when they are measurable and their validity seems certain. Typically amounts that are expected to be collected within 60 days are amounts that are due under cost reimbursement arrangements are considered to be available.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. An exception to this general rule is principal and interest on long-term debt, which is recognized when due.

In both governmental and proprietary funds, inventories of supplies are considered immaterial and are not recorded.

The proprietary funds are accounted for using the accrual basis of accounting. Revenues are recognized when they are earned, and expenses are recognized when they are incurred. Utility revenues are billed on a cycle basis and are recognized in the month billed. Unbilled service receivables resulting from utility services rendered between cycle billing and the end of the month have been recognized in the accompanying financial statements.

The basis of accounting followed by proprietary funds is similar to accounting practices utilized by business enterprises. Due to these similarities, proprietary funds are allowed to follow certain pronouncement that are developed by the Financial Accounting Standards Board (FASB) for business enterprises. However, the City only applies those FASB pronouncements that were issued on or before November 30, 1989.

### **Use Of Estimates**

The preparation of financial statement in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

# **CITY OF PINEVILLE**

## **Notes To Financial Statements**

**June 30, 2002**

---

### **Restricted Assets:**

Restricted assets represent resources that must be expended in a specific manner. Restrictions of this nature are imposed by various contractual obligations including grant agreements and bond covenants.

### **Budget Practices:**

Budgets including any amendments are prepared in the manner prescribed by Louisiana revised statutes. City budgets present revenue and expenditures on a basis which is consistent with generally accepted accounting principles. Budgets are adopted annually for the general fund and each special revenue fund. The remaining funds are not required to adopt budgets.

### **Fixed Assets:**

Fixed assets of governmental funds are recorded as expenditures at the time purchased or constructed, and the related assets are reported in the general fixed assets account group. Since the City does not capitalize infrastructures, these items are excluded from the general fixed assets account group. No depreciation has been provided on general fixed assets. General fixed assets are reported at historical cost, including any interest incurred during construction.

Property and equipment used in the proprietary fund operations are recorded at cost or estimated historical cost including interest incurred during construction. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Fixed assets are reported at historical cost, including any interest incurred during construction.

### **Cash And Cash Equivalents:**

Amounts reported as cash and cash equivalents (restricted and unrestricted) include all cash on hand, cash in bank accounts, certificates of deposit and highly liquid investments.

### **Encumbrance Accounting:**

Purchase orders, contracts, and other commitments to engage in future expenditures are referred to as encumbrances. Since encumbrances do not represent liabilities or current expenditures, encumbrances are not reported in the accompanying financial statements.

### **Interfund Receivables and Payables:**

Most of the City's funds use a single bank account that is reported as an agency fund. Since these funds share a single account, interfund receivables and payables result from these transactions. These balances are not liquidated on a regular basis; however, interest is charged on balances due.

### **Total Columns On Combined Statements:**

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

# **CITY OF PINEVILLE**

## **Notes To Financial Statements**

**June 30, 2002**

---

### **Compensated Absences**

Full time and regular part-time employees earn vacation at rates that vary depending of length of service and civil service classification. Unused vacation that employees are allowed to carryforward is reported as long-term debt. Amounts attributable to the utility fund are reported as an expense during the year when leave is earned. Amounts attributable to governmental funds are reported in the General Long-Term Debt Account Group and an expenditure is reported when the unused vacation is actually liquidated.

### **Use Of Estimates**

The preparation of financial statement in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

### **Statement Of Cash Flows:**

For the purpose of reporting cash flows, cash and cash equivalents includes all cash on hand, cash in banks and certificates of deposit.

### **Fund Equity:**

#### **Contributed Capital**

Contributed capital is recorded in proprietary funds that have received capital grants or contributions from developers, customers, or other funds when such resources are restricted for the acquisition or construction of capital assets. Contributed capital reported by the City is not subject to amortization.

#### **Reserves**

Reserves represent those portions of fund equity legally segregated for a specific future use.

## **NOTE 2 - ACCOUNTS RECEIVABLE**

Accounts receivable for the year ended June 30, 2002 are summarized as follows:

	<u>General</u> <u>Fund</u>	<u>Special</u> <u>Revenue</u> <u>Funds</u>	<u>Capital</u> <u>Project</u> <u>Funds</u>	<u>Enterprise</u> <u>Funds</u>
<u>Accounts Receivable</u>				
Utility Accounts	\$ ----	\$ ----	\$ ----	\$ 720,675
Sanitation	161,976	----	----	----
Franchise Taxes	68,937	----	----	----
Other	41,983	----	----	----
<u>Total Accounts Receivable</u>	<u>272,896</u>	<u>----</u>	<u>----</u>	<u>720,675</u>



# **CITY OF PINEVILLE**

## **Notes To Financial Statements**

**June 30, 2002**

	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Capital Project Funds</u>	<u>Enterprise Funds</u>
<u>Due From Other Governmental Units</u>				
Sales Taxes	321,269	246,745	----	----
Grants	28,397	----	140,625	----
Other	30,043	44,122	----	----
<u>Total Due From Other Governments</u>	<u>379,709</u>	<u>290,867</u>	<u>140,625</u>	<u>----</u>
Total Receivables	652,605	290,867	140,625	720,675
Allowance for Doubtful Accounts	----	----	----	(212,205)
<u>Net Receivables</u>	<u>\$ 652,605</u>	<u>\$ 290,867</u>	<u>\$ 140,625</u>	<u>\$ 508,470</u>

### **NOTE 3 - CASH AND CASH EQUIVALENTS**

Deposits 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. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

At June 30, 2002, the City has \$4,181,951 in deposits (collected bank balance). These deposits are secured from risk by \$135,413 of federal deposit insurance and \$4,989,419 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement No. 3, State law imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified that the fiscal agent has failed to pay deposited funds upon demand.

### **NOTE 4 - LONG-TERM DEBT**

Debt attributable to the acquisition of the City's utility system and the operation of the utility system is reported as an obligation of the City's proprietary (enterprise) funds. Remaining debts are reported in the general long-term debt account group. The City's debts are summarized as follows:

# **CITY OF PINEVILLE**

## **Notes To Financial Statements**

**June 30, 2002**

	Proprietary Fund Obligations	General Long-term Debt	Total
Certificates of Indebtedness	\$ ----	\$ 2,032,000	\$ 2,032,000
Revenue Bonds	1,615,000	20,000	1,635,000
General Obligation Bonds	----	1,055,000	1,055,000
Capital Leases	----	730,924	730,924
Compensated Absences	43,973	425,954	469,927
<b>Total</b>	<b>\$ 1,658,973</b>	<b>\$ 4,263,878</b>	<b>\$ 5,922,851</b>

Changes in the City's general long-term debt for the year ended June 30, 2002 are presented as follows:

	Beginning Balance	Debt Issued	Debt Retired	Ending Balance
Certificates of Indebtedness	\$ 1,623,000	\$ 1,670,000	\$ 1,261,000	\$ 2,032,000
Revenue Bonds	25,000	----	5,000	20,000
General Obligations	1,160,000	----	105,000	1,055,000
Capital Leases	486,839	563,882	319,797	730,924
Compensated Absences	385,379	40,575	----	425,954
<b>Total general long-term debt</b>	<b>\$ 3,680,218</b>	<b>\$ 2,274,457</b>	<b>\$ 1,690,797</b>	<b>\$ 4,263,878</b>

### **Certificates of Indebtedness**

The City has issued certificates which are secured by and payable from a pledge of the excess of annual revenues above statutory, necessary and usual charges incurred by the City. Certificates of indebtedness outstanding at June 30, 2002 are described as follows:

\$1,020,000 Taxable Refunding Certificates of Indebtedness, Series 2001B dated bearing interest at a rate of 7.0%. Principle is payable in annual installments ranging from \$85,000 to \$145,000, with the final installment due September 1, 2010. The certificates are callable for redemption at anytime after September 1, 2006. \$ 1,020,000

\$650,000 Certificates of Indebtedness, Series 2001A bearing interest at a rates ranging from 4.10% to 6.75%. Principle is payable in annual installments ranging from \$20,000 to \$50,000, with the final installment due September 1, 2021. The certificates are callable for redemption at anytime after September 1, 2009. 650,000

# **CITY OF PINEVILLE**

## **Notes To Financial Statements**

**June 30, 2002**

---

\$630,000 Certificates of Indebtedness, Series 1997 dated May 21, 1997, bearing interest at a rate of 4.95%. Principle is payable in annual installments ranging from \$47,000 to \$81,000, with the final installment due March 1, 2007. 362,000

---

Total Certificates of Indebtedness \$ 2,032,000

---

### **Revenue Bonds**

The City has issued revenue bonds that are secured by and payable solely from a pledge of funds generated by a specific revenue source. Revenue bonds outstanding at June 30, 2002 are described as follows:

\$900,000 Utilities Revenue Bonds Series 1994, dated July 1, 1994 with an effective rate of interest ranging from 5.0% to 6.0% depending on the length of maturity. The bonds mature serially on May 1<sup>st</sup> of each year in amounts ranging from \$5,000 to \$75,000. Final maturity is scheduled for May 1, 2019, unless the City elects to redeem the bonds prior to maturity. Bonds become eligible for redemption on May 1, of 2004. \$ 755,000

\$1,100,000 Utilities Revenue Bonds, Series 1991 dated November 1, 1991 bearing interest at rates ranging from 6% to 10% depending on the length of maturity. The bonds mature serially on May 1 of each year in amounts ranging from \$20,000 to \$95,000. Final maturity is scheduled for May 1, 2016, unless the City elect to redeem the bonds prior to maturity. Bonds become eligible for redemption on May 1, 2002. 860,000

\$ 1,750,000 Public Improvement Sales Tax Bonds, Series 1980 dated September 1, 1980, bearing interest at a rate of 8.0%. The bonds mature serially on September 1<sup>st</sup> of each year in amounts ranging from \$5,000 to \$150,000. Final maturity is scheduled for September 1, 2005, unless the City elects to redeem the bonds prior to maturity. Bonds maturing on or after September 1, 1991 are subject to early redemption. The bonds are payable solely from and secured by an irrevocable pledge and dedication of the special one percent (1%) sales and used tax being levied by the City. 20,000

---

Total Revenue Bonds \$ 1,635,000

---

### **General Obligation Bonds**

The City has issued has issued general obligations bonds payable from property taxes levied in the manner provided by State Law. General obligations outstanding at June 30, 2002 are described as follows:

# **CITY OF PINEVILLE**

## **Notes To Financial Statements**

**June 30, 2002**

---

\$1,160,000 General Obligation Refunding Bonds, Series 2001 dated June 1, 2001 with interest rates ranging from 3.8% to 4.7%. The bonds mature serially on March 1 <sup>st</sup> of each year in amounts ranging from \$105,000 to \$135,000. Final maturity is scheduled for March 1, 2011, unless the City elects to redeem the bonds prior to maturity. Bonds become subject to early redemption on March 1, 2007. The bonds are secured by the full faith and credit of the City and a special tax levied on property subject to taxation within the boundaries of the City.	\$ 1,055,000
<b>Total General Obligations</b>	<b>\$ 1,055,000</b>

### **Capital Leases**

The City has acquired equipment by entering into capital leasing arrangements. For financial reporting purposes, minimum lease payments relating to leased equipment have been capitalized. The leased property is reported by the general fixed assets account group at its original cost. Capital lease obligations outstanding at June 30, 2002 are described as follows:

Lease agreement dated October 1999, executed in exchange for an automobile, with an original balance of \$19,800, bearing interest at a rate of 6.0%, payable in 48 monthly installments of \$465.	\$ 1,837
Lease agreement dated July 25, 2000, executed in exchange for equipment, with an original balance of \$449,859, bearing interest at a rate of 5.6%, payable in 60 monthly installments of \$6,756.	259,286
Lease agreement dated January 25, 2001, executed in exchange for 5 automobiles, with an original balance of \$102,393, bearing interest at a rate of 5.4%, payable in 24 monthly installments of \$5,804.	35,352
Lease agreement dated January 30, 2002, executed in exchange for equipment, with an original balance of \$440,000, bearing interest at a rate of 3.4%, payable in 24 monthly installments of \$18,996.	350,802
Lease agreement dated November 2, 2001, executed in exchange for equipment, with an original balance of \$123,882, bearing interest at a rate of 3.9%, payable in 24 monthly installments of \$5,372.	83,647
<b>Total Capital lease obligations</b>	<b>\$ 730,924</b>

### **Maturity of Long-term Debt**

A schedule of maturities of long-term debt excluding capital leases is presented as follows:

# **CITY OF PINEVILLE**

## **Notes To Financial Statements**

**June 30, 2002**

<u>Year Ended June 30<sup>th</sup></u>	<u>Proprietary Funds</u>		<u>General Long-term Debt</u>	
	<u>Principle</u>	<u>Interest</u>	<u>Principle</u>	<u>Interest</u>
2003	\$ 70,000	\$ 101,655	\$ 284,000	\$ 172,247
2004	75,000	97,508	298,000	157,174
2005	80,000	92,988	312,000	141,188
2006	85,000	88,073	332,000	124,142
2007	95,000	82,808	341,000	106,213
2008 – 2012	575,000	316,750	1,135,000	280,339
2013 – 2017	625,000	105,695	175,000	104,720
2018 – 2022	10,000	900	230,000	39,963
<b>Total</b>	<b>\$ 1,615,000</b>	<b>\$ 886,377</b>	<b>\$ 3,107,000</b>	<b>\$ 1,125,986</b>

Future minimum lease payments due under capital lease arrangements are presented as follows:

<u>Year Ended June 30<sup>th</sup></u>	
2003	\$ 422,116
2004	262,821
2005	81,070
2006	6,756
Total minimum lease payments	772,763
Amounts representing interest	(41,839)
<b>Present value of minimum lease payments</b>	<b>\$ 730,924</b>

### **NOTE 5 – TAXES:**

#### **Ad Valorem Taxes:**

The City bills and collects its own property taxes using the assessed values determined by the Tax Assessor of Rapides Parish. For the year ended June 30, 2002, the City has levied ad valorem taxes as follows:

# **CITY OF PINEVILLE**

## **Notes To Financial Statements**

**June 30, 2002**

<u>Description</u>	<u>Mills Levied</u>
Levied for general alimony as permitted by State Law. Revenue from taxes levied for general alimony is reported by the general fund. ....	5.91
Levied per proposition originally approved May 14, 1991 and subsequently renewed, authorizing 10 mills for a period of 10 year beginning with 1991 for the purpose of paying salaries of the employees of the fire and police departments. Due to the restricted nature of these taxes, the revenue is reported in a special revenue fund. ....	10.00
Levied per proposition approved May 14, 1991, authorizing general obligation debt to run for a period of 20 years payable from a levy of ad valorem taxes. Since these taxes are dedicated to debt service, revenue is reported in a debt service fund. ....	<u>4.00</u>
	<u>19.91</u>

Ad valorem taxes are assessed on a calendar year basis and are due on or before December 31 in the year the tax is levied. Revenues from ad valorem taxes are recognized as revenue in the year billed.

### **Sales Taxes:**

Sales taxes are collected by the Parish of Rapides and remitted to the City on a monthly basis. For the year ended June 30 the City has levied sales taxes as follows:

<u>Description</u>	<u>Percentage Levied</u>
Levied per proposition approved the citizens of Pineville authorizing a tax for the operation of the General Fund. Revenue generated by this tax is reported by the General fund. ....	1%
Levied per proposition approved by the citizens of Pineville authorizing a tax "with the avails or proceeds of said tax to be dedicated and pledged to the payment of principle and interest and other amounts required on any sales tax revenue bonds issued by the City for any lawful public purpose; provided, however, that the avails or proceeds of said tax not required in each month for principle, interest and other payments on any sales tax revenue bonds, shall be allocated in an amount equal to 50% of the proceeds of the tax for paying salaries of municipal employees of said City and the remaining proceeds of the tax for capital acquisitions for said City including equipment, furnishings and improvements to municipal property that may include but are not limited to streets, sidewalks, bridges, waterworks, sewers, drains and recreation and fire protection facilities. Since revenue from this source is subject to various restrictions, it is reported in a special revenue fund. ....	1%

# **CITY OF PINEVILLE**

## **Notes To Financial Statements**

**June 30, 2002**

---

In addition to the taxes described above, the City is also entitled to receive a portion (5%) of a parishwide sales tax. Since the parishwide tax is unrestricted, its proceeds are reported as revenue by the general fund.

### **NOTE 6 - PROPERTY AND EQUIPMENT**

Changes in general fixed assets are presented as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
Land, Buildings & Improvements	\$ 2,806,612	\$ 824,366	\$ ----	\$ 3,630,978
Furniture, Fixtures and Equipment	2,777,652	566,179	252,943	3,090,888
Construction in Process	76,597	649,729	612,114	114,212
<b>Total General Fixed Assets</b>	<b>\$ 5,660,861</b>	<b>\$ 2,040,274</b>	<b>\$ 865,057</b>	<b>\$ 6,836,078</b>

A summary of the property and equipment at June 30, 2002 consists of the following:

Utility System	\$ 21,322,030
Equipment	422,620
Municipal Airport Improvements	372,511
Construction in Progress	61,437
<b>Total</b>	<b>22,178,598</b>
<b>Less Accumulated Depreciation</b>	<b>(7,483,965)</b>
<b>Net Property and Equipment</b>	<b>\$ 14,694,633</b>

### **NOTE 7- RISK MANAGEMENT**

The City is exposed to various risk of loss related to torts; theft, damage or destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City insures against these risks by participation in public entity risk pools that operate as common insurance programs and by purchasing commercial insurance. Settled claims resulting from these risk have not exceeded insurance coverage in any of the past three fiscal years.

### **NOTE 8 - RESTRICTED RESOURCES**

Bond covenants require the City to establish bank accounts which serve as debt service and depreciation reserves. Funds may be disbursed from these accounts only under specific circumstances described by the bond covenants.

# **CITY OF PINEVILLE**

## **Notes To Financial Statements**

**June 30, 2002**

---

### **NOTE 9 - CONTRIBUTED CAPITAL**

The City receives contributed capital from a variety of sources, including grants, developers, and the capital improvement fund. Contributed capital and changes in contributed capital for each enterprise fund is presented as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
Utility Fund	\$ 14,881,523	\$ 213,211	\$ ---	\$ 15,094,734
Airport Fund	317,582	---	---	317,582
<b>Total</b>	<b>\$ 15,199,105</b>	<b>\$ 213,211</b>	<b>\$ ---</b>	<b>\$ 15,412,316</b>

### **NOTE 10 – PENSION PLANS:**

Substantially all City employees are members of statewide retirement systems. These systems are cost-sharing, multiple-employer defined benefit pension plans administered by separate boards of trustees. Information regarding each plan is presented as follows:

#### **Municipal Employees' Retirement System of Louisiana:**

**Plan Description** -The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. All employees of the City participating in the retirement system are members of Plan B. All permanent employees working at least 35 hours per week who are not covered by another pension plan and are paid wholly or in part from municipal funds and all elected municipal officials are eligible to participate in the System. Under Plan B, employees who retire at or after age 60 with at least 10 years of creditable service, at or after age 55 with at least 30 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 2 percent of their final-average monthly salary in excess of \$100 for each year of creditable service. Furthermore, employees with at least 10 years of creditable service, but less than 30 years may take early retirement benefits commencing at or after age 60, with the basic benefit reduced 3 percent for each year retirement precedes age 62. In any case, monthly retirement benefits paid under Plan B cannot exceed 100 percent of final-average salary. 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.

The System issued an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Employees Retirement System of Louisiana, 7937 Office Park Boulevard, Baton Rouge, Louisiana 70809, or by calling (225) 925-4810.



# **CITY OF PINEVILLE**

## **Notes To Financial Statements**

**June 30, 2002**

---

**Funding Policy** - Under Plan B, members are required by state statute to contribute 5.0 percent of their annual covered salary and the City is required to contribute at an actuarially determined rate. Contributions to the System also include one-fourth of one percent of the taxes shown to be collectible by the tax rolls of each parish, except 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. The contribution requirements of plan members and the City are established and may be amended by state statute. As provided by State law, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The City's contributions to the system were equal to the required contributions for the year.

### **Firefighters' Retirement System of Louisiana**

**Plan Description** - Membership in the Louisiana Firefighters' Retirement System is mandatory for all full-time firefighters employed by a municipality, parish or fire protection district that did not enact an ordinance before January 1, 1980, exempting itself from participation in the System. Employees are eligible to retire at or after age 55 with at least 12 years of creditable service or at or after age 50 with at least 20 years of creditable service. Upon retirement, members are entitled to a retirement benefit, payable monthly for life, equal to  $3^{1/3}$  percent of their final-average salary for each year of creditable service, not to exceed 100 percent of their final-average salary. 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 12 years of service and do not withdraw their employee contributions may retire at or after age 55 (or at or after age 50 with at least 20 years of creditable service at termination) and receive the benefit accrued to their date of termination. The system also provides death and disability benefits. Benefits are established or amended by state statute.

The System issued an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Firefighters' Retirement System, Post Office Box 94095, Baton Rouge, Louisiana 70804, or by calling (225) 925-4060.

**Funding Policy** - Plan members are required by state statute to contribute 8.0 percent of their annual covered salary and the City is required to contribute at an actuarially determined rate. The current rate is 9.0 percent of annual covered payroll. The contribution requirements of plan members and the City are established and may be amended by state statute. As proved by state law, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The City's contributions to the equal the required contributions for the year.

### **Municipal Police Employees Retirement System of Louisiana**

**Plan Description** - All full-time police department employees engaged in law enforcement are eligible to participate in the System. Employees who retire at or after age 50 with at least 20 years of creditable

# **CITY OF PINEVILLE**

## **Notes To Financial Statements**

**June 30, 2002**

---

service or at or after age 55 with at least 12 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. 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 previously and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Police Employees Retirement System of Louisiana, 8401 United Plaza Boulevard, Baton Rouge, Louisiana 70800-2250, or by calling (225) 929-7411.

**Funding Policy** - Plan members are required by state statute to contribute 7.5 percent of their annual covered salary and the City is required to contribute at an actuarially determined rate. The contribution requirements of plan members and the City is established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The City's contributions to the plan were equal to the required contributions for the year.

### **NOTE 11 – INTERFUND BALANCES**

Amounts receivable and payable among the City's various funds are summarized as follows:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ 123,403	\$ 454,109
Special Revenue Funds:		
Dedicated 1% Sales Tax Fund	----	246,775
Dedicated 10 Mill Ad Valorem Tax Fund	----	18,571
Special Economic Development Projects	25,124	----
Debt Service Funds:		
General Obligation Refunding Series 2001	4,856	----
Certificate of Indebtedness Series 1997	----	315
Capital Projects Funds:		
Capital Improvements Fund	1,831,168	----
Susek Drive Improvements	2,069	----
Enterprise Funds:		
Utility Fund	----	694,510
Municipal Airport Fund	----	50,521

# **CITY OF PINEVILLE**

## **Notes To Financial Statements**

**June 30, 2002**

---

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Agency Funds:		
Consolidated Cash	1,218,026	1,739,845
	<u>\$ 3,204,646</u>	<u>\$ 3,204,646</u>

### **NOTE 12 – CONTINGENCIES:**

Existing conditions that may have financial consequences are referred to as contingencies. Contingencies existing at June 30, 2002 are described as follows:

#### **Litigation:**

Like most governmental units with extensive and diverse operations, the City is occasionally named as a defendant in litigation. The ultimate outcome of litigation that is pending or anticipated cannot be estimated at the present time.

#### **Wastewater Treatment:**

The Louisiana Department of Environmental Quality (DEQ) has notified the City that its wastewater treatment plant has not fully complied with the terms of its discharge permit. The City has also determined that continued noncompliance, could result in severe monetary penalties. The City has responded to this matter by making repairs to its wastewater collection system and treatment plant. In addition, the City is developing a long-term strategy for increasing its sewer treatment capacity. Due to the corrective action that has been taken, the City is confident that penalties will be avoided. Accordingly, the accompanying financial statements do not include a provision for any financial consequences that may result from this matter.

### **NOTE 13 - COMMITMENTS:**

On May 31, 2002, the City entered into a service contract for the maintenance of an elevated water storage tank. Under the terms of the contract, the tank will be cleaned and inspected on a regular basis. In addition, the exterior and interior of the tank will be repainted as needed.

In exchange for the consideration received, the City is required to pay a monthly amount of \$663. The monthly payment is subject an adjustment after ten years and may be adjusted at five year intervals after the initial adjustment. However, the amount of each adjustment may not exceed 15% up or down. The City also bears the risk of loss if the contractor is unable to perform when repainting of the tank is required.

# **CITY OF PINEVILLE**

## **Notes To Financial Statements**

**June 30, 2002**

---

### **NOTE 14 – SUBSEQUENT EVENTS:**

As discussed in Note 10, the City's employees belong to various cost-sharing, multiple-employer defined benefit pension plans administered by separate boards of trustees. Furthermore, the City's contribution to these retirement systems is actuarially determined and subject to change. The various boards governing these retirement systems have informed the City that additional contributions will be necessary in order for the retirement systems to be actuarially sound. Based on the most recent estimates, annual expenses related to retirement contributions are expected to increase as follows:

Firefighters' Retirement System	\$ 204,147
Municipal Police Employees Retirement System	122,530
Municipal Employees' Retirement System	35,413
<hr/>	
Total	\$ 362,090

# **CITY OF PINEVILLE**

## **General Fund**

### **Statement of Current Expenditures by Department For the Year Ending June 30, 2002**

DEPARTMENT:	General Government							Total
	Judicial	Executive	Finance & Administrative	Public Safety	Public Works	Health & Welfare	Culture & Recreation	
City Shop	\$ -	\$ -	\$ -	\$ -	\$ 203,771	\$ -	\$ -	\$ 203,771
Police	-	-	-	2,110,391	-	-	-	2,110,391
City Court	144,175	-	-	-	-	-	-	144,175
Impounding	-	-	-	-	-	118,566	-	118,566
Fire	-	-	-	2,268,142	-	-	-	2,268,142
Recreation	-	-	-	-	-	-	221,624	221,624
City Marshall	149,599	-	-	-	-	-	-	149,599
Administration	54,833	-	1,221,576	-	85,516	-	-	1,361,925
Executive	-	170,829	-	-	-	-	-	170,829
Street Maintenance	-	-	-	-	492,987	-	-	492,987
Drainage Maintenance	-	-	-	-	297,870	-	-	297,870
Garbage Collection	-	-	-	-	551,095	-	-	551,095
Trash Removal	-	-	-	-	570,893	-	-	570,893
Community Centers	-	-	-	-	-	-	153,745	153,745
Buildings Maintenance	-	-	-	-	51,414	-	-	51,414
Special Events	-	-	-	-	-	-	55,142	55,142
<b>Total Expenditures</b>	<b>\$ 348,607</b>	<b>\$ 170,829</b>	<b>\$ 1,221,576</b>	<b>\$ 4,378,533</b>	<b>\$ 2,253,546</b>	<b>\$ 118,566</b>	<b>\$ 430,511</b>	<b>\$ 8,922,168</b>

**CITY OF PINEVILLE**  
**Special Revenue Funds**

**Combining Balance Sheet**  
**June 30, 2002**

	Dedicated 1% Sales Tax	Dedicated 10 Mill Ad Valorem Tax	Cemetery Fund	Special Economic Development Projects	Total
<b><u>ASSETS</u></b>					
Cash	\$ -	\$ 87,148	\$ 89,829	\$ 535,080	\$ 712,057
Receivables	246,775	-	-	44,092	290,867
Interfund receivable	-	-	-	25,124	25,124
Total assets	<u>\$ 246,775</u>	<u>\$ 87,148</u>	<u>\$ 89,829</u>	<u>\$ 604,296</u>	<u>\$ 1,028,048</u>
<b><u>LIABILITIES AND EQUITY</u></b>					
<b>LIABILITIES:</b>					
Accounts and other payables	\$ -	\$ -	\$ -	\$ 3,429	\$ 3,429
Interfund payables	246,775	18,571	-	-	265,346
Total Liabilities	246,775	18,571	-	3,429	268,775
<b>EQUITY:</b>					
Fund Balance, Unreserved	-	68,577	89,829	600,867	759,273
Total liabilities and equity	<u>\$ 246,775</u>	<u>\$ 87,148</u>	<u>\$ 89,829</u>	<u>\$ 604,296</u>	<u>\$ 1,028,048</u>

# **CITY OF PINEVILLE**

## **Special Revenue Funds**

### **Combining Statement of Revenues and Expenditures For the Year Ended June 30, 2002**

	Dedicated 1% Sales Tax	Dedicated 10 Mill Ad Valorem Tax	Cemetery Fund	Special Economic Development Projects	Total
<b>REVENUES:</b>					
Taxes:					
Ad valorem	\$ -	\$ 532,150	\$ -	\$ -	\$ 532,150
Sales	2,742,950	-	-	-	2,742,950
Intergovernmental	-	-	-	105,134	105,134
Other	-	6,517	2,156	12,068	20,741
<b>Total revenues</b>	<u>2,742,950</u>	<u>538,667</u>	<u>2,156</u>	<u>117,202</u>	<u>3,400,975</u>
<b>EXPENDITURES:</b>					
Health and Welfare	-	-	5,020	-	5,020
Culture and Recreation	-	-	-	22,709	22,709
<b>Total expenditures</b>	<u>-</u>	<u>-</u>	<u>5,020</u>	<u>22,709</u>	<u>27,729</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>2,742,950</u>	<u>538,667</u>	<u>(2,864)</u>	<u>94,493</u>	<u>3,373,246</u>
<b>OTHER FINANCING SOURCES (USES):</b>					
Operating transfers out					
To General Fund	(1,371,475)	(517,866)	-	-	(1,889,341)
To Capital Improvements Fund	(1,371,475)	-	-	-	(1,371,475)
<b>Total operating transfers out</b>	<u>(2,742,950)</u>	<u>(517,866)</u>	<u>-</u>	<u>-</u>	<u>(3,260,816)</u>
<b>Excess (deficiency) of revenues and other sources over expenditures and other uses</b>	<u>\$ -</u>	<u>\$ 20,801</u>	<u>\$ (2,864)</u>	<u>\$ 94,493</u>	<u>\$ 112,430</u>

# CITY OF PINEVILLE

## Debt Service Funds

### Combining Balance Sheet June 30, 2002

	Public Improvement Sales Tax Bonds	General Obligation Refunding Series 2001	Certificate of Indebtedness Series 2001A	Certificate of Indebtedness Series 2001B Refunding	Certificate of Indebtedness Series 1995	Certificate of Indebtedness Series 1997	Total
Cash	\$ 23,369	\$ 218,983	\$ 23,598	\$ 277,909	\$ -	\$ 35,413	\$ 579,272
Interfund receivable	-	4,856	-	-	-	-	4,856
Total assets	<u>\$ 23,369</u>	<u>\$ 223,839</u>	<u>\$ 23,598</u>	<u>\$ 277,909</u>	<u>\$ -</u>	<u>\$ 35,413</u>	<u>\$ 584,128</u>

#### ASSETS

#### LIABILITIES AND EQUITY

LIABILITIES:							
Accounts and other payables	\$ 370	-	-	-	-	-	\$ 370
Interfund payables	-	-	-	-	-	315	315
Total Liabilities	370	-	-	-	-	315	685
EQUITY:							
Fund Balance, Unreserved	22,999	223,839	23,598	277,909	-	35,098	583,443
Total liabilities and equity	<u>\$ 23,369</u>	<u>\$ 223,839</u>	<u>\$ 23,598</u>	<u>\$ 277,909</u>	<u>\$ -</u>	<u>\$ 35,413</u>	<u>\$ 584,128</u>



# CITY OF PINEVILLE

## Debt Service Funds

### Combining Statement of Revenues and Expenditures For the Year Ended June 30, 2002

	Public Improvement Sales Tax Bonds	General Obligation Refunding Series 2001	Certificate of Indebtedness Series 2001A Refunding	Certificate of Indebtedness Series 2001B Refunding	Certificate of Indebtedness Series 1995	Certificate of Indebtedness Series 1997	Total
<b>REVENUES:</b>							
Ad valorem taxes	\$ -	\$ 180,931	\$ -	\$ -	\$ -	\$ -	\$ 180,931
Other	2,029	5,076	-	2,894	1,808	1,075	12,882
<b>Total revenues</b>	<b>2,029</b>	<b>186,007</b>	<b>-</b>	<b>2,894</b>	<b>1,808</b>	<b>1,075</b>	<b>193,813</b>
<b>EXPENDITURES:</b>							
Finance & Administration Debt Service:							
Principle	747	1,469	-	299	18,618	-	21,133
Interest	5,000	105,000	-	-	1,201,000	60,000	1,371,000
	1,986	38,860	18,195	33,492	53,869	21,202	167,604
<b>Total expenditures</b>	<b>7,733</b>	<b>145,329</b>	<b>18,195</b>	<b>33,791</b>	<b>1,273,487</b>	<b>81,202</b>	<b>1,559,737</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(5,704)</b>	<b>40,678</b>	<b>(18,195)</b>	<b>(30,897)</b>	<b>(1,271,679)</b>	<b>(80,127)</b>	<b>(1,365,924)</b>
<b>OTHER FINANCING SOURCES (USES):</b>							
Proceeds from refunding bonds	-	-	-	-	1,020,000	-	1,020,000
Operating transfers in:							
From General Fund	-	-	40,327	173,021	57,706	-	271,054
From Capital Improvement Fund	-	-	-	-	-	81,400	81,400
From Utility Fund	-	-	-	55,601	18,544	-	74,145
From Series 1995 Debt Service	-	-	-	80,184	-	-	80,184
From Motor Vehicle Office Capital Project	-	-	1,466	-	-	-	1,466
Transfers out:							
To Capital Improvements	(1,297)	-	-	-	-	-	(1,297)
To Series 2001B Refunding	-	-	-	-	(80,184)	-	(80,184)
<b>Total operating transfers in</b>	<b>(1,297)</b>	<b>-</b>	<b>41,793</b>	<b>308,806</b>	<b>1,016,066</b>	<b>81,400</b>	<b>1,446,768</b>
<b>Excess (deficiency) of revenues and other sources over expenditures and other uses</b>	<b>\$ (7,001)</b>	<b>\$ 40,678</b>	<b>\$ 23,598</b>	<b>\$ 277,909</b>	<b>\$ (255,613)</b>	<b>\$ 1,273</b>	<b>\$ 80,844</b>

# CITY OF PINEVILLE

## Capital Project Funds

### Combining Balance Sheet

June 30, 2002

	<u>Capital Improvements</u>	<u>Major Equipment Purchases</u>	<u>Susek Drive Improvements</u>	<u>Motor Vehicle Office</u>	<u>LCDBG Street Improvements</u>	<u>Total</u>
<b><u>ASSETS</u></b>						
Cash	\$ 452,706	\$ -	\$ -	\$ -	\$ 70	\$ 452,776
Receivables	2,547	-	19,384	-	118,694	140,625
Interfund receivable	1,831,168	-	2,069	-	-	1,833,237
Total assets	<u>\$ 2,286,421</u>	<u>\$ -</u>	<u>\$ 21,453</u>	<u>\$ -</u>	<u>\$ 118,764</u>	<u>\$ 2,426,638</u>
<b><u>LIABILITIES AND EQUITY</u></b>						
LIABILITIES:						
Accounts and other payables	\$ 79,830	\$ -	\$ 51,818	\$ -	\$ 120,269	\$ 251,917
Interfund payables	-	-	-	-	-	-
Total Liabilities	79,830	-	51,818	-	120,269	251,917
EQUITY:						
Fund Balance, Unreserved	2,206,591	-	(30,365)	-	(1,505)	2,174,721
Total liabilities and equity	<u>\$ 2,286,421</u>	<u>\$ -</u>	<u>\$ 21,453</u>	<u>\$ -</u>	<u>\$ 118,764</u>	<u>\$ 2,426,638</u>

# CITY OF PINEVILLE

## Capital Project Funds

### Combining Statement of Revenues and Expenditures For the Year Ended June 30, 2002

	Capital Improvements	Major Equipment Purchases	Susek Drive Improvements	Motor Vehicle Office	LCDBG Street Improvements	Total
<b>REVENUES:</b>						
Intergovernmental	\$ 65,142	\$ -	\$ 36,831	\$ -	\$ 352,616	\$ 454,589
Other	95,874	370	2,368	3,580	-	102,192
<b>Total revenues</b>	<u>161,016</u>	<u>370</u>	<u>39,199</u>	<u>3,580</u>	<u>352,616</u>	<u>556,781</u>
<b>EXPENDITURES:</b>						
<i>Capital Expenditures</i>						
Street and sidewalk improvements	63,609	-	73,627	-	388,932	526,168
Utility system improvements	154,926	-	-	-	-	154,926
Recreation facility improvements	82,457	-	-	-	-	82,457
Municipal Buildings	-	-	-	567,272	-	567,272
Drainage improvements	-	-	-	-	-	-
Professional design fees	-	-	-	-	-	-
Fire fighting equipment	-	-	-	-	-	-
Equipment Purchase	130,182	486,080	-	-	-	616,262
Miscellaneous	28,772	492	299	-	-	29,563
Debt Service	137,957	-	-	-	-	137,957
<b>Total expenditures</b>	<u>597,903</u>	<u>486,572</u>	<u>73,926</u>	<u>567,272</u>	<u>388,932</u>	<u>2,114,605</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(436,887)</u>	<u>(486,202)</u>	<u>(34,727)</u>	<u>(563,692)</u>	<u>(36,316)</u>	<u>(1,557,824)</u>
<b>OTHER FINANCING SOURCES (USES):</b>						
Proceeds from long-term debt	123,882	440,000	-	650,000	-	1,213,882
<i>Operating transfers in:</i>						
From Dedicated 1% Sales Tax Fund	1,371,475	-	-	-	-	1,371,475
From Capital Improvements	-	46,202	39,790	-	34,811	120,803
From Sales Tax Bond Debt Service	1,297	-	-	-	-	1,297
<b>Total transfers in</b>	<u>1,372,772</u>	<u>46,202</u>	<u>39,790</u>	<u>-</u>	<u>34,811</u>	<u>1,493,575</u>
<i>Operating transfers out:</i>						
To General Fund	(51,669)	-	-	-	-	(51,669)
To Utility Fund	(58,352)	-	-	-	-	(58,352)
To Capital Project Funds	(120,803)	-	-	-	-	(120,803)
To Debt Service Funds	(81,400)	-	-	(1,466)	-	(82,866)
<b>Total transfers out</b>	<u>(312,224)</u>	<u>-</u>	<u>-</u>	<u>(1,466)</u>	<u>-</u>	<u>(313,690)</u>
<b>Excess (deficiency) of revenues and other sources over expenditures and other uses</b>	<u>\$ 747,543</u>	<u>\$ -</u>	<u>\$ 5,063</u>	<u>\$ 84,842</u>	<u>\$ (1,505)</u>	<u>\$ 835,943</u>

# **CITY OF PINEVILLE**

## **Enterprise Funds**

### **Combining Balance Sheet**

**June 30, 2002**

	<u>Utility System</u>	<u>Municipal Airport</u>	<u>Total</u>
<b><u>ASSETS</u></b>			
Cash	\$ 421,309	\$ -	\$ 421,309
Receivables	508,470	-	508,470
Other Assets	1,114	-	1,114
Restricted cash	601,919	-	601,919
Land, buildings and equipment (net of accumulated depreciation)	<u>14,399,445</u>	<u>295,188</u>	<u>14,694,633</u>
Total assets	<u>\$ 15,932,257</u>	<u>\$ 295,188</u>	<u>\$ 16,227,445</u>
<b><u>LIABILITIES AND EQUITY</u></b>			
<b>LIABILITIES:</b>			
Accounts and other payables	\$ 174,892	\$ 1,461	\$ 176,353
Interfund payables	694,510	50,521	745,031
Compensated absences payable	43,973	-	43,973
Deposits due others	289,081	-	289,081
Accrued interest payable from restricted assets	16,942	-	16,942
Revenue bonds payable	<u>1,615,000</u>	<u>-</u>	<u>1,615,000</u>
Total Liabilities	<u>2,834,398</u>	<u>51,982</u>	<u>2,886,380</u>
<b>EQUITY:</b>			
Contributed Capital	15,094,734	317,582	15,412,316
Retained Earnings:			
Reserved by bond covenants	601,919	-	601,919
Unreserved	<u>(2,598,794)</u>	<u>(74,376)</u>	<u>(2,673,170)</u>
Total Equity	<u>13,097,859</u>	<u>243,206</u>	<u>13,341,065</u>
Total liabilities and equity	<u>\$ 15,932,257</u>	<u>\$ 295,188</u>	<u>\$ 16,227,445</u>

# **CITY OF PINEVILLE**

## **Enterprise Funds**

### **Combining Statement of Revenue and Expenses**

**For the Year Ended June 30, 2002**

	<u>Utility System</u>	<u>Municipal Airport</u>	<u>Total</u>
<b><u>OPERATING REVENUES:</u></b>			
Utility Service	\$ 2,860,925	\$ -	\$ 2,860,925
Other	<u>194,585</u>	<u>4,025</u>	<u>198,610</u>
<b>Total operating revenues</b>	<u>3,055,510</u>	<u>4,025</u>	<u>3,059,535</u>
<b><u>OPERATING EXPENSES:</u></b>			
Salaries	712,649	-	712,649
Legal and professional	131,973	-	131,973
Repairs and maintenance	190,321	4,867	195,188
Supplies and chemicals	218,894	-	218,894
Employee benefits	275,434	-	275,434
Utilities	344,750	6,822	351,572
Permits and testing	38,848	-	38,848
Depreciation	715,091	18,595	733,686
Bad debts	55,210	-	55,210
Other	<u>36,509</u>	<u>3,535</u>	<u>40,044</u>
<b>Total operating expenses</b>	<u>2,719,679</u>	<u>33,819</u>	<u>2,753,498</u>
<b>Operating income (loss)</b>	335,831	(29,794)	306,037
<b><u>NONOPERATING REVENUES (EXPENSES):</u></b>			
Interest revenue	24,603	-	24,603
Interest expense	<u>(137,268)</u>	<u>(2,269)</u>	<u>(139,537)</u>
<b>Net income (loss) before operating transfers</b>	223,166	(32,063)	191,103
<b>Operating transfers in (out):</b>			
(To) From General Fund	(900,000)	6,000	(894,000)
(To) From Capital Improvements	58,353	-	58,353
(To) From Debt Service (Series 1995)	<u>(74,145)</u>	<u>-</u>	<u>(74,145)</u>
<b>Total Operating Transfers</b>	<u>(915,792)</u>	<u>6,000</u>	<u>(909,792)</u>
<b>Net income (loss)</b>	<u>\$ (692,626)</u>	<u>\$ (26,063)</u>	<u>\$ (718,689)</u>

# **CITY OF PINEVILLE**

## **Schedule of Compensation Paid to Board Members** **For the year ended June 30, 2002**

---

Carol Cunningham	\$ 7,200
Carrie Broussard	7,200
Clarence Fields	46,440
Jack Wainwright	7,200
Joe Bishop	7,200
Kevin Dorn	7,200
	<hr/>
Total Compensation	<u>\$ 82,440</u>

# **CITY OF PINEVILLE**

## **Summary of Findings and Questioned Cost** **June 30, 2002**

---

### **PART I - SUMMARY OF AUDITOR'S RESULTS:**

- The Independent Auditor's Report on the financial statements for the City of Pineville as of June 30, 2002 and for the year then ended expressed an unqualified opinion.
- A reportable condition is included in the Independent Auditors' Report on Compliance and on Internal Control Over Financial Reporting Based on An Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*. The reportable condition is not considered to be a material weakness.
- The results of the audit disclosed no instances of noncompliance that are considered to be material to the financial statements of the City of Pineville.
- The Independent Auditors' Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133, expressed an unqualified opinion on compliance for major programs.
- The audit did not disclose any audit findings related to major federal award programs which are required to be reported as findings and questioned cost.
- Major Programs for the year ended June 30, 2002 are presented as follows:

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:  
CFDA No. 14.228, Community Development Block Grants

- A threshold of \$300,000 was used for distinguishing between Type A and Type B programs for purposes of identifying major programs.
- The City of Pineville was not considered to be a low risk auditee as defined by Circular A-133.

### **PART II - FINDINGS RELATING TO THE FINANCIAL STATEMENTS WHICH ARE REQUIRED TO BE REPORTED IN ACCORDANCE WITH GENERALLY ACCEPTED GOVERNMENTAL AUDITING STANDARDS:**

#### **2002-1: Segregation of Duties:**

The City's Human Resources department is responsible for maintaining the City's payroll records and is also responsible for executing electronic transactions that transfer payroll funds from the City's bank account to various employee bank accounts. Allowing a single person to perform both of these functions creates a situation where funds could be misused and the misuse could be concealed by manipulating the personnel records. Accordingly, we recommend assigning responsibility for maintaining personnel records and executing transactions to different people.

### **PART III - FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS WHICH SHALL INCLUDE AUDIT FINDINGS AS DEFINED BY OMB CIRCULAR A-133:**

None

# **CITY OF PINEVILLE**

## **Management's Corrective Action Plan**

**June 30, 2002**

<b>SECTION I INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS.</b>	
<b><u>FINDINGS</u></b>	<b><u>RESPONSE</u></b>
<b><u>2002-1: Segregation of Duties:</u></b> The City's Human Resources department is responsible for maintaining the City's payroll records and is also responsible for executing electronic transactions that transfer payroll funds from the City's bank account to various employee bank accounts. Allowing a single person to perform both of these functions creates a situation where funds could be misused and the misuse could be concealed by manipulating the personnel records. Accordingly, we recommend revising procedures to eliminate or mitigate the incompatible duties.	<b><u>2002-1: Segregation of Duties:</u></b> In order to avoid potential problems associated with the absence of segregation, the City intends to implement new procedures as follows: <ul style="list-style-type: none"><li>• At the conclusion of each pay period, the Finance Director will conduct a thorough analysis of payroll disbursements. The purpose of this analysis will be to ensure that all payments are the result of services performed by valid City employees.</li><li>• On a regular basis, the Finance Director will obtain a computer generated report that list all changes to the City's computerized payroll records. In addition, the Finance Director will examine the necessary documents to ensure that all changes appearing on the computer generated report were approved by the necessary supervisor.</li></ul>
<b>SECTION II INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS</b>	
<b><u>FINDINGS</u></b>	<b><u>RESPONSE</u></b>
<b><u>No Findings of this nature.</u></b>	<b><u>No response necessary</u></b>
<b>SECTION III MANAGEMENT LETTER</b>	
<b><u>FINDINGS</u></b>	<b><u>RESPONSE</u></b>
<b><u>No Findings of this nature.</u></b>	<b><u>No response necessary.</u></b>



# **CITY OF PINEVILLE**

## **Summary of Prior Year Findings and Questioned Cost June 30, 2002**

---

<b>SECTION I INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS.</b>	
<b><u>FINDINGS</u></b>	<b><u>RESPONSE</u></b>
<b><u>NO FINDINGS OF THIS NATURE</u></b>	<b><u>NO RESPONSE NECESSARY</u></b>
<b>SECTION II INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS</b>	
<b><u>NOT APPLICABLE</u></b>	<b><u>NOT APPLICABLE</u></b>
<b>SECTION III MANAGEMENT LETTER</b>	
<b><u>FINDINGS</u></b>	<b><u>RESPONSE</u></b>
<b><u>NO FINDINGS OF THIS NATURE</u></b>	<b><u>NO RESPONSE NECESSARY</u></b>

# ROZIER, HARRINGTON & MCKAY

## CERTIFIED PUBLIC ACCOUNTANTS

1407 PETERMAN DRIVE • ALEXANDRIA, LOUISIANA 71301

JOHN S. ROZIER, IV, CPA  
M. DALE HARRINGTON, CPA  
MARK S. MCKAY, CPA  
LEE W. WILLIS, CPA  
STEVEN E. KIMBALL, CPA

**MAILING ADDRESS**  
POST OFFICE BOX 12178  
ALEXANDRIA, LOUISIANA 71315-2178  
TELEPHONE (318) 442-1608  
TELECOPIER (318) 487-2027

November 22, 2002

### INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Honorable Mayor and Board of Aldermen  
City of Pineville, Louisiana

#### Compliance

We have audited the compliance of the City of Pineville with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2002. The City of Pineville's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City of Pineville's management. Our responsibility is to express an opinion on the City of Pineville's compliance based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Pineville's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City of Pineville's compliance with those requirements.

In our opinion the City of Pineville complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2002.

#### Internal Control Over Compliance


**-Members-**

**American Institute of Certified Public Accountants • Society of Louisiana, CPAs**

The management of the City of Pineville is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City of Pineville's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operating of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirement of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information of the City of Pineville's management. However, this report is a matter of public record and its distribution is not limited.

  
ROZIER, HARRINGTON & MCKAY  
Certified Public Accountants

# **CITY OF PINEVILLE**

## **Schedule of Expenditures of Federal Awards For the year ended June 30, 2002**

---

<u>FEDERAL GRANTOR / Pass-through Grantor / Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT Passed through Louisiana Division of Administration * Community Development Block Grant	14.228	\$ 352,616
DEPARTMENT OF JUSTICE Direct Program Community Oriented Policing Services (COPS)	16.710	110,520
DEPARTMENT OF TRANSPORTATION Passed through Louisiana Department of Transportation and Development Highway Planning and Construction	20.205	36,831
FEDERAL EMERGENCY MANAGEMENT AGENCY Direct Program Assistance to Firefighters	83.554	<u>28,397</u>
Total Federal Financial Assistance		<u>\$ 528,364</u>

### **Note**

The schedule of expenditures of federal awards was prepared in conformity with generally accepted accounting principles for Governmental Units. See Note 1 of the accompanying financial statements for further details.

\* Denotes Major Programs