

**CITY OF PINEVILLE, LOUISIANA**

**ANNUAL FINANCIAL REPORT**

**FOR THE YEAR ENDED JUNE 30, 2001**

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# 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  
LAWRENCE E. MAYEAUX, CPA  
STEVEN E. KIMBALL, CPA

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

December 5, 2001

### 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, 2001, 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, 2001, 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 December 5, 2001, 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.



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TELEPHONE (318) 442-1608  
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December 5, 2001

### 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, 2001, and have issued our report thereon dated December 5, 2001. 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 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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the 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. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended 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, 2001

	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	General Long-term Debt		
<b>ASSETS</b>											
Cash	\$ 600,142	\$ 586,697	\$ 668,388	\$ 15,564	\$ 355,662	\$ 780	\$ 444,068	\$ -	\$ -	\$ -	\$ 2,671,301
Receivables (net)	559,906	257,058	-	41,794	432,282	-	-	-	-	-	1,291,040
Interfund receivable	107,409	48,597	-	1,764,621	-	-	1,175,316	-	-	-	3,095,943
Other assets	7,179	-	-	-	-	-	-	-	-	-	7,179
Restricted cash	-	-	-	-	536,310	-	-	-	-	-	536,310
Land, buildings and equipment (net of accumulated depreciation)	-	-	-	-	15,215,109	-	-	5,222,989	-	-	20,438,098
Amount available in debt service funds	-	-	-	-	-	-	-	-	502,599	-	502,599
Amount to be provided for retirement of general long-term debt	-	-	-	-	-	-	-	-	3,177,619	-	3,177,619
Total assets	\$ 1,274,636	\$ 892,352	\$ 668,388	\$ 1,821,979	\$ 16,539,363	\$ 780	\$ 1,619,384	\$ 5,222,989	\$ 3,680,218	\$ 31,720,089	
<b>LIABILITIES AND EQUITY</b>											
<b>LIABILITIES:</b>											
Accounts and other payables	\$ 383,097	\$ 1,233	\$ 18,475	\$ 399,175	\$ 140,430	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 942,410
Interfund payables	461,051	244,276	147,314	84,026	539,892	-	1,619,384	-	-	-	3,095,943
Compensated absences payable	-	-	-	-	37,844	-	-	-	385,379	-	423,223
Deposits due others	-	-	-	-	276,423	-	-	-	-	-	276,423
Accrued interest	-	-	-	-	18,233	-	-	-	-	-	18,233
Certificates of indebtedness	-	-	-	-	-	-	-	-	1,623,000	-	1,623,000
Revenue bonds payable	-	-	-	-	1,680,000	-	-	-	25,000	-	1,705,000
General obligation bonds payable	-	-	-	-	-	-	-	-	1,160,000	-	1,160,000
Capital lease obligations	-	-	-	-	-	-	-	-	486,839	-	486,839
Total liabilities	844,148	245,509	165,789	483,201	2,692,822	-	1,619,384	-	3,680,218	-	9,731,071
<b>EQUITY:</b>											
Investment in general fixed assets	-	-	-	-	-	-	-	5,222,989	-	-	5,222,989
Contributed capital	-	-	-	-	15,199,105	-	-	-	-	-	15,199,105
Retained Earnings:											
Reserved by bond covenants	-	-	-	-	518,077	-	-	-	-	-	518,077
Unreserved	-	-	-	-	(1,870,641)	780	-	-	-	-	(1,869,861)
Fund Balances	430,488	646,843	502,599	1,338,778	13,846,541	780	-	-	-	-	2,918,708
Total equity	430,488	646,843	502,599	1,338,778	13,846,541	780	-	5,222,989	-	-	21,989,018
Total liabilities and equity	\$ 1,274,636	\$ 892,352	\$ 668,388	\$ 1,821,979	\$ 16,539,363	\$ 780	\$ 1,619,384	\$ 5,222,989	\$ 3,680,218	\$ 31,720,089	

The accompanying notes are an integral part of this statement.

# CITY OF PINEVILLE

## Governmental Funds

### **Combined Statement of Revenues, Expenditures and Changes in Fund Balances For the Year Ended June 30, 2001**

	Governmental Funds				Total (Memorandum Only)
	General Fund	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	
<b>REVENUES:</b>					
Taxes:					
Ad valorem	\$ 309,229	\$ 543,112	\$ 209,292	\$ -	\$ 1,061,633
Sales	3,396,483	2,539,659	-	-	5,936,142
Licenses and permits					
Franchise fees	710,626	-	-	-	710,626
Occupational licenses	396,184	-	-	-	396,184
Other	24,234	-	-	-	24,234
Intergovernmental	625,163	144,500	-	152,214	921,877
Sanitation fees	802,402	-	-	-	802,402
Fines and forfeitures	66,262	-	-	-	66,262
Other	215,131	134,729	29,678	31,927	411,465
<b>Total revenues</b>	<b>6,545,714</b>	<b>3,362,000</b>	<b>238,970</b>	<b>184,141</b>	<b>10,330,825</b>
<b>EXPENDITURES:</b>					
Current:					
General government:					
Judicial	315,497	-	-	-	315,497
Executive	138,167	-	-	-	138,167
Finance & Administrative	1,168,632	-	23,258	-	1,191,890
Public safety	4,273,849	-	-	-	4,273,849
Public works	2,170,950	-	-	-	2,170,950
Health & Welfare	120,914	-	-	-	120,914
Culture & Recreation	388,882	8,100	-	-	396,982
Capital Expenditures	148,922	-	-	1,653,980	1,802,902
Debt Service	216,668	-	1,861,040	-	2,077,708
<b>Total expenditures</b>	<b>8,942,481</b>	<b>8,100</b>	<b>1,884,298</b>	<b>1,653,980</b>	<b>12,488,859</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(2,396,767)</b>	<b>3,353,900</b>	<b>(1,645,328)</b>	<b>(1,469,839)</b>	<b>(2,158,034)</b>
<b>OTHER FINANCING SOURCES (USES):</b>					
Operating transfers in	3,010,863	-	589,120	1,277,971	4,877,954
Operating transfers out	(266,875)	(3,680,711)	(209,380)	(81,000)	(4,237,966)
Proceeds from long-term debt	102,393	-	1,145,500	449,859	1,697,752
<b>Excess (deficiency) of revenues and other sources over expenditures and other uses</b>	<b>449,614</b>	<b>(326,811)</b>	<b>(120,088)</b>	<b>176,991</b>	<b>179,706</b>
<b>Fund balance (deficit) - beginning of year</b>	<b>(13,001)</b>	<b>973,654</b>	<b>622,687</b>	<b>1,161,787</b>	<b>2,745,127</b>
<b>Fund balance (deficit) - end 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>

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, 2001

	General Fund			Special Revenue Funds		
	Amended Budget	Actual	Variance Favorable (Unfavorable)	Amended Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES:</b>						
Taxes:						
Ad valorem	\$ 340,000	\$ 309,229	\$ (30,771)	\$ 501,000	\$ 543,112	\$ 42,112
Sales	3,396,035	3,396,483	448	2,542,500	2,539,659	(2,841)
Licenses and permits						
Franchise fees	702,215	710,626	8,411	-	-	-
Occupational licenses	321,530	396,184	74,654	-	-	-
Other	24,265	24,234	(31)	-	-	-
Intergovernmental	337,410	625,163	287,753	127,250	144,500	17,250
Sanitation fees	875,490	802,402	(73,088)	-	-	-
Fines and forfeitures	68,115	66,262	(1,853)	-	-	-
Other	161,890	215,131	53,241	150,825	134,729	(16,096)
<b>Total revenues</b>	<b>6,226,950</b>	<b>6,545,714</b>	<b>318,764</b>	<b>3,321,575</b>	<b>3,362,000</b>	<b>40,425</b>
<b>EXPENDITURES:</b>						
Current:						
General government	1,693,972	1,622,296	71,676	13,600	-	13,600
Public safety	4,108,695	4,273,849	(165,154)	-	-	-
Public works	2,116,060	2,170,950	(54,890)	-	-	-
Health & Welfare	121,155	120,914	241	-	-	-
Culture & Recreation	387,975	388,882	(907)	8,100	-	8,100
Capital Expenditure	-	148,922	(148,922)	-	8,100	(8,100)
Debt Service	-	216,668	(216,668)	-	-	-
<b>Total expenditures</b>	<b>8,427,857</b>	<b>8,942,481</b>	<b>(514,624)</b>	<b>21,700</b>	<b>8,100</b>	<b>13,600</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(2,200,907)</b>	<b>(2,396,767)</b>	<b>(195,860)</b>	<b>3,299,875</b>	<b>3,353,900</b>	<b>54,025</b>
<b>OTHER FINANCING SOURCES (USES):</b>						
Operating transfers in	3,020,250	3,010,863	(9,387)	-	-	-
Operating transfers out	(405,880)	(266,875)	139,005	(3,691,500)	(3,680,711)	10,789
Proceeds from long-term debt	-	102,393	102,393	-	-	-
<b>Excess (deficiency) of revenues and other sources over expenditures and other uses</b>	<b>413,463</b>	<b>449,614</b>	<b>36,151</b>	<b>(391,625)</b>	<b>(326,811)</b>	<b>64,814</b>
<b>Fund balance (deficit) - beginning of year</b>	<b>-</b>	<b>(13,001)</b>	<b>(13,001)</b>	<b>-</b>	<b>973,654</b>	<b>973,654</b>
<b>Fund balance (deficit) - end of year</b>	<b>\$ 413,463</b>	<b>\$ 436,613</b>	<b>\$ 23,150</b>	<b>\$ (391,625)</b>	<b>\$ 646,843</b>	<b>\$ 1,038,468</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, 2001***

	Enterprise Funds	Internal Service Fund	Total (Memorandum Only)
<b><u>OPERATING REVENUES:</u></b>			
Utility revenue	\$ 2,708,267	\$ -	\$ 2,708,267
Other	196,949	1,073	198,022
<b>Total operating revenues</b>	<b>2,905,216</b>	<b>1,073</b>	<b>2,906,289</b>
<b><u>OPERATING EXPENSES:</u></b>			
Salaries	706,375	-	706,375
Contract labor	37,236	-	37,236
Legal and professional	65,265	-	65,265
Repairs and maintenance	199,841	-	199,841
Supplies and chemicals	287,353	-	287,353
Employee benefits	251,105	5,373	256,478
Utilities	417,724	-	417,724
Permits and testing	23,959	-	23,959
Depreciation	773,269	-	773,269
Bad debts	49,441	-	49,441
Other	20,804	-	20,804
<b>Total operating expenses</b>	<b>2,832,372</b>	<b>5,373</b>	<b>2,837,745</b>
<b>Operating income (loss)</b>	<b>72,844</b>	<b>(4,300)</b>	<b>68,544</b>
<b><u>NONOPERATING REVENUES (EXPENSES):</u></b>			
Interest revenue	60,750	-	60,750
Interest expense	(109,568)	-	(109,568)
Loss on Disposal of Equipment	(24,140)	-	(24,140)
<b>Net income (loss) before operating transfers</b>	<b>(114)</b>	<b>(4,300)</b>	<b>(4,414)</b>
<b><u>OTHER FINANCING SOURCES (USES):</u></b>			
Operating transfers in	6,000	30,000	36,000
Operating transfers out	(675,989)	-	(675,989)
<b>Net income (loss)</b>	<b>(670,103)</b>	<b>25,700</b>	<b>(644,403)</b>
<b>Retained earnings - beginning of year:</b>	<b>(682,461)</b>	<b>(24,920)</b>	<b>(707,381)</b>
<b>Retained earnings - end of year</b>	<b>\$ (1,352,564)</b>	<b>\$ 780</b>	<b>\$ (1,351,784)</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, 2001**

	Enterprise Funds	Internal Service Fund	Total (Memorandum Only)
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES:</u></b>			
Operating income	\$ 72,844	\$ (4,300)	\$ 68,544
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	773,269	-	773,269
(Increase) decrease in receivable	150,021	-	150,021
Increase (decrease) in accounts and other payables	24,119	-	24,119
Increase (decrease) in compensated absences payable	37,844	-	37,844
Increase (decrease) in healthcare claims payable	-	(39,514)	(39,514)
Increase (decrease) in deposits due others	32,995	-	32,995
<b>Net cash provided (used) by operating activities</b>	<u>1,091,092</u>	<u>(43,814)</u>	<u>1,047,278</u>
<b><u>CASH FLOW FROM NON-CAPITAL FINANCING ACTIVITIES:</u></b>			
Operating transfers in	6,000	30,000	36,000
Operating transfers out	(675,989)	-	(675,989)
Net (increase) decrease in interfund receivables	157,462	-	157,462
Net increase (decrease) in interfund payables	(793,587)	-	(793,587)
<b>Net cash provided (used) by non-capital financing activities</b>	<u>(1,306,114)</u>	<u>30,000</u>	<u>(1,276,114)</u>
<b><u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</u></b>			
Interest paid on revenue bonds	(109,568)	-	(109,568)
Capital expenditures	(159,454)	-	(159,454)
Principal paid on revenue bonds	(60,000)	-	(60,000)
<b>Net cash provided (used) by capital and related financing activities</b>	<u>(329,022)</u>	<u>-</u>	<u>(329,022)</u>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES:</u></b>			
Interest income	60,750	-	60,750
<b>Net cash provided (used) by capital and related financing activities</b>	<u>60,750</u>	<u>-</u>	<u>60,750</u>
<b>Net increase (decrease) in cash</b>	(483,294)	(13,814)	(497,108)
<b>Beginning cash balance</b>	1,375,266	14,594	1,389,860
<b>Ending cash balance</b>	891,972	780	892,752
<b>Restricted cash balance</b>	536,310	-	536,310
<b>Unrestricted cash balance</b>	<u>\$ 355,662</u>	<u>\$ 780</u>	<u>\$ 356,442</u>

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

During the year, the City's capital improvement fund expended \$159,454 for the improvement of the utility system.

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

# **CITY OF PINEVILLE**

## ***Notes To Financial Statements***

***June 30, 2001***

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### **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 Court System did not meet the necessary criteria for classification as a component unit. Component

# **CITY OF PINEVILLE**

## ***Notes To Financial Statements***

***June 30, 2001***

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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.

#### **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.

# **CITY OF PINEVILLE**

## ***Notes To Financial Statements***

***June 30, 2001***

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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.

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.

### **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.

# **CITY OF PINEVILLE**

## ***Notes To Financial Statements***

***June 30, 2001***

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### **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.

### **Compensated Absences:**

Personnel policy adopted by the City does not allow employees to carryover material amounts of vested leave. As a result, no provision for compensated absences is included in the accompanying financial statements.

### **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:**

Interfund receivables and payables occur when transactions between individual funds are executed. These balances are typically liquidated within one year of origination. The interfund receivables and payables are not eliminated in the preparation of combined financial statements.

### **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

# **CITY OF PINEVILLE**

## ***Notes To Financial Statements***

***June 30, 2001***

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principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

### **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, 2001 are summarized as follows:



# **CITY OF PINEVILLE**

## **Notes To Financial Statements**

**June 30, 2001**

	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Capital Project Funds</u>	<u>Enterprise Funds</u>
<u>Accounts Receivable</u>				
Utility Accounts	\$ ----	\$ ----	\$ ----	\$ 589,282
Sanitation	164,563	----	----	----
Franchise Taxes	73,891	6,790	----	----
<u>Total Accounts Receivable</u>	<u>238,454</u>	<u>6,790</u>	<u>----</u>	<u>589,282</u>
<u>Due From Other Governmental Units</u>				
Sales Taxes	286,052	214,816	----	----
Other	35,400	42,242	41,794	----
<u>Total Due From Other Governments</u>	<u>321,452</u>	<u>257,058</u>	<u>41,794</u>	<u>----</u>
Total Receivables	559,906	263,848	41,794	589,282
Allowance for Doubtful Accounts	----	(6,790)	----	(157,000)
<u>Net Receivables</u>	<u>\$ 559,906</u>	<u>\$ 257,058</u>	<u>\$ 41,794</u>	<u>\$ 432,282</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, 2001, the City has \$3,275,651 in deposits (collected bank balance). These deposits are secured from risk by \$133,827 of federal deposit insurance and \$3,696,475 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, 2001**

	<u>Proprietary Fund Obligations</u>	<u>General Long-term Debt</u>	<u>Total</u>
Certificates of Indebtedness	\$ ----	\$ 1,623,000	\$ 1,623,000
Revenue Bonds	1,680,000	25,000	1,705,000
General Obligation Bonds	----	1,160,000	1,160,000
Capital Leases	----	486,839	486,839
Compensated Absences	37,844	385,379	423,233
<b>Total</b>	<b>\$ 1,717,844</b>	<b>\$ 3,680,218</b>	<b>\$ 5,397,622</b>

Changes in the City's general long-term debt for the year ended June 30, 2001 are presented as follows:

	<u>Beginning Balance</u>	<u>Debt Issued</u>	<u>Debt Retired</u>	<u>Ending Balance</u>
Certificates of Indebtedness	\$ 1,867,000	\$ ----	\$ 244,000	\$ 1,623,000
Revenue Bonds	175,000	----	150,000	25,000
General Obligations	1,215,000	1,160,000	1,215,000	1,160,000
Capital Leases	123,539	552,252	188,952	486,839
Compensated Absences	----	385,379	----	385,379
<b>Total general long-term debt</b>	<b>\$ 3,380,539</b>	<b>\$ 2,097,631</b>	<b>\$ 1,797,952</b>	<b>\$ 3,680,218</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, 2001 are described as follows:

\$2,000,000 Taxable Certificates of Indebtedness, Series 1995 dated September 19, 1995, bearing interest at a rate of 8.5%. Principle is payable in annual installments ranging from \$135,000 to \$281,000, with the final installment due September 1, 2005.	\$ 1,201,000
\$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.	422,000
<b>Total Certificates of Indebtedness</b>	<b>\$ 1,623,000</b>

# **CITY OF PINEVILLE**

## ***Notes To Financial Statements***

***June 30, 2001***

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### **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, 2001 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. \$ 785,000

\$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. 895,000

\$ 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. 25,000

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**Total Revenue Bonds** **\$ 1,705,000**

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### **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, 2001 are described as follows:

\$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,

# **CITY OF PINEVILLE**

## **Notes To Financial Statements**

**June 30, 2001**

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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. \$ 1,160,000

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Total General Obligations \$ 1,160,000

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### **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, 2001 are described as follows:

Lease agreement dated July, 1999, executed in exchange for computer equipment, with an original balance of \$19,415, with an assumed interest rate of 5.0%, payable in 3 annual installments of \$6,790 \$ 6,467

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. 7,133

Installment purchase agreement dated December, 1999, executed in exchange for five Ford cars, with an original balance of \$100,800, bearing interest at a rate of 6%, payable in 48 monthly installments of \$1,285. 17,732

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. 364,372

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. 81,954

Lease agreement dated August, 1999, executed in exchange for computer equipment, with an original balance of \$27,563, with an assumed interest rate of 5.0%, payable in 3 annual installments of \$9,639. 9,181

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Total Capital lease obligations \$ 486,839

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# **CITY OF PINEVILLE**

## ***Notes To Financial Statements***

***June 30, 2001***

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

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

<u>Year Ended June 30<sup>th</sup></u>	<u>Proprietary Fund Obligations</u>	<u>General Long-term Debt</u>	<u>Total</u>
2002	\$ 65,000	\$ 373,000	\$ 438,000
2003	70,000	399,000	469,000
2004	75,000	421,000	496,000
2005	80,000	451,000	531,000
2006	80,000	483,000	563,000
Thereafter	1,310,000	681,000	1,991,000
<b>Total</b>	<b>\$ 1,680,000</b>	<b>\$ 2,808,000</b>	<b>\$ 4,488,000</b>

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

<u>Year Ended June 30<sup>th</sup></u>	
2002	\$ 210,318
2003	149,588
2004	83,995
2005	81,070
2006	6,756
Total minimum lease payments	531,727
Amounts representing interest	(44,888)
<b>Present value of minimum lease payments</b>	<b>\$ 486,839</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, 2001, the City has levied ad valorem taxes as follows:

# **CITY OF PINEVILLE**

## **Notes To Financial Statements**

**June 30, 2001**

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<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. ....	10.38
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>20.29</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 April 4, 1987, 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 September 16, 1978, 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 constructing, acquiring and improving capital improvements for said City including 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, 2001***

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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	\$ 2,712,712	\$ 339,879	\$ 230,929	\$ 2,821,662
Furniture, Fixtures and Equipment	3,421,146	109,033	1,205,449	2,324,730
Construction in Process	248,915	28,630	200,948	76,597
<b>Total General Fixed Assets</b>	<b>\$ 6,382,773</b>	<b>\$ 477,541</b>	<b>\$ 1,637,325</b>	<b>\$ 5,222,989</b>

A summary of the property and equipment at June 30, 2001 consists of the following:

Utility System	\$ 21,064,973
Equipment	535,651
Municipal Airport Improvements	372,511
Construction in Progress	192,340
<b>Total</b>	<b>22,165,475</b>
<b>Less Accumulated Depreciation</b>	<b>(6,950,366)</b>
<b>Net Property and Equipment</b>	<b>\$ 15,215,109</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, 2001**

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### **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	\$ 15,208,902	\$ 236,072	\$ 563,451	\$ 14,881,523
Airport Fund	317,582	----	----	317,582
<u>Total</u>	<u>\$ 15,526,484</u>	<u>\$ 236,072</u>	<u>\$ 563,451</u>	<u>\$ 15,199,105</u>

### **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, 2001**

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**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, 2001**

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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	\$ 107,409	\$ 461,051
Special Revenue Funds:		
Dedicated 1% Sales Tax Fund	----	214,817
Dedicated 10 Mill Ad Valorem Tax Fund	48,597	----
Special Economic Development Projects	----	29,459
Debt Service Funds:		
Public Improvement Sales Tax Bond Fund	----	84,627
General Obligation Refunding Series 2001	----	62,687
Capital Projects Funds:		
Capital Improvements Fund	1,658,460	----
Major Equipment Purchases	1,797	----
Susek Drive Improvements	104,364	----
Motor Vehicle Office	----	84,026
Enterprise Funds:		
Utility Fund	----	495,920

# **CITY OF PINEVILLE**

## ***Notes To Financial Statements***

***June 30, 2001***

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	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Municipal Airport Fund	----	43,972
Agency Funds:		
Consolidated Cash	<u>1,175,316</u>	<u>1,619,384</u>
	<u>\$ 3,095,943</u>	<u>\$ 3,095,943</u>

### **NOTE 12 – CONTINGENCIES:**

Existing conditions that may have financial consequences are referred to as contingencies. Contingencies existing at June 30, 2001 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.

# CITY OF PINEVILLE

## General Fund

### *Statement of Current Expenditures by Department For the Year Ending June 30, 2001*

DEPARTMENT:	General Government							Total
	Judicial	Executive	Finance & Administrative	Public Safety	Public Works	Health & Welfare	Culture & Recreation	
City Shop	\$ -	\$ -	\$ -	\$ -	\$ 215,001	\$ -	\$ -	\$ 215,001
Police	-	-	-	2,119,576	-	-	-	2,119,576
City Court	135,989	-	-	-	-	-	-	135,989
Impounding	-	-	-	-	-	120,914	-	120,914
Fire	-	-	-	2,154,273	-	-	-	2,154,273
Recreation	-	-	-	-	-	-	172,344	172,344
City Marshall	149,405	-	-	-	-	-	-	149,405
Administration	30,103	-	1,168,632	-	62,642	-	-	1,261,377
Executive	-	138,167	-	-	-	-	-	138,167
Street Maintenance	-	-	-	-	532,045	-	-	532,045
Drainage Maintenance	-	-	-	-	266,648	-	-	266,648
Garbage Collection	-	-	-	-	547,397	-	-	547,397
Trash Removal	-	-	-	-	498,626	-	-	498,626
Community Centers	-	-	-	-	-	-	160,749	160,749
Buildings Maintenance	-	-	-	-	48,591	-	-	48,591
Special Events	-	-	-	-	-	-	55,791	55,791
<b>Total Expenditures</b>	<b>\$ 315,497</b>	<b>\$ 138,167</b>	<b>\$ 1,168,632</b>	<b>\$ 4,273,849</b>	<b>\$ 2,170,950</b>	<b>\$ 120,914</b>	<b>\$ 388,884</b>	<b>\$ 8,576,893</b>

# **CITY OF PINEVILLE**

## **Special Revenue Funds**

### **Combining Balance Sheet**

**June 30, 2001**

	<u>Dedicated 1% Sales Tax</u>	<u>Dedicated 10 Mill Ad Valorem Tax</u>	<u>Cemetery Fund</u>	<u>Special Economic Development Projects</u>	<u>Total</u>
<b><u>ASSETS</u></b>					
Cash	\$ 1	\$ 412	\$ 92,693	\$ 493,591	\$ 586,697
Receivables	214,816	-	-	42,242	257,058
Interfund receivable	-	48,597	-	-	48,597
Total assets	<u>\$ 214,817</u>	<u>\$ 49,009</u>	<u>\$ 92,693</u>	<u>\$ 535,833</u>	<u>\$ 892,352</u>
<b><u>LIABILITIES AND EQUITY</u></b>					
<b>LIABILITIES:</b>					
Accounts and other payables	\$ -	\$ 1,233	\$ -	\$ -	\$ 1,233
Interfund payables	214,817	-	-	29,459	244,276
Total Liabilities	214,817	1,233	-	29,459	245,509
<b>EQUITY:</b>					
Fund Balance, Unreserved	-	47,776	92,693	506,374	646,843
Total liabilities and equity	<u>\$ 214,817</u>	<u>\$ 49,009</u>	<u>\$ 92,693</u>	<u>\$ 535,833</u>	<u>\$ 892,352</u>

# **CITY OF PINEVILLE**

## **Special Revenue Funds**

### ***Combining Statement of Revenues and Expenditures For the Year Ended June 30, 2001***

	Dedicated 1% Sales Tax	Dedicated 10 Mill Ad Valorem Tax	Cemetery Fund	Special Economic Development Projects	Total
<b><u>REVENUES:</u></b>					
Taxes:					
Ad valorem	\$ -	\$ 543,112	\$ -	\$ -	\$ 543,112
Sales	2,539,659	-	-	-	2,539,659
Intergovernmental	-	-	-	144,500	144,500
Other	35	22,059	92,693	19,942	134,729
<b>Total revenues</b>	<b>2,539,694</b>	<b>565,171</b>	<b>92,693</b>	<b>164,442</b>	<b>3,362,000</b>
<b><u>EXPENDITURES:</u></b>					
Finance and Administration	-	-	-	-	-
Culture and Recreation	-	-	-	8,100	8,100
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8,100</b>	<b>8,100</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>2,539,694</b>	<b>565,171</b>	<b>92,693</b>	<b>156,342</b>	<b>3,353,900</b>
<b><u>OTHER FINANCING SOURCES (USES):</u></b>					
Operating transfers out					
To General Fund	(1,269,847)	(1,141,017)	-	-	(2,410,864)
To Capital Improvements Fund	(1,269,847)	-	-	-	(1,269,847)
<b>Total operating transfers out</b>	<b>(2,539,694)</b>	<b>(1,141,017)</b>	<b>-</b>	<b>-</b>	<b>(3,680,711)</b>
<b>Excess (deficiency) of revenues and other sources over expenditures and other uses</b>	<b>\$ -</b>	<b>\$ (575,846)</b>	<b>\$ 92,693</b>	<b>\$ 156,342</b>	<b>\$ (326,811)</b>

# **CITY OF PINEVILLE**

## **Debt Service Funds**

### **Combining Balance Sheet**

**June 30, 2001**

	<u>Public Improvement Sales Tax Bonds</u>	<u>General Obligation Bonds Series 1991 A-E</u>	<u>General Obligation Refunding Series 2001</u>	<u>Certificate of Indebtedness Series 1995</u>	<u>Certificate of Indebtedness Series 1997</u>	<u>Total</u>
<b><u>ASSETS</u></b>						
Cash	\$ 114,988	\$ -	\$ 263,961	\$ 255,613	\$ 33,826	\$ 668,388
Interfund receivable	-	-	-	-	-	-
Total assets	<u>\$ 114,988</u>	<u>\$ -</u>	<u>\$ 263,961</u>	<u>\$ 255,613</u>	<u>\$ 33,826</u>	<u>\$ 668,388</u>
<b><u>LIABILITIES AND EQUITY</u></b>						
LIABILITIES:						
Accounts and other payables	\$ 361	\$ -	\$ 18,114	\$ -	\$ -	\$ 18,475
Interfund payables	<u>84,627</u>	<u>-</u>	<u>62,687</u>	<u>-</u>	<u>-</u>	<u>147,314</u>
Total Liabilities	84,988	-	80,801	-	-	165,789
EQUITY:						
Fund Balance, Unreserved	<u>30,000</u>	<u>-</u>	<u>183,161</u>	<u>255,613</u>	<u>33,825</u>	<u>502,599</u>
Total liabilities and equity	<u>\$ 114,988</u>	<u>\$ -</u>	<u>\$ 263,962</u>	<u>\$ 255,613</u>	<u>\$ 33,825</u>	<u>\$ 668,388</u>

# CITY OF PINEVILLE

## Debt Service Funds

### Combining Statement of Revenues and Expenditures

For the Year Ended June 30, 2001

	Public Improvement Sales Tax Bonds	General Obligation Bonds Series 1991 A-E	General Obligation Refunding Series 2001	Certificate of Indebtedness Series 1995	Certificate of Indebtedness Series 1997	Total
<b>REVENUES:</b>						
Ad valorem taxes	\$ -	\$ 209,292	\$ -	\$ -	\$ -	\$ 209,292
Other	7,264	12,847	-	8,648	919	29,678
<b>Total revenues</b>	<b>7,264</b>	<b>222,139</b>	<b>-</b>	<b>8,648</b>	<b>919</b>	<b>238,970</b>
<b>EXPENDITURES:</b>						
Finance & Administration	937	2,429	19,892	-	-	23,258
Debt Service:						
Principle	150,000	1,215,000	-	187,000	57,000	1,609,000
Interest	8,000	110,309	-	110,020	23,711	252,040
<b>Total expenditures</b>	<b>158,937</b>	<b>1,327,738</b>	<b>19,892</b>	<b>297,020</b>	<b>80,711</b>	<b>1,884,298</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(151,673)</b>	<b>(1,105,599)</b>	<b>(19,892)</b>	<b>(288,372)</b>	<b>(79,792)</b>	<b>(1,645,328)</b>
<b>OTHER FINANCING SOURCES (USES):</b>						
Proceeds from refunding bonds	-	1,145,500	-	-	-	1,145,500
Operating transfers in:						
From General Fund	-	-	-	230,875	-	230,875
From Capital Improvement Fund	-	-	-	-	81,000	81,000
From Utility Fund	-	-	-	74,192	-	74,192
From Series A-E	-	-	203,053	-	-	203,053
Transfers out:						
To Capital Improvements	(6,327)	-	-	-	-	(6,327)
To Series 2001 Refunding Bonds	-	(203,053)	-	-	-	(203,053)
<b>Total operating transfers in</b>	<b>(6,327)</b>	<b>942,447</b>	<b>203,053</b>	<b>305,067</b>	<b>81,000</b>	<b>1,525,240</b>
<b>Excess (deficiency) of revenues and other sources over expenditures and other uses</b>	<b>\$ (158,000)</b>	<b>\$ (163,152)</b>	<b>\$ 183,161</b>	<b>\$ 16,695</b>	<b>\$ 1,208</b>	<b>\$ (120,088)</b>



# **CITY OF PINEVILLE**

## **Capital Project Funds**

### **Combining Balance Sheet**

**June 30, 2001**

	<u>Capital Improvements</u>	<u>Major Equipment Purchases</u>	<u>Susek Drive Improvements</u>	<u>Motor Vehicle Office</u>	<u>Kees Park Project Mom</u>	<u>Total</u>
<b><u>ASSETS</u></b>						
Cash	\$ -	\$ 15,564	\$ -	\$ -	\$ -	\$ 15,564
Receivables	4,445	-	37,349	-	-	41,794
Interfund receivable	<u>1,658,460</u>	<u>1,797</u>	<u>104,364</u>	<u>-</u>	<u>-</u>	<u>1,764,621</u>
Total assets	<u>\$ 1,662,905</u>	<u>\$ 17,361</u>	<u>\$ 141,713</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,821,979</u>
<b><u>LIABILITIES AND EQUITY</u></b>						
LIABILITIES:						
Accounts and other payables	\$ 203,857	\$ 17,361	\$ 177,141	\$ 816	\$ -	\$ 399,175
Interfund payables	<u>-</u>	<u>-</u>	<u>-</u>	<u>84,026</u>	<u>-</u>	<u>84,026</u>
Total Liabilities	203,857	17,361	177,141	84,842	-	483,201
EQUITY:						
Fund Balance, Unreserved	<u>1,459,048</u>	<u>-</u>	<u>(35,428)</u>	<u>(84,842)</u>	<u>-</u>	<u>1,338,778</u>
Total liabilities and equity	<u>\$ 1,662,905</u>	<u>\$ 17,361</u>	<u>\$ 141,713</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,821,979</u>

# CITY OF PINEVILLE

## Capital Project Funds

### Combining Statement of Revenues and Expenditures

For the Year Ended June 30, 2001

	Capital Improvements	Major Equipment Purchases	Susek Drive Improvements	Motor Vehicle Office	Kees Park Project Mom	Total
<b>REVENUES:</b>						
Intergovernmental	\$ 10,501	\$ -	\$ 141,713	\$ -	\$ -	\$ 152,214
Other	22,000	4,052	-	-	5,875	31,927
<b>Total revenues</b>	<b>32,501</b>	<b>4,052</b>	<b>141,713</b>	<b>-</b>	<b>5,875</b>	<b>184,141</b>
<b>EXPENDITURES:</b>						
Capital Expenditures						
Street and sidewalk improvements	427,217	-	-	-	-	427,217
Utility system improvements	317,322	-	-	-	-	317,322
Recreation facility improvements	6,676	-	-	-	129,362	136,038
Fire protection facility improvements	-	-	-	-	-	-
Drainage improvements	103,660	-	-	-	-	103,660
Professional design fees	-	-	177,141	21,954	-	199,095
Fire fighting equipment	-	257,475	-	-	-	257,475
Street maintenance equipment	-	94,060	-	-	-	94,060
Computer software	-	103,822	-	-	-	103,822
Miscellaneous	14,940	351	-	-	-	15,291
<b>Total expenditures</b>	<b>869,815</b>	<b>455,708</b>	<b>177,141</b>	<b>21,954</b>	<b>129,362</b>	<b>1,653,980</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(837,314)</b>	<b>(451,656)</b>	<b>(35,428)</b>	<b>(21,954)</b>	<b>(123,487)</b>	<b>(1,469,839)</b>
<b>OTHER FINANCING SOURCES (USES):</b>						
Proceeds from certificates of indebtedness	-	449,859	-	-	-	449,859
Operating transfers in:						
From Utility Fund	-	1,797	-	-	-	1,797
From Sales Tax Bond Debt Service	6,327	-	-	-	-	6,327
From Dedicated 1% Sales Tax Fund	1,269,847	-	-	-	-	1,269,847
<b>Total transfers in</b>	<b>1,276,174</b>	<b>1,797</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,277,971</b>
Operating transfers out:						
To Urban Systems Fund	-	-	-	-	-	-
Kees Park - Project Mom	(190,971)	-	-	-	190,971	-
Debt Service Fund	(81,000)	-	-	-	-	(81,000)
<b>Total transfers out</b>	<b>(271,971)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>190,971</b>	<b>(81,000)</b>
<b>Excess (deficiency) of revenues and other sources over expenditures and other uses</b>	<b>\$ 166,889</b>	<b>\$ -</b>	<b>\$ (35,428)</b>	<b>\$ (21,954)</b>	<b>\$ 67,484</b>	<b>\$ 176,991</b>

# ***CITY OF PINEVILLE***

## ***Enterprise Funds***

### ***Combining Balance Sheet***

***June 30, 2001***

	<u>Utility System</u>	<u>Municipal Airport</u>	<u>Total</u>
<b><u>ASSETS</u></b>			
Cash	\$ 355,662	\$ -	\$ 355,662
Receivables	432,282	-	432,282
Interfund receivable	-	-	-
Restricted cash	536,310	-	536,310
Land, buildings and equipment (net of accumulated depreciation)	<u>14,901,326</u>	<u>313,783</u>	<u>15,215,109</u>
Total assets	<u>\$ 16,225,580</u>	<u>\$ 313,783</u>	<u>\$ 16,539,363</u>
<b><u>LIABILITIES AND EQUITY</u></b>			
<b>LIABILITIES:</b>			
Accounts and other payables	\$ 139,888	\$ 542	\$ 140,430
Interfund payables	495,920	43,972	539,892
Compensated absences payable	37,844	-	37,844
Deposits due others	276,423	-	276,423
Accrued interest payable from restricted assets	18,233	-	18,233
Revenue bonds payable	<u>1,680,000</u>	<u>-</u>	<u>1,680,000</u>
Total Liabilities	<u>2,648,308</u>	<u>44,514</u>	<u>2,692,822</u>
<b>EQUITY:</b>			
Contributed Capital	14,881,523	317,582	15,199,105
Retained Earnings:			
Reserved by bond covenants	518,077	-	518,077
Unreserved	<u>(1,822,328)</u>	<u>(48,313)</u>	<u>(1,870,641)</u>
Total Equity	<u>13,577,272</u>	<u>269,269</u>	<u>13,846,541</u>
Total liabilities and equity	<u>\$ 16,225,580</u>	<u>\$ 313,783</u>	<u>\$ 16,539,363</u>

# **CITY OF PINEVILLE**

## **Enterprise Funds**

### ***Combining Statement of Revenue and Expenses For the Year Ended June 30, 2001***

	<u>Utility System</u>	<u>Municipal Airport</u>	<u>Total</u>
<b><u>OPERATING REVENUES:</u></b>			
Utility Service	\$ 2,708,267	\$ -	\$ 2,708,267
Other	<u>192,074</u>	<u>4,875</u>	<u>196,949</u>
<b>Total operating revenues</b>	<u>2,900,341</u>	<u>4,875</u>	<u>2,905,216</u>
<b><u>OPERATING EXPENSES:</u></b>			
Salaries	706,375	-	706,375
Contract labor	37,236	-	37,236
Legal and professional	65,265	-	65,265
Repairs and maintenance	199,242	599	199,841
Supplies and chemicals	287,353	-	287,353
Employee benefits	251,105	-	251,105
Utilities	409,820	7,904	417,724
Permits and testing	23,959	-	23,959
Depreciation	754,674	18,595	773,269
Bad debts	49,441	-	49,441
Other	<u>18,010</u>	<u>2,794</u>	<u>20,804</u>
<b>Total operating expenses</b>	<u>2,802,480</u>	<u>29,892</u>	<u>2,832,372</u>
<b>Operating income (loss)</b>	97,861	(25,017)	72,844
<b><u>NONOPERATING REVENUES (EXPENSES):</u></b>			
Interest revenue	60,750	-	60,750
Interest expense	(109,568)	-	(109,568)
Gain (Loss) on disposal of equipment	<u>(24,140)</u>	<u>-</u>	<u>(24,140)</u>
<b>Net income (loss) before operating transfers</b>	24,903	(25,017)	(114)
<b>Operating transfers in (out):</b>			
(To) From General Fund	(600,000)	6,000	(594,000)
(To) From Major Equipment Purchases Fund	(1,797)	-	(1,797)
(To) From Debt Service (Series 1995)	<u>(74,192)</u>	<u>-</u>	<u>(74,192)</u>
<b>Total Operating Transfers</b>	<u>(675,989)</u>	<u>6,000</u>	<u>(669,989)</u>
<b>Net income (loss)</b>	<u>\$ (651,086)</u>	<u>\$ (19,017)</u>	<u>\$ (670,103)</u>

# **CITY OF PINEVILLE**

## ***Schedule of Compensation Paid to Board Members For the year ended June 30, 2001***

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Carol Cunningham	7,200
Carrie Broussard	7,200
Clarence Fields	39,784
Jack Wainwright	7,200
Joe Bishop	7,200
Kevin Dorn	5,400
Lawerence Foster	1,800
	<hr/>
Total Compensation	<u>75,784</u>

# **CITY OF PINEVILLE**

## ***Summary of Findings and Questioned Cost June 30, 2001***

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### **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, 2001 and for the year then ended expressed an unqualified opinion.
- 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.

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

None

### **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, 2001**

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<b>SECTION I INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS.</b>	
<b><u>FINDINGS</u></b>	<b><u>RESPONSE</u></b>
None Findings of this nature.	No response necessary.
<b>SECTION II INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS</b>	
<b><u>FINDINGS</u></b>	<b><u>RESPONSE</u></b>
N/A	N/a
<b>SECTION III MANAGEMENT LETTER</b>	
<b><u>FINDINGS</u></b>	<b><u>RESPONSE</u></b>
None Findings of this nature.	No response necessary.

# **CITY OF PINEVILLE**

## **Summary of Prior Year Findings and Questioned Cost June 30, 2001**

<b>SECTION I INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS.</b>	
<b><u>FINDINGS</u></b>	<b><u>RESPONSE</u></b>
<p><b><u>00-1, Financial Reporting:</u></b> The City's financial records for the year ended June 30, 2000 did not accurately report financial position or results from operations. Deficiencies effecting the financial records included numerous departures from the basic concepts of proper governmental bookkeeping.</p> <p><b><u>00-2, Unfavorable Budget Variances:</u></b> State Law requires the City to adopt a budget for the general fund and each special revenue fund. Furthermore, State Law imposes limits on unfavorable variances between actual results and budget projections. For the year ending June 30, 2000, the City experienced unfavorable budget variances that exceeded the threshold imposed by State Law.</p>	<p><b><u>00-1, Resolved:</u></b> The City has installed a completely new financial reporting system, which has corrected the problems noted in the previous audit.</p> <p><b><u>00-2, Resolved:</u></b> Unfavorable budget variances for the current year were within the limits permitted by state law.</p>
<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>FINDINGS</u></b>
<p><b><u>Utility Usage:</u></b> Rozier, Harrington &amp; McKay (RH&amp;M) recommended that the City begin billing all sewer customers based on water consumption. In particular it was recommended that sewer customers located outside the City's water service area be billed based on usage.</p>	<p><b><u>Resolved:</u></b> All sewer customers are currently billed based on water consumption.</p>



# **CITY OF PINEVILLE**

## ***Summary of Prior Year Findings and Questioned Cost June 30, 2001***

---

### **Fixed Asset Records:**

In order to correct inadequacies involving the City's fixed asset records the following recommendations were made:

- Avoid capitalizing purchases with a cost of less than \$1,000, items that are replaced frequently due to wear or obsolesce, and repairs that are not expected to significantly extend the useful life of a particular asset.
- Conduct a physical inventory and delete any items that are no longer in operation.
- Apply a tag or label to each movable item that appears on the fixed asset records. The tag or label should include a unique identifying number that is cross referenced to the fixed asset records.
- Assign City personnel to prepare the City's fixed asset records internally.

### **Approval of Debt:**

It was determined that the City apparently incurred debt without obtaining the necessary approval from the State Bond Commission. In order to comply with State Law, RH&M recommended that management avoid incurring future debt unless the necessary approval has been granted.

### **Commercial Utility Rates:**

The City has special utility rate arrangements with certain industrial customers and certain customers that require high volumes of utility usage. In some cases, these special rate arrangements are not governed by written contracts. In order to resolve potential problems that may result from the absence of a contract, we recommend establishing contractual arrangements at the earliest opportunity.

### **Utility Billing Practices:**

Several matters involving utility billing practices are in need of attention. This matters of concern include assessment of penalties, enforcement of cutoff policies, erroneous water meter readings and repair of broken water meters.

### **Resolved:**

In response to the previous recommendations, the City has completed corrective action as follows:

- The City has revised its capitalization policy in a manner that will avoid capitalizing purchases with insignificant cost or limited useful lives.
- The City has conducted a physical inventory and revised its fixed asset records accordingly.
- The City has assigned personnel to prepare fixed asset records internally.

In addition, the City expects to begin tagging movable items within the near future.

### **Resolved:**

All debt incurred during the current year was approved by the State Bond Commission or included a non-appropriation clause that made approval unnecessary.

### **Resolved:**

The City has established written contractual arrangements with each of its high volume utility customers.

### **Resolved:**

In response to the previous findings, the City has initiated the following corrective actions:

- Penalties on delinquent accounts are consistently assessed.
- Delinquent customers are cutoff within a reasonable period of time.
- Problems with erroneous meter readings have been resolved by assigning responsibility for meter reading directly to City employees.
- Broken meters are replaced within a reasonable period of time.

# **CITY OF PINEVILLE**

## ***Summary of Prior Year Findings and Questioned Cost June 30, 2001***

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**Documentation of Expenditures:**

During the year ended June 30, 2000, the City supported various recreational activities including boat races and fishing tournaments. Support provided by the City included cash payments to the sponsors of various benefits. These expenditures appear to have a public purpose; however, the nature of the public purpose has not been documented.

**Resolved:**

The examination of current expenditures indicated that the City did not sponsor recreational activities such as boat races and fishing tournaments.