

**CITY OF PINEVILLE, LOUISIANA**  
**ANNUAL FINANCIAL REPORT**  
**FOR THE YEAR ENDED JUNE 30, 2004**

*Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court*

Release Date 1-19-05

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# ROZIER, HARRINGTON & MCKAY

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November 16, 2004

### Independent Auditors' Report

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Pineville, as of and for the year ended June 30, 2004, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Pineville's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Pineville, as of June 30, 2004, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information listed in the accompanying table of contents are not a required part of the financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Pineville's basic financial statements. The combining financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued a report dated November 16, 2004, on our consideration of the City of Pineville'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.



ROZIER, HARRINGTON & MCKAY  
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November 16, 2004

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, 2004, and have issued our report thereon dated November 16, 2004. 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. 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 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

-Members-

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# **City Of Pineville**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**June 30, 2004**

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This section of the City of Pineville's annual financial report presents our discussion and analysis of the City's financial performance during the fiscal year ended June 30, 2004.

### **OVERVIEW OF FINANCIAL STATEMENTS**

The basic financial statements include government-wide financial statements and fund financial statements. These two types of financial statements present the City's financial position and results of operations from differing perspectives which are described as follows:

#### **Government –Wide Financial Statements**

The government-wide financial statements report information about the City as a whole using accounting methods similar to those used by private-sector companies. These report all revenues and expenses regardless of when cash is received or paid. Furthermore, the government-wide statements include all of the City's assets (including infrastructure acquired after July 1, 1980) and all of the City's liabilities (including long-term debt).

The government-wide financial statements are divided into two categories, which are described as follows:

- **Governmental Activities** – Expenses incurred in connection with providing basic services including public safety, culture, recreation, public works and general administration are reported as governmental activities. The governmental activities are financed by taxes, license and permit fees, fines and forfeitures, and intergovernmental sources.
- **Business-Type Activities** – Expenses associated with providing utility and sanitation services are recovered through fees paid by the customers that utilize these services. These activities are operated in a manner similar to commercial enterprises. Accordingly, activities associated with these services are reported as business type activities.

#### **Fund Financial Statements**

Fund financial statements provide detailed information regarding the City's most significant activities and are not intended to provide information for the City as a whole. Funds are accounting devices that are used to account for specific sources of funds. The City has two types of funds that are described as follows:

- **Governmental Funds** – These funds are used to account for essentially the same functions that are reported as governmental activities in the government-wide financial statements. However, unlike government-wide financial statements, the governmental fund use a modified accrual basis of accounting that provides a short-term view of the City's finances. Assets reported by governmental funds are limited to amounts that are available for current needs. In addition, liabilities are limited to amounts that are expected to be paid from currently available assets.
- **Proprietary Fund** – These funds are used to account for activities that function in a manner similar to commercial enterprises, including activities associated with the City's utility and sanitation services. Proprietary fund financial statements typically provide a more detail presentation of the information reported in the business-type activities portion of the government-wide financial statements.

### **FINANCIAL ANALYSIS OF THE CITY AS A WHOLE**

A comparative analysis of government-wide financial data is presented as follows:

#### **Net Assets**

A condensed version of the government-wide Statement of Net Assets is presented as follows:

# **City of Pineville**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**June 30, 2004**

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	For the Year Ended June 30, 2004			For the Year Ended June 30, 2003
	Governmental Activities	Business- Type Activities	Total	
<b>Assets:</b>				
Current and Other Assets	\$ 3,269,809	\$ 2,799,569	\$ 6,069,378	\$ 5,498,251
Internal Balances	1,566,713	(1,566,713)	----	----
Capital Assets	9,720,915	14,624,990	24,345,905	24,182,524
<b>Total Assets</b>	<b>14,557,437</b>	<b>15,857,846</b>	<b>30,415,283</b>	<b>29,680,775</b>
<b>Liabilities:</b>				
Current and Other Liabilities	1,265,523	630,001	1,895,524	2,138,390
Long-term Liabilities	2,544,835	1,397,018	3,941,853	4,597,975
<b>Total Liabilities</b>	<b>3,810,358</b>	<b>2,027,019</b>	<b>5,837,377</b>	<b>6,736,365</b>
<b>Net Assets:</b>				
Invested in Capital Assets (Net)	7,645,334	13,174,099	20,819,433	21,122,861
Restricted	3,791,851	772,469	4,564,320	3,337,420
Unrestricted	(690,106)	(115,741)	(805,847)	(1,515,871)
<b>Total Net Assets</b>	<b>\$ 10,747,079</b>	<b>\$ 13,830,827</b>	<b>\$ 24,577,906</b>	<b>\$ 22,944,410</b>

As the presentation appearing above demonstrates, the largest portion of the City's net assets (84.7%) are invested in capital assets. Net assets invested in capital assets consist of land, buildings, equipment, and infrastructure less any debt used to acquire the assets that remains outstanding. The City uses these capital assets to provide services to its citizens; consequently, these amounts are not available for future spending.

An additional portion of the net assets represent resources that are subject to restrictions that are imposed by agreements with the City's bondholders or requirements imposed by various revenue sources.

The City's unrestricted resources are exceeded by liabilities payable from those resources; however, a substantial portion of those liabilities are long-term obligations that mature in installments over the next six to ten years. Due to the long-term nature of these liabilities, the City has sufficient unrestricted resources to meet its ongoing obligations to citizens and creditors. In addition, the City will devote a portion revenues received in future years to repaying long-term debts in a manner that will provide sufficient resources to meet the scheduled maturity of these obligations.

### **Changes in Net Assets**

A condensed version of the government-wide Statement of Changes in Net Assets is presented as follows:

# **City of Pineville**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**June 30, 2004**

	For the Year Ended June 30, 2004			For the Year Ended June 30, 2003
	Govern- mental Activities	Business- Type Activities	Total	
<b>Revenues:</b>				
Program Revenue:				
Charges for Services	\$ 467,016	\$ 4,420,650	\$ 4,887,666	\$ 4,218,062
Operating Grants and Contributions	92,735	----	92,735	113,763
Capital Grants and Contributions	629,909	436,353	1,066,262	818,402
General Revenue:				
Property Taxes	1,093,038	----	1,093,038	1,057,076
Sales Taxes	6,558,746	----	6,558,746	6,410,898
Franchise Fees	682,222	----	682,222	657,346
Occupational Licenses	477,982	----	477,982	520,555
Intergovernmental	535,525	----	535,525	477,091
Other	108,310	12,985	121,295	188,321
<b>Total Revenue</b>	<b>10,645,483</b>	<b>4,869,988</b>	<b>15,515,471</b>	<b>14,461,514</b>
<b>Program Expenses:</b>				
General Government	1,864,366	----	1,864,366	1,926,830
Public Safety				
Police Department	2,906,725	----	2,906,725	2,525,954
Fire Department	2,530,347	----	2,530,347	2,538,827
Public Works	1,426,695	----	1,426,695	1,536,373
Health & Welfare	137,545	----	137,545	134,934
Culture and Recreation	652,280	----	652,280	784,026
Utility Service	----	3,030,892	3,030,892	3,035,624
Sanitation	----	1,137,629	1,137,629	1,177,518
Other	164,817	30,679	195,496	37,689
<b>Total Expenses</b>	<b>9,682,775</b>	<b>4,199,200</b>	<b>13,881,975</b>	<b>13,697,775</b>
Increase in Net Assets Before				
Transfers	962,708	670,788	1,633,496	763,739
Transfers	322,578	(322,578)	----	----
<b>Change in Net Assets</b>	<b>1,285,286</b>	<b>348,210</b>	<b>1,633,496</b>	<b>763,739</b>
<b>Net Assets Beginning</b>	<b>9,461,793</b>	<b>13,482,617</b>	<b>22,944,410</b>	<b>22,180,671</b>
<b>Net Assets Ending</b>	<b>\$ 10,747,079</b>	<b>\$ 13,830,827</b>	<b>\$ 24,577,906</b>	<b>\$ 22,944,410</b>

Governmental activities increased the City's net assets by \$1,285,286. The increase is partially attributable to grants and contributions (\$629,909) that were used to acquire capital assets. The remaining increases is attributable using the City's governmental resources to pay principal maturing on long-term debt.

Business-type activities increased the City's net assets by \$348,210. The increase is attributable to additional revenue generated by revisions to the utility and sanitation rate structure.

# **City of Pineville**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**June 30, 2004**

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### **FINANCIAL ANALYSIS OF THE CITY'S FUNDS**

An analysis of significant matters effecting the City's funds is presented as follows:

- The City's governmental funds reported combined fund balances of \$4,227,021 which represents an increase of \$264,910 in comparison to the previous balance. The increase is attributable to collection of sales taxes dedicated for capital improvement that will be utilized in future years.
- The City's general fund, which is available for spending at the City's discretion, reported a fund balance of \$435,170. The general fund balance decreased by \$113,687. The decrease in fund balance is attributable to rising cost that have exceed growth in the general fund tax base. The rising costs are primarily due to insurance premiums and pension cost that are beyond the City's control. In addition, the cost of providing competitive compensation for public safety personnel has also increased.
- Amounts reported for business-type activities in the City's individual funds are identical to the business-type activities reported in the government-wide presentation.

### **GENERAL FUND BUDGET HIGHLIGHTS**

The City's general fund is required to adopt an annual budget and the budget is amended as necessary. Significant revisions are discussed below.

- The original budget was revised to provide for additional revenue from sales taxes, fines and forfeitures, and grant funds for public safety equipment.
- The original budget was amended to increase appropriations for police salaries in order to provide funds for police department pay raises.

### **CAPITAL ASSET ADMINISTRATION**

Capital asset activity for the year ended June 30, 2004 is summarized as follows:

	<b>Governmental Activities</b>	<b>Business- Type Activities</b>	<b>Total</b>
<b>Additions:</b>			
Equipment Purchases	\$ 224,041	\$ 11,467	\$ 235,508
Improvements to Utility System	-----	280,285	280,285
Dedications by developers	537,954	367,423	905,377
Street Planning and Design – Susek Drive	28,871	----	28,871
Building Renovations	106,157	----	106,157
Miscellaneous	20,189	----	20,189
<b>Total Additions</b>	<b>917,212</b>	<b>659,175</b>	<b>1,576,387</b>
<b>Depreciation</b>	<b>(519,230)</b>	<b>(893,776)</b>	<b>(1,413,006)</b>
<b>Net Increase (Decrease)</b>	<b>397,982</b>	<b>(234,601)</b>	<b>163,381</b>
<b>Beginning Capital Asset (Net)</b>	<b>9,322,933</b>	<b>14,859,591</b>	<b>24,182,524</b>
<b>Ending Net Assets (Net)</b>	<b>\$ 9,720,915</b>	<b>\$ 14,624,990</b>	<b>\$ 24,345,905</b>

Highlights of the City's capital asset administration are provided as follows:

- Equipment purchases were primarily related to purchasing new law enforcement vehicles necessary to replace existing vehicles that were retired as a result of ordinary wear. In addition the City acquired mowing equipment for the recreation department and miscellaneous equipment for public works.



# **City of Pineville**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**June 30, 2004**

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- Improvements to the City's utility system were necessary complete minor extensions as well as replacing worn and obsolete components.
- Various developers dedicated new to streets, drainage and utility components to the City. City representatives supervised construction of these improvements to ensure that the dedicated assets meet City specifications.
- The City is in the process of completing designs and acquiring property for improvements to Susek Drive. Grant funds have been secured to provide a substantial portion of the funding for this project.
- Building renovations including improvements to the City jail, remodeling at the Kees Park Community Center, and HVAC replacement for the Main Street Community Center.

### **DEBT ADMINISTRATION**

During recent years, the City has refunded eligible debt in order to take advantage of lower interest rates. During the year ended June 30, 2004 the City's Utility Revenue Bonds, Series 1994 became eligible for refunding and these bonds were redeemed with proceeds from issuing Utility Revenue Refunding Bonds, Series 2004. The refunding of the old bond issue will produce a significant savings as a result of lower interest rates.

With the exception of the refunding bonds described above, no new debt was issued. Remaining activity was limited to payment of principal and interest as these amounts become due.

### **FACTORS EXPECTED TO EFFECT FUTURE OPERATIONS**

Events and conditions that are expected to have a significant influence on future operations are highlighted as follows:

- Grant funds provided by the State of Louisiana are being used to enhance the City's wastewater treatment capacity by expanding its existing treatment plant. This project will benefit the local economy by allowing the City to accommodate the needs of new industrial users and the expansion of existing industrial users. The project is expected to cost approximately \$7,000,000.
- The City will to enhance public safety by continuing efforts to improve Susek Drive. State and Federal grant funds have been secured to minimize the City's cost related to this project.

# **City of Pineville**

## **STATEMENT OF NET ASSETS**

**June 30, 2004**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b><u>ASSETS</u></b>			
Cash and Cash Equivalents	\$ 1,511,096	\$ 1,205,599	\$ 2,716,695
Receivables (net)	728,632	812,601	1,541,233
Restricted cash	898,370	781,369	1,679,739
Other assets	131,711	-	131,711
Internal balances	1,566,713	(1,566,713)	-
Capital assets			
Non depreciable capital assets	1,845,771	147,098	1,992,869
Depreciable capital assets, net	7,875,144	14,477,892	22,353,036
<b>Total assets</b>	<b><u>14,557,437</u></b>	<b><u>15,857,846</u></b>	<b><u>30,415,283</u></b>
<b><u>LIABILITIES</u></b>			
Accounts and other payables	499,174	202,139	701,313
Deferred revenue	110,327	-	110,327
Accrued interest payable from restricted assets	94,125	8,900	103,025
Deposits due others	-	318,962	318,962
Long-term liabilities			
Due within one year	561,897	100,000	661,897
Due in more than one year	2,544,835	1,397,018	3,941,853
<b>Total liabilities</b>	<b><u>3,810,358</u></b>	<b><u>2,027,019</u></b>	<b><u>5,837,377</u></b>
<b><u>NET ASSETS</u></b>			
Invested in capital assets, net of related debt	7,645,334	13,174,099	20,819,433
Restricted:			
Debt service	890,408	772,469	1,662,877
Capital projects and equipment acquisition	2,502,811	-	2,502,811
Other purposes	398,632	-	398,632
Unrestricted	(690,106)	(115,741)	(805,847)
<b>Total net assets (deficit)</b>	<b><u>\$ 10,747,079</u></b>	<b><u>\$ 13,830,827</u></b>	<b><u>\$ 24,577,906</u></b>

The accompanying notes are an integral part of the financial statements.

# **City of Pineville**

## **STATEMENT OF ACTIVITIES** **Year Ended June 30, 2004**

	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expenses) Revenue</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants &amp; Contributions</u>	
<b><u>Governmental Activities:</u></b>					
General Government					
Judicial	\$ 330,756	\$ -	\$ 68,221	\$ -	\$ (262,535)
Executive	192,787	-	-	-	(192,787)
Finance & Administrative	1,340,823	153,011	-	-	(1,187,812)
Public Safety					
Police Department	2,906,725	242,181	24,514	-	(2,640,030)
Fire Department	2,530,347	6,000	-	-	(2,524,347)
Public Works					
City Shop	211,892	-	-	-	(211,892)
Street Maintenance	582,428	21,891	-	629,909	69,372
Drainage Maintenance	367,847	-	-	-	(367,847)
Building Maintenance	264,528	37,094	-	-	(227,434)
Health & Welfare (Impounding)	137,545	6,839	-	-	(130,706)
Culture & Recreation					
Recreation Department	262,829	-	-	-	(262,829)
Community Centers	166,767	-	-	-	(166,767)
Special Events	222,684	-	-	-	(222,684)
Interest on Long-Term Debt	164,817	-	-	-	(164,817)
Total Governmental Activities	<u>9,682,775</u>	<u>467,016</u>	<u>92,735</u>	<u>629,909</u>	<u>(8,493,115)</u>
<b><u>Business-Type Activities:</u></b>					
Utility System	3,030,892	3,474,947	-	436,353	880,408
Sanitation	1,137,629	941,093	-	-	(196,536)
Airport	30,679	4,610	-	-	(26,069)
Total Business-Type Activities	<u>4,199,200</u>	<u>4,420,650</u>	<u>-</u>	<u>436,353</u>	<u>657,803</u>
Total	<u>\$ 13,881,975</u>	<u>\$ 4,887,666</u>	<u>\$ 92,735</u>	<u>\$ 1,066,262</u>	<u>\$ (7,835,312)</u>

The accompanying notes are an integral part of the financial statements.

# **City of Pineville**

## **STATEMENT OF ACTIVITIES (Continued)** **Year Ended June 30, 2004**

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	Governmental Activities	Business- Type Activities	Total
Net (Expense) Revenue (Continued From Previous Page)	\$ (8,493,115)	\$ 657,803	\$ (7,835,312)
<b><u>General Revenues:</u></b>			
Taxes:			
Ad Valorem	1,093,038	-	1,093,038
Sales	6,558,746	-	6,558,746
Licenses & Permits			
Franchise Fees	682,222	-	682,222
Occupational Licenses	477,982	-	477,982
Intergovernmental	535,525	-	535,525
Other	108,310	12,985	121,295
Transfers	322,578	(322,578)	-
Total General Revenues	<u>9,778,401</u>	<u>(309,593)</u>	<u>9,468,808</u>
Change in Net Assets	1,285,286	348,210	1,633,496
Net Assets Beginning	<u>9,461,793</u>	<u>13,482,617</u>	<u>22,944,410</u>
Net Assets Ending	<u>\$ 10,747,079</u>	<u>\$ 13,830,827</u>	<u>\$ 24,577,906</u>

The accompanying notes are an integral part of the financial statements.

# **City of Pineville**

## **Balance Sheet Governmental Funds - June 30, 2004**

	General Fund	Dedicated 1% Sales Tax	Capital Improvements	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>					
Cash and Cash Equivalents	\$ 639,649	\$ -	\$ 474,841	\$ 396,606	\$ 1,511,096
Receivables (net)	437,419	226,127	28,989	36,097	728,632
Interfund Receivables	113,064	-	2,140,354	32,795	2,286,213
Restricted Cash	-	-	-	898,370	898,370
Other Assets	8,961	-	122,585	165	131,711
<b>Total assets</b>	<b>\$ 1,199,093</b>	<b>\$ 226,127</b>	<b>\$ 2,766,769</b>	<b>\$ 1,364,033</b>	<b>\$ 5,556,022</b>
<b>Liabilities and Fund Balance</b>					
<b>Liabilities</b>					
Accounts Payable	\$ 353,172	\$ -	\$ 130,825	\$ 15,177	\$ 499,174
Deferred Revenues	-	-	110,327	-	110,327
Interfund Payables	410,751	226,127	-	82,622	719,500
<b>Total liabilities</b>	<b>763,923</b>	<b>226,127</b>	<b>241,152</b>	<b>97,799</b>	<b>1,329,001</b>
<b>Fund Balance</b>					
Unreserved - Reported In					
General Fund	435,170	-	-	-	435,170
Special Revenue Funds	-	-	-	398,632	398,632
Capital Project Funds	-	-	2,525,617	(22,806)	2,502,811
Debt Service Funds	-	-	-	890,408	890,408
<b>Total Fund Balances</b>	<b>435,170</b>	<b>-</b>	<b>2,525,617</b>	<b>1,266,234</b>	<b>4,227,021</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 1,199,093</b>	<b>\$ 226,127</b>	<b>\$ 2,766,769</b>	<b>\$ 1,364,033</b>	<b>\$ 5,556,022</b>

The accompanying notes are an integral part of the financial statements.

# **City of Pineville**

## **Reconciliation of Fund Balances on the Balance Sheet for Governmental Funds to Net Assets of Governmental Activities on the Statement of Net Assets**

**Year Ended June 30, 2004**

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Total Fund Balances - Governmental Funds	\$ 4,227,021
Amounts reported for governmental activities in the statement of net assets are different because:	
Long term liabilities are not due and payable in the current period and therefore they are not reported in the Governmental Fund Balance Sheet	(3,200,857)
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	<u>9,720,915</u>
Net Assets of Governmental Activities	<u>\$10,747,079</u>

**The accompanying notes are an integral part of the financial statements.**

# **City of Pineville**

## **Statement of Revenues, Expenditures and Changes in Fund Balance Governmental Funds - Year Ended June 30, 2004**

	General Fund	Dedicated 1% Sales Tax	Capital Improvements	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>					
Taxes:					
Ad Valorem	\$ 336,903	\$ -	\$ -	\$ 756,135	\$ 1,093,038
Sales	3,739,451	2,819,295	-	-	6,558,746
Licenses & Permits:					
Franchise Fees	682,222	-	-	-	682,222
Occupational Licenses	477,982	-	-	-	477,982
Other	56,225	-	-	-	56,225
Intergovernmental	546,829	-	20,189	149,288	716,306
Fines and Forfeitures	220,217	-	-	-	220,217
Other	196,927	-	70,738	48,486	316,151
<b>Total Revenues</b>	<b>6,256,756</b>	<b>2,819,295</b>	<b>90,927</b>	<b>953,909</b>	<b>10,120,887</b>
<b>Expenditures:</b>					
Current:					
General Government					
Judicial					
City Court	198,213	-	7,131	-	205,344
City Marshal	118,350	-	1,332	-	119,682
Executive	186,147	-	-	-	186,147
Finance & Administrative	1,282,592	-	20,976	3,024	1,306,592
Public Safety					
Police Department	2,696,201	-	101,961	-	2,798,162
Fire Department	2,501,146	-	7,682	-	2,508,828
Public Works					
City Shop	190,316	-	17,413	-	207,729
Street Maintenance	407,104	-	21,236	-	428,340
Drainage Maintenance	310,687	-	2,701	-	313,388
Building Maintenance	223,107	-	639	-	223,746
Health & Welfare	126,551	-	-	5,058	131,609
Culture & Recreation					
Recreation Department	174,435	-	32,868	-	207,303
Community Centers	153,654	-	17,100	-	170,754
Special Events & Projects	15,630	-	-	207,054	222,684
Capital Expenditures	-	-	260,447	111,311	371,758
Debt Service	166,911	-	154,459	455,119	776,489
<b>Total Expenditures</b>	<b>8,751,044</b>	<b>-</b>	<b>645,945</b>	<b>781,566</b>	<b>10,178,555</b>
<b>Excess (Deficiency) of</b>					
<b>Revenues Over Expenditures</b>	<b>(2,494,288)</b>	<b>2,819,295</b>	<b>(555,018)</b>	<b>172,343</b>	<b>(57,668)</b>

The accompanying notes are an integral part of the financial statements.

# **City of Pineville**

**Continued**

## **Statement of Revenues, Expenditures and Changes in Fund Balance Governmental Funds - Year Ended June 30, 2004**

	<u>General Fund</u>	<u>Dedicated 1% Sales Tax</u>	<u>Capital Improvements</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	(2,494,288)	2,819,295	(555,018)	172,343	(57,668)
<b><u>Other Financing Sources (Uses):</u></b>					
Operating Transfers In	2,869,252	-	1,409,647	387,772	4,666,671
Operating Transfers Out	<u>(488,651)</u>	<u>(2,819,295)</u>	<u>(476,543)</u>	<u>(559,604)</u>	<u>(4,344,093)</u>
<b>Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses</b>	(113,687)	-	378,086	511	264,910
<b>Fund Balance (Deficit) - Beginning of Year</b>	<u>548,857</u>	<u>-</u>	<u>2,147,531</u>	<u>1,265,723</u>	<u>3,962,111</u>
<b>Fund Balance (Deficit) - End of Year</b>	<u>\$ 435,170</u>	<u>\$ -</u>	<u>\$ 2,525,617</u>	<u>\$ 1,266,234</u>	<u>\$ 4,227,021</u>

The accompanying notes are an integral part of the financial statements.

Concluded...



# **City of Pineville**

## **Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities**

**Year Ended June 30, 2004**

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Net change in fund balances of Governmental Funds	\$ 264,910
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over estimated useful lives and reported as depreciation expense. This is the amount by which depreciation in the current period exceeded capital outlays.	(139,972)
Dedication of infrastructure by developers does not provide current financial resources and is not reported as revenue by governmental funds.	537,954
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures by governmental funds.	-
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.	622,394
Bond proceeds provide current financial resources to governmental funds, but increase the long term liabilities in the statement of net assets.	<u>-</u>
Change in net assets of governmental activities	<u>\$ 1,285,286</u>

**The accompanying notes are an integral part of the financial statements.**

# **City of Pineville**

## **Statement of Net Assets Proprietary Funds - June 30, 2004**

	Business-Type Activities - Enterprise Funds			
	Utility		Nonmajor	
	System	Sanitation	Funds	Total
<b><u>ASSETS:</u></b>				
Current Assets:				
Cash and cash equivalents	\$ 1,032,000	\$ 173,599	\$ -	\$ 1,205,599
Receivables (net)	626,287	186,314	-	812,601
Total current assets	1,658,287	359,913	-	2,018,200
Restricted Assets:				
Cash and cash equivalents	781,369	-	-	781,369
Noncurrent Assets:				
Construction in process	147,098	-	-	147,098
Depreciable capital assets, net	14,066,480	152,976	258,436	14,477,892
Total assets	16,653,234	512,889	258,436	17,424,559
<b><u>LIABILITIES:</u></b>				
Current Assets:				
Accounts and other payables	126,576	74,934	629	202,139
Interfund payables	1,326,323	179,556	60,834	1,566,713
Compensated absences	31,137	14,990	-	46,127
Deposits due others	318,962	-	-	318,962
Total current liabilities	1,802,998	269,480	61,463	2,133,941
Liabilities Payable From Restricted Assets:				
Accrued interest payable from restricted assets	8,900	-	-	8,900
Current portion of long-term debt	100,000	-	-	100,000
Noncurrent Liabilities:				
Long-term debt	1,350,891	-	-	1,350,891
Total liabilities	3,262,789	269,480	61,463	3,593,732
<b><u>NET ASSETS:</u></b>				
Invested in capital assets, net of related debt	12,762,687	152,976	258,436	13,174,099
Restricted for debt service	772,469	-	-	772,469
Unrestricted	(144,711)	90,433	(61,463)	(115,741)
Total net assets (deficit)	\$ 13,390,445	\$ 243,409	\$ 196,973	\$ 13,830,827

The accompanying notes are an integral part of the financial statements.

# **City of Pineville**

## **Statement of Revenues, Expenses and Changes in Fund Net Assets Proprietary Funds - June 30, 2004**

	Business-Type Activities - Enterprise Funds			
	Utility		Nonmajor	
	System	Sanitation	Funds	Total
<b><u>Operating Revenues:</u></b>				
Service Fees	\$ 3,230,409	\$ 916,939	\$ -	\$ 4,147,348
Other	244,538	24,154	4,610	273,302
<b>Total Operating Revenues</b>	<b>3,474,947</b>	<b>941,093</b>	<b>4,610</b>	<b>4,420,650</b>
<b><u>Operating Expenses:</u></b>				
Salaries	685,275	462,947	-	1,148,222
Legal and Professional	92,756	2,760	-	95,516
Repairs & Maintenance	224,904	54,974	614	280,492
Supplies & Chemicals	309,232	38,052	-	347,284
Employee Benefits	301,551	225,690	-	527,241
Landfill Disposal Cost	-	262,338	-	262,338
Utilities	433,530	-	7,492	441,022
Permits and Testing	28,083	5,326	-	33,409
Depreciation	807,250	68,208	18,318	893,776
Bad Debts	49,845	14,277	-	64,122
Other	15,029	1,670	3,652	20,351
<b>Total Operating Expenses</b>	<b>2,947,455</b>	<b>1,136,242</b>	<b>30,076</b>	<b>4,113,773</b>
<b>Operating Income (Loss)</b>	<b>527,492</b>	<b>(195,149)</b>	<b>(25,466)</b>	<b>306,877</b>
<b><u>Nonoperating Revenues (Expenses):</u></b>				
Interest Revenue	12,985	-	-	12,985
Interest Expense	(83,437)	(1,387)	(603)	(85,427)
<b>Change in Net Assets Before</b>				
<b>Contributions and Transfers</b>	<b>457,040</b>	<b>(196,536)</b>	<b>(26,069)</b>	<b>234,435</b>
<b><u>Contributions and Transfers:</u></b>				
Capital Grant Revenue	68,930	-	-	68,930
Developer Contributions	367,423	-	-	367,423
Operating Transfers In	393,543	250,000	8,000	651,543
Operating Transfers Out	(974,121)	-	-	(974,121)
<b>Change in net assets</b>	<b>312,815</b>	<b>53,464</b>	<b>(18,069)</b>	<b>348,210</b>
<b>Total net assets - beginning</b>	<b>13,077,630</b>	<b>189,945</b>	<b>215,042</b>	<b>13,482,617</b>
<b>Total net assets - ending</b>	<b>\$ 13,390,445</b>	<b>\$ 243,409</b>	<b>\$ 196,973</b>	<b>\$ 13,830,827</b>

The accompanying notes are an integral part of the financial statements.

# **City of Pineville**

## **Statement of Cash Flows**

### **Proprietary Funds - Year Ended June 30, 2004**

	Business-Type Activities - Enterprise Funds			
	Utility	Nonmajor		Total
	System	Sanitation	Funds	
<b><u>Cash flow from operating activities:</u></b>				
Cash received from customers	\$ 3,356,273	\$ 912,655	\$ 4,610	\$ 4,273,538
Cash payments to suppliers of goods and services	(1,448,887)	(580,061)	(12,233)	(2,041,181)
Cash payments to employees for services	(705,345)	(464,088)	-	(1,169,433)
Net cash provided (used) by operating activities	<u>1,202,041</u>	<u>(131,494)</u>	<u>(7,623)</u>	<u>1,062,924</u>
<b><u>Cash flows from non-capital financing activities:</u></b>				
Cash advances due to other funds	470,784	56,479	226	527,489
Interest paid to other funds	-	(1,386)	(603)	(1,989)
Operating transfers in	393,543	250,000	8,000	651,543
Operating transfers out	(974,121)	-	-	(974,121)
Net cash provided (used) by non-capital financing activities	<u>(109,794)</u>	<u>305,093</u>	<u>7,623</u>	<u>202,922</u>
<b><u>Cash flows from capital and related financing activities:</u></b>				
Capital Expenditures	(291,752)	-	-	(291,752)
Capital Grant Proceeds	68,930	-	-	68,930
Principle paid on revenue bonds	(89,656)	-	-	(89,656)
Interest paid on debt instruments	(87,033)	-	-	(87,033)
Net cash provided (used) by capital and related financing activities	<u>(399,511)</u>	<u>-</u>	<u>-</u>	<u>(399,511)</u>
<b><u>Cash flows from investing activities:</u></b>				
Interest and other income	<u>12,984</u>	<u>-</u>	<u>-</u>	<u>12,984</u>
Net cash provided (used) by investing activities	<u>12,984</u>	<u>-</u>	<u>-</u>	<u>12,984</u>
Net increase (decrease) in cash	705,720	173,599	-	879,319
Beginning cash balance	<u>1,107,649</u>	<u>-</u>	<u>-</u>	<u>1,107,649</u>
Ending cash balance	1,813,369	173,599	-	1,986,968
Restricted cash and cash equivalents	<u>781,369</u>	<u>-</u>	<u>-</u>	<u>781,369</u>
Cash and cash equivalents	<u>\$ 1,032,000</u>	<u>\$ 173,599</u>	<u>\$ -</u>	<u>\$ 1,205,599</u>

The accompanying notes are an integral part of the financial statements.

# **City of Pineville**

## **Statement of Cash Flows (Continued)** **Proprietary Funds - Year Ended June 30, 2004**

	Business-Type Activities - Enterprise Funds			
	Utility	Nonmajor		Total
	System	Sanitation	Funds	
<b><u>Reconciliation of operating income (loss)</u></b>				
<b><u>to net cash provided (used) by operating activities</u></b>				
Operating income (loss)	\$ 527,492	\$ (195,149)	\$ (25,466)	\$ 306,877
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	807,250	68,208	18,318	893,776
(Increase) decrease in accounts receivable	(133,376)	(28,438)	-	(161,814)
(Decrease) increase in accounts and other payables	(15,888)	25,026	(475)	8,663
(Decrease) increase in compensated absences	1,861	(1,141)	-	720
(Decrease) increase in meter deposits	14,702	-	-	14,702
Net cash provided (used) by operating activities	<u>\$ 1,202,041</u>	<u>\$ (131,494)</u>	<u>\$ (7,623)</u>	<u>\$ 1,062,924</u>

**Supplemental disclosures of cash flow information:**

During the year ended June 30, 2004, various developers dedicated utility system improvements to the City. The improvements dedicated to the City were valued at \$367,423. There were no further operating, financing, or investing activities during the year that did not result in cash receipts or payments.

**The accompanying notes are an integral part of the financial statements.**

# **City of Pineville**

## **Notes To Financial Statements**

**June 30, 2004**

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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 unit status does not apply because the City Court System is managed by elected officials and it functions in a fiscally independent manner.

### **Basic Financial Statements**

The basic financial statements include both government-wide and fund financial statements. Both government-wide and fund financial statements categorize activities as either governmental activities or business-type activities, which are described as follows:

- Governmental activities involve government services that are normally supported by taxes and intergovernmental revenues.
- Business-type activities rely on fees and charges for support and operate in a manner similar to private sector enterprises. Since proprietary funds operate in a manner similar to business enterprises, these

# **City of Pineville**

## **Notes To Financial Statements**

**June 30, 2004**

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funds follow certain pronouncements 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.

The government-wide and fund financial statements present the City's financial position and results of operations from differing perspectives which are described as follows:

### **Government-Wide Financial Statements**

The Statement of Net Assets and the Statement of Activities display information about the City as a whole. The effect of most interfund activity is eliminated from these financial statements. Furthermore, government-wide financial statements exclude fiduciary activities which are reported in the fund financial statements.

Program revenues reported in the Statement of Activities consist of amounts that are directly associated with a governmental service or business-type activity. Program revenues include charges for services, fines, court cost, contributions associated with a particular function and most grants.

### **Fund Financial Statements**

Funds are separate accounting entities that are designed to assist with demonstrating legal compliance and segregating transactions by activity. Separate financial statements are provided for governmental funds and business-type (enterprise) funds. In addition, separate financial statements are presented for any fiduciary activities. Major individual funds are reported as separate columns in the fund financial statements. The City's major funds are described as follows:

#### **Major Governmental Funds**

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

**Dedicated 1% Sales Tax** – The sales tax fund is a special revenue fund used to account for the proceeds of a restricted 1% sales tax that is described in Note 5.

**Capital Improvements** – The capital improvement fund is a capital project fund that is used to account for a *portion of sales tax proceeds that are restricted for capital expenditures and related debt service.*

#### **Major Business-Type Funds**

**Utility System** – The utility fund is used to account for the operation of the City's water and sewer system, which are supported by user charges.

**Sanitation** – The sanitation fund is used to account for activity associated with collecting and disposing of garbage and trash. The operation of this fund is supported by user charges.

Business-Type funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing goods and services in connection with the funds ongoing operations. Principal operating revenues are charges to customers for water, sewer service and sanitation.

### **Basis Of Accounting and Measurement Focus**

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. The basis of accounting and measurement focus used for various financial statement presentations are described as follows:

# **City of Pineville**

## **Notes To Financial Statements**

**June 30, 2004**

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<b><u>Financial Statement Presentation</u></b>	<b><u>Basis of Accounting</u></b>	<b><u>Measurement Focus</u></b>
Government-Wide Financial Statements	Accrual Basis	Economic Resources
Fund Financial Statements:		
Governmental Funds	Modified Accrual Basis	Current Financial Resources
Proprietary Funds	Accrual Basis	Economic Resources
Fiduciary Funds	Accrual Basis	Economic Resources

Under the accrual basis of accounting and the economic resources measurement focus, revenues are recorded when earned and expenses are recorded when a liability is incurred.

Under the modified accrual basis of account and the current financial resources measure focus revenue is recognized when it is considered measurable and available. Revenue is considered available if it is collected within 60 days of year end. In addition, expenses are generally recorded when a liability has been incurred; however, debt service, compensated absences, claims and judgements are recorded as expenses when payment is made. Furthermore, when the current financial resources measure focus is used, amounts recorded as assets exclude capital assets and the acquisition of capital assets is treated as an expenditure. In addition, long-term debts are excluded from amounts reported as liabilities. Proceeds from issuing long-term debt is reported as an other financing source and repayment of long-term debt is reported as an expenditure.

### **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. Whenever restricted assets can be used to satisfy an obligation, the restricted assets are typically consumed before utilizing any unrestricted resources.

### **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.

### **Capital Assets**

Capital assets, which include property, equipment and infrastructure, are reported as assets in the applicable governmental or business-type columns in the government-wide financial statements and in the fund financial statements for proprietary funds. Assets reported in the fund financial statements for governmental funds exclude capital assets. Instead, the governmental funds report the acquisition of capital assets as expenditures rather than asset acquisitions.

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their fair market value when received by the City. As required by GASB 34, the City has retroactively capitalized infrastructure acquired by governmental funds since 1980. Infrastructure capitalized retroactively includes streets, sidewalks, bridges, and drainage improvements.

Capital assets are depreciated using the straight-line method and estimated useful lives ranging from 4 to 50 years. Useful lives are selected depending on the expected durability of the particular asset.



# **City of Pineville**

## **Notes To Financial Statements**

**June 30, 2004**

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### **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.

### **Internal Activity:**

Resources belonging to particular funds are commonly shared with other funds that need access to additional resources. When resources are provided without expectation of repayment, the transaction is reported as a transfer. Transfers are treated as a source of income by the recipient and as an expense or expenditure by the provider. If repayment is eventually expected to occur, interfund receivables and payables are recorded.

In preparing the government-wide financial statements, transfers are eliminated to present net transfers for governmental activities and business-type activities. In addition, interfund receivables and payables are eliminated to present a net internal balance for each type of activity.

### **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.

### **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.

### **NOTE 2 - ACCOUNTS RECEIVABLE**

Accounts receivable for the year ended June 30, 2004 are summarized as follows:

	<b><u>Governmental Activities</u></b>	<b><u>Business-Type Activities</u></b>	<b><u>Total</u></b>
Accounts Receivable			
Charges for Services	\$ ---	\$ 1,118,686	\$ 1,118,686
Franchise Taxes	65,240	---	65,240
Other	---	3,915	3,915
<b>Total Accounts Receivable</b>	<b>65,240</b>	<b>1,122,601</b>	<b>1,187,841</b>
Due From Other Governmental Units			
Sales Taxes	527,340	---	527,340
Grants	37,916	---	37,916
Fines and Forfeitures	38,697	---	38,697
Other	59,439	---	59,439
<b>Total Due From Other Governments</b>	<b>663,392</b>	<b>---</b>	<b>663,392</b>
Total Receivables	728,632	1,122,601	1,851,233
Allowance for Doubtful Accounts	---	(310,000)	(310,000)
<b>Net Receivables</b>	<b>\$ 728,632</b>	<b>\$ 812,601</b>	<b>\$ 1,541,233</b>

# **City of Pineville**

## **Notes To Financial Statements**

**June 30, 2004**

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

At June 30, 2004, cash and cash equivalents included the following amounts:

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
Cash Deposited in Banks	\$ 2,408,966	\$ 1,986,468	\$ 4,395,634
Petty Cash	500	300	800
Reconciled Book Balance	2,409,466	1,986,968	4,396,434
Restricted Cash	898,370	781,369	1,679,739
Cash and Cash Equivalents	\$ 1,511,096	\$ 1,205,599	\$ 2,716,695

Cash deposited in banks is 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, 2004, the City has \$4,395,634 in deposits (\$4,429,232 collected bank balance). These deposits are secured from risk by \$137,279 of federal deposit insurance and \$4,925,606 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 LIABILITIES**

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 business-type enterprise funds. Remaining debts are reported as governmental activities. The City's debts are summarized as follows:

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
Certificates of Indebtedness	\$ 1,680,000	\$ ----	\$ 1,680,000
Revenue Bonds	10,000	1,525,000	1,535,000
General Obligation Bonds	835,000	----	835,000
Capital Leases	112,478	----	112,478
Compensated Absences	469,254	46,127	515,381
Total Obligations	3,106,732	1,571,127	4,677,859
Deferred Issue Cost	----	(74,109)	(74,109)
Total Long-term Debt	3,106,732	1,497,018	4,603,750
Due Within One Year	(561,897)	(100,000)	(661,897)
Due in More Than One Year	\$ 2,544,835	\$ 1,397,018	\$ 3,941,853

# **City of Pineville**

## **Notes To Financial Statements**

**June 30, 2004**

The liability for compensated absences attributable to governmental funds and activities is typically liquidated by the City's general funds. Changes in the City's long-term debt for the year ended June 30, 2004 are presented as follows:

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>
<b><u>Governmental Activities</u></b>				
Certificates of Indebtedness	\$ 1,863,000	\$ ----	\$ 183,000	\$ 1,680,000
Revenue Bonds	15,000	----	5,000	10,000
General Obligations	945,000	----	110,000	835,000
Capital Leases	415,492	----	303,014	112,478
Compensated Absences	479,976	----	10,722	469,254
<b>Total Governmental Activities</b>	<b>3,718,468</b>	<b>----</b>	<b>611,736</b>	<b>3,106,732</b>
<b><u>Business-Type Activities</u></b>				
Revenue Bonds	1,580,000	720,000	775,000	1,525,000
Compensated Absences	45,408	1,860	1,141	46,127
<b>Total Business-Type Activities</b>	<b>1,625,408</b>	<b>721,860</b>	<b>776,141</b>	<b>1,571,127</b>
<b>Total Long-term Debts</b>	<b>\$ 5,343,876</b>	<b>\$ 721,860</b>	<b>\$ 1,387,877</b>	<b>\$ 4,677,859</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, 2004 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.	\$ 840,000
\$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.	610,000
\$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.	230,000
<b>Total Certificates of Indebtedness</b>	<b>\$ 1,680,000</b>

### **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, 2004 are described as follows:

# **City of Pineville**

## **Notes To Financial Statements**

**June 30, 2004**

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\$720,000 Utility Revenue Refunding Bonds Series 2004, bearing interest at rates ranging from 1.5% to 4.15% depending on the length of maturity. The bonds mature serially on May 1<sup>st</sup> of each year in amounts ranging from \$45,000 to \$70,000. Final maturity is scheduled for May 1, 2016, unless the City elects to redeem the bonds prior to maturity. Bonds become eligible for redemption on May 1, of 2013. \$ 720,000

\$860,000 Utility Revenue Refunding Bonds, Series 2003 dated May 1, 2003 bearing interest at rates ranging from 1.8% to 4.85% depending on the length of maturity. The bonds mature serially on May 1 of each year in amounts ranging from \$55,000 to \$85,000. 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, 2013. 805,000

\$ 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. 10,000

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**Total Revenue Bonds** **\$ 1,535,000**

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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, 2004 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, 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. \$ 835,000

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**Total General Obligations** **\$ 835,000**

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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 as capital at its original cost. Capital lease obligations outstanding at June 30, 2004 are described as follows:

# City of Pineville

## Notes To Financial Statements June 30, 2004

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. \$ 85,037

Lease agreement dated November 8, 2002, executed in exchange for Police Department equipment with an original balance of \$160,000, bearing interest at a rate of 3.5%, payable in 24 monthly installments of \$6,910. 27,441

**Total Capital lease obligations** **\$ 112,478**

### Maturity of Long-term Debt

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

<u>Year Ended June 30<sup>th</sup></u>	<u>Principal Installments</u>			<u>Total</u>	<u>Interest</u>
	<u>Certificates of Indebtedness</u>	<u>Revenue Bonds</u>	<u>General Obligations</u>		
<b>Governmental Activities</b>					
2005	\$ 192,000	\$ 5,000	\$ 115,000	\$ 312,000	\$ 141,188
2006	207,000	5,000	120,000	332,000	124,142
2007	216,000	----	125,000	341,000	106,213
2008	145,000	----	125,000	270,000	87,391
2009	150,000	----	135,000	285,000	71,871
2010 – 2014	430,000	----	215,000	645,000	169,411
2015 – 2019	195,000	----	----	195,000	81,438
2020 – 2024	145,000	----	----	145,000	14,911
<b>Total Governmental</b>	<b>\$ 1,680,000</b>	<b>\$ 10,000</b>	<b>\$ 835,000</b>	<b>\$ 2,525,000</b>	<b>\$ 796,565</b>
<b>Business-Type Activities</b>					
2005	\$ ----	\$ 100,000	\$ ----	\$ 100,000	\$ 53,398
2006	----	105,000	----	105,000	51,485
2007	----	115,000	----	115,000	49,078
2008	----	115,000	----	115,000	46,010
2009	----	115,000	----	115,000	42,625
2010 – 2014	----	670,000	----	670,000	147,853
2015 – 2019	----	305,000	----	305,000	20,540
<b>Total Business-Type</b>	<b>\$ ----</b>	<b>\$ 1,525,000</b>	<b>\$ ----</b>	<b>\$ 1,525,000</b>	<b>\$ 410,989</b>

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

# **City of Pineville**

## **Notes To Financial Statements**

**June 30, 2004**

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<u>Year Ended June 30<sup>th</sup></u>	
2005	\$ 108,709
2006	6,756
	<hr/> 115,465
Amounts representing interest	(2,987)
	<hr/>
Present value of minimum lease payments	\$ 112,478

### **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, 2004, the City has levied ad valorem taxes as follows:

<b><u>Description</u></b>	<b><u>Mills Levied</u></b>
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>3.30</u>
	<u>19.21</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:

# **City of Pineville**

## **Notes To Financial Statements**

**June 30, 2004**

<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%
--	----

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 – CAPITAL ASSETS**

Changes in governmental and business-type capital assets are presented as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
<b><u>Governmental Activities</u></b>				
<b>Non Depreciable Capital Assets</b>				
Land	\$ 1,153,509	\$ ----	\$ ----	\$ 1,153,509
Construction in Process	643,203	49,059	----	692,262
Total	<u>1,796,712</u>	<u>49,059</u>	<u>----</u>	<u>1,845,771</u>
<b>Depreciable Capital Assets</b>				
Buildings and Improvements	3,159,985	106,157	----	3,266,142
Furniture, Fixtures and Equipment	2,453,293	224,041	14,440	2,662,894
Infrastructure	6,174,676	537,954	----	6,712,630
Accumulated Depreciation	<u>(4,261,733)</u>	<u>(519,229)</u>	<u>(14,440)</u>	<u>(4,766,522)</u>
Total	<u>7,526,221</u>	<u>348,923</u>	<u>----</u>	<u>7,875,144</u>
<b>Total Governmental Activities</b>	<b><u>\$ 9,322,933</u></b>	<b><u>\$ 397,982</u></b>	<b><u>\$ ----</u></b>	<b><u>\$ 9,720,915</u></b>

# **City of Pineville**

## **Notes To Financial Statements**

**June 30, 2004**

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
<b><u>Business-Type Activities</u></b>				
Non Depreciable Capital Assets				
Land	\$ ----	\$ ----	\$ ----	\$ ----
Utility Construction in Process	78,168	68,930	----	147,098
Total	<u>78,168</u>	<u>68,930</u>	<u>----</u>	<u>147,098</u>
Depreciable Capital Assets				
Sanitation Equipment	799,986	----	----	799,986
Utility Equipment	551,893	11,467	----	563,360
Utility System	21,807,400	578,778	----	22,386,178
Airport Improvements	372,511	----	----	372,511
Accumulated Depreciation	(8,750,367)	(893,776)	----	(9,644,143)
Total	<u>14,781,423</u>	<u>(303,531)</u>	<u>----</u>	<u>14,477,892</u>
Total Business-Type Activities	<u>\$ 14,859,591</u>	<u>\$ (234,601)</u>	<u>\$ ----</u>	<u>\$ 14,624,990</u>

Depreciation expense charged to various functions presented on the statement of activities is presented as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Judicial	\$ 5,163	\$ ----	\$ 5,163
Executive	5,370	----	5,370
Finance & Administrative	31,418	----	31,418
Police Department	116,717	----	116,717
Fire Department	31,866	----	31,866
City Shop	2,951	----	2,951
Street Maintenance	153,205	----	153,205
Drainage Maintenance	56,874	----	56,874
Building Maintenance	39,151	----	39,151
Health & Welfare (Impounding)	4,701	----	4,701
Recreation Department	53,302	----	53,302
Community Centers	18,511	----	18,511
Utility System	----	807,250	807,250
Sanitation	----	68,208	68,208
Airport	----	18,318	18,318
Total Depreciation Expense	<u>\$ 519,229</u>	<u>\$ 893,776</u>	<u>\$ 1,413,005</u>

### **NOTE 7 – ACCOUNTS AND OTHER PAYABLES**

Details related to amounts reported as accounts and other payables are provided as follows:



# **City of Pineville**

## **Notes To Financial Statements**

**June 30, 2004**

	<b>Governmental Activities</b>				
	<b>General Fund</b>	<b>Dedicated 1% Sales Tax</b>	<b>Capital Improvements</b>	<b>Other</b>	<b>Total</b>
Payable to Vendors	\$ 290,114	\$ ----	\$ 129,666	\$ 4,018	\$ 423,798
Accrued Wages	55,409	----	----	----	55,409
Retainage Payable Under Contractual Arrangements	----	----	----	11,159	11,159
Other	7,649	----	1,159	----	8,808
<b>Total</b>	<b>\$ 353,172</b>	<b>\$ ----</b>	<b>\$ 130,825</b>	<b>\$ 15,177</b>	<b>\$ 499,174</b>

  

	<b>Business-Type Activities</b>			
	<b>Utility System</b>	<b>Sanitation</b>	<b>Other</b>	<b>Total</b>
Payable to Vendors	\$ 118,142	\$ 68,715	\$ 629	\$ 187,486
Accrued Wages	7,727	5,720	----	13,447
Other	707	499	----	1,206
<b>Total</b>	<b>\$ 126,576</b>	<b>\$ 74,934</b>	<b>\$ 629</b>	<b>\$ 202,139</b>

### **NOTE 8- 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 9 - 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.

### **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-

# **City of Pineville**

## **Notes To Financial Statements**

**June 30, 2004**

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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.

**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  $3\frac{1}{3}$  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 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 plan were equal to 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 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

# **City of Pineville**

## **Notes To Financial Statements**

**June 30, 2004**

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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 – INTERNAL BALANCES**

Details related to internal balances are presented as follows:

<b>Governmental Activities</b>	<b>Receivable (Payable)</b>	<b>Purpose</b>
General	\$ (410,751)	Various funds deposit cash into a single bank account and money is disbursed from the account on behalf of these funds. This commingling of resources results in interfund receivables and payables.
Capital Improvements	2,027,291	
Non-major Governmental Funds	(49,827)	
	<u>1,566,713</u>	
General	113,064	Restricted sales taxes receivable reported by the 1% Dedicated Sales Tax funds must be distributed to other funds upon receipt. Accordingly, interfund balances have been recorded
Capital Improvements	113,063	
1% Dedicated Sales Tax	(226,127)	
	<u>----</u>	
Total Governmental	<u>\$ 1,039,224</u>	

<b>Business-Type Activities</b>	<b>Receivable (Payable)</b>	<b>Purpose</b>
Utility	\$ (1,326,323)	Various funds deposit cash into a single bank account and money is disbursed from the account on behalf of these funds. This commingling of resources results in interfund receivables and payables.
Sanitation	(179,556)	
Non-major	(60,834)	
	<u>\$ (1,566,713)</u>	

### **NOTE 12 - TRANSFERS**

In the ordinary course of business, the City routinely transfers resources between its funds for various reasons. A description of the transfers and the purpose for the transfers is presented as follows:

# City of Pineville

## Notes To Financial Statements

June 30, 2004

	Governmental Activities				
	General Fund	Dedicated 1% Sales Tax	Capital Improvements	Other	Total
<b>Transfers In</b>					
Transfers of resources from restricted funds to reimburse other funds for expenditures satisfying the restrictions.	\$ 1,969,252	\$ ----	\$ 1,409,647	\$ ----	\$ 3,378,899
Transfer excess utility revenues to the general fund.	900,000	----	----	----	900,000
Transfers to debt service funds as required by bond indentures.	----	----	----	387,772	387,772
<b>Total Transfers In</b>	<b>2,869,252</b>	<b>----</b>	<b>1,409,647</b>	<b>387,772</b>	<b>4,666,671</b>
<b>Transfers Out</b>					
Transfers of resources from restricted funds to reimburse other funds for expenditures satisfying the restrictions.	----	2,819,295	393,543	559,604	3,772,442
Transfer to eliminate deficit in the City's Sanitation and Airport funds	258,000	----	----	----	258,000
Transfers to debt service funds as required by bond indentures.	230,651	----	83,000	----	313,651
Miscellaneous transfers.	----	----	----	----	----
<b>Total Transfers Out</b>	<b>488,651</b>	<b>2,819,295</b>	<b>476,543</b>	<b>559,604</b>	<b>4,344,093</b>
<b>Net Transfers</b>	<b>\$ 2,380,601</b>	<b>\$ (2,819,295)</b>	<b>\$ 933,104</b>	<b>\$ (171,832)</b>	<b>\$ 322,578</b>

	Business-Type Activities			
	Utility System	Sanitation	Other	Total
<b>Transfers In</b>				
Transfers of resources from restricted funds to reimburse other funds for expenditures satisfying the restrictions.	\$ 393,543	\$ ----	\$ ----	\$ 393,543
Transfer from General Fund to eliminate deficit in the City's Sanitation and Airport funds	----	250,000	8,000	258,000
<b>Total Transfers In</b>	<b>393,543</b>	<b>250,000</b>	<b>8,000</b>	<b>651,543</b>

# **City of Pineville**

## **Notes To Financial Statements June 30, 2004**

	<b>Business-Type Activities</b>			<b>Total</b>
	<b>Utility System</b>	<b>Sanitation</b>	<b>Other</b>	
<b><u>Transfers Out</u></b>				
Transfer excess utility revenues to the general fund.	900,000	----	----	900,000
Transfers to debt service funds as required by bond indentures.	74,121	----	----	74,121
Total Transfers Out	<u>974,121</u>	<u>----</u>	<u>----</u>	<u>974,121</u>
<b>Net Transfers</b>	<b><u>\$ (580,578)</u></b>	<b><u>\$ 250,000</u></b>	<b><u>8,000</u></b>	<b><u>\$ (322,578)</u></b>

### **NOTE 13 – CONTINGENCIES:**

Existing conditions that may have financial consequences are referred to as contingencies. Contingencies existing at June 30, 2004 are described as follows:

#### **Litigation:**

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

### **NOTE 14 – FUND DEFICITS:**

The City has established a capital project fund to report activity associated with the improvement of Susek Drive. This fund is one of the City's non-major governmental funds and its fund balance at June 30, 2004 was a deficit of \$22,806. This deficit will be eliminated by future transfers from the City's Capital Improvement Fund.

# **City of Pineville**

## **General Fund**

### **Statement of Revenues, Expenditures and Changes in Fund Balances**

**Budget and Actual - Year Ended June 30, 2004**

	Budget Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>Revenues:</b>				
<b>Taxes:</b>				
Ad Valorem	\$ 331,300	\$ 333,600	\$ 336,903	\$ 3,303
Sales	3,643,800	3,739,860	3,739,451	(409)
<b>Licenses &amp; Permits:</b>				
Franchise Fees	648,700	683,040	682,222	(818)
Occupational Licenses	410,500	477,740	477,982	242
Other	29,800	56,175	56,225	50
Intergovernmental	586,500	620,587	546,829	(73,758)
Fines and Forfeitures	80,000	220,405	220,217	(188)
Other	204,600	253,298	196,927	(56,371)
<b>Total revenues</b>	<b>5,935,200</b>	<b>6,384,705</b>	<b>6,256,756</b>	<b>(127,949)</b>
<b>General Government:</b>				
<b>Current:</b>				
<b>General Government</b>				
<b>Judicial</b>				
City Court	149,500	196,985	198,213	(1,228)
City Marshal	109,700	114,095	118,350	(4,255)
Executive	180,000	186,790	186,147	643
Finance & Administrative	1,201,600	1,249,535	1,282,592	(33,057)
<b>Public Safety</b>				
Police Department	2,324,700	2,690,915	2,696,201	(5,286)
Fire Department	2,335,900	2,488,360	2,501,146	(12,786)
<b>Public Works</b>				
City Shop	200,800	189,265	190,316	(1,051)
Street Maintenance	438,500	394,645	407,104	(12,459)
Drainage Maintenance	320,700	300,675	310,687	(10,012)
Building Maintenance	210,900	220,270	223,107	(2,837)
Health & Welfare (Impounding)	127,300	125,175	126,551	(1,376)
<b>Culture &amp; Recreation</b>				
Recreation Department	194,400	169,895	174,435	(4,540)
Community Centers	160,100	152,715	153,654	(939)
Special Events	35,000	15,420	15,630	(210)
Capital Expenditures	-	-	-	-
Debt Service	263,400	226,835	166,911	59,924
<b>Total expenditures</b>	<b>8,252,500</b>	<b>8,721,575</b>	<b>8,751,044</b>	<b>(29,469)</b>

# **City of Pineville**

## **General Fund**

### **Statement of Revenues, Expenditures and Changes in Fund Balances (Continued)**

**Budget and Actual - Year Ended June 30, 2004**

	Budget Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>Excess (Deficiency) of</b>				
<b>Revenues Over Expenditures</b>	(2,317,300)	(2,336,870)	(2,494,288)	(157,418)
<b><u>Other Financing Sources (Uses):</u></b>				
Operating Transfers In	2,904,400	2,878,095	2,869,252	(8,843)
Operating Transfers Out	(520,000)	(488,650)	(488,651)	(1)
Proceeds From Long-Term Debt	-	-	-	-
<b>Excess (Deficiency) of</b>				
<b>Revenues and Other Sources</b>				
<b>Over Expenditures and Other</b>				
<b>Uses</b>	67,100	52,575	(113,687)	(166,262)
<b>Fund Balance (Deficit) -</b>				
<b>Beginning of Year</b>	<u>548,857</u>	<u>548,857</u>	<u>548,857</u>	-
<b>Fund Balance (Deficit) -</b>				
<b>End of Year</b>	<u>\$ 615,957</u>	<u>\$ 601,432</u>	<u>\$ 435,170</u>	<u>\$ (166,262)</u>

# **City of Pineville**

## **Dedicated 1% Sales Tax Fund**

### **Statement of Revenues, Expenditures and Changes in Fund Balances**

**Budget and Actual - Year Ended June 30, 2004**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b><u>Revenues:</u></b>				
Sales Taxes	\$ 2,761,800	\$ 2,821,250	\$ 2,819,295	\$ (1,955)
Other	-	-	-	-
<b>Total revenues</b>	<u>2,761,800</u>	<u>2,821,250</u>	<u>2,819,295</u>	<u>(1,955)</u>
<b><u>General Government:</u></b>				
Current	-	-	-	-
<b>Total expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	2,761,800	2,821,250	2,819,295	(1,955)
<b><u>Other Financing Sources (Uses):</u></b>				
Operating Transfers Out	<u>(2,761,800)</u>	<u>(2,821,250)</u>	<u>(2,819,295)</u>	<u>1,955</u>
<b>Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses</b>	-	-	-	-
<b>Fund Balance (Deficit) - Beginning of Year</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balance (Deficit) - End of Year</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>



# City of Pineville

## Combining Balance Sheet Non Major Governmental Funds June 30, 2004

	Dedicated 10 Mill Ad Valorem Tax	Economic Development Projects	Cemetery Fund	Sales Tax Bonds	General			Series 1997 Improvements	Total Non Major Funds
					Obligation Series 2001	Series 2001 A	Series 2001 B		
Cash and Cash Equivalents	\$ 104,124	\$ 202,073	\$ 90,409	\$ -	\$ -	\$ -	\$ -	\$ 396,606	
Receivables (net)	-	27,169	-	-	-	-	8,928	36,097	
Interfund Receivables	-	-	-	-	3,327	-	-	32,795	
Restricted cash	-	-	-	9,880	291,035	4,924	37,280	898,370	
Other Assets	165	-	-	-	-	-	-	165	
<b>Total assets</b>	<b>\$ 104,289</b>	<b>\$ 229,242</b>	<b>\$ 90,409</b>	<b>\$ 9,880</b>	<b>\$ 294,362</b>	<b>\$ 4,924</b>	<b>\$ 37,280</b>	<b>\$ 1,364,033</b>	
<b>Liabilities and Fund Balance</b>									
<b>Liabilities</b>									
Accounts payable	\$ 472	\$ 2,463	\$ 83	\$ -	\$ 1,000	\$ -	\$ -	\$ 11,159	\$ 15,177
Interfund Payables	11,337	5,972	4,981	41	-	39,393	323	20,575	82,622
<b>Total liabilities</b>	<b>11,809</b>	<b>8,435</b>	<b>5,064</b>	<b>41</b>	<b>1,000</b>	<b>39,393</b>	<b>323</b>	<b>31,734</b>	<b>97,799</b>
<b>Fund Balance</b>									
Unreserved - Reported In									
Special Revenue Funds	92,480	220,807	85,345	-	-	-	-	-	398,632
Capital Project Funds	-	-	-	-	-	-	-	(22,806)	(22,806)
Debt Service Funds	-	-	-	9,839	293,362	(34,469)	36,957	-	890,408
<b>Total Fund Balances</b>	<b>92,480</b>	<b>220,807</b>	<b>85,345</b>	<b>9,839</b>	<b>293,362</b>	<b>(34,469)</b>	<b>36,957</b>	<b>(22,806)</b>	<b>1,266,234</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 104,289</b>	<b>\$ 229,242</b>	<b>\$ 90,409</b>	<b>\$ 9,880</b>	<b>\$ 294,362</b>	<b>\$ 4,924</b>	<b>\$ 37,280</b>	<b>\$ 8,928</b>	<b>\$ 1,364,033</b>

# City of Pineville

## **Combining Statement of Revenues, Expenditures and Changes in Fund Balance Non Major Governmental Funds - Year Ended June 30, 2004**

	Dedicated 10 Mill Ad Valorem Tax	Economic Development Projects	Cemetery Fund	Sales Tax Bonds	General Obligation Series 2001	Series 2001 A	Series 2001 B	Series 1997	Susek Drive Improvements	Total Non Major Funds
<b>Revenues:</b>										
Ad Valorem Taxes	\$ 568,016	\$ -	\$ -	\$ -	\$ 188,119	\$ -	\$ -	\$ -	\$ -	\$ 756,135
Intergovernmental	-	125,000	-	-	-	-	-	-	24,288	149,288
Other	3,574	36,451	869	147	2,348	114	4,577	406	-	48,486
<b>Total Revenues</b>	<b>571,590</b>	<b>161,451</b>	<b>869</b>	<b>147</b>	<b>190,467</b>	<b>114</b>	<b>4,577</b>	<b>406</b>	<b>24,288</b>	<b>953,909</b>
<b>Expenditures:</b>										
Current:										
Finance & Administrative	141	-	-	654	1,124	321	612	3	169	3,024
Health & Welfare	-	-	5,058	-	-	-	-	-	-	5,058
Special Events & Projects	-	207,054	-	-	-	-	-	-	-	207,054
Capital Expenditures	-	82,440	-	-	-	-	-	-	28,871	111,311
Debt Service	-	-	-	6,000	151,523	57,720	157,125	82,751	-	455,119
<b>Total Expenditures</b>	<b>141</b>	<b>289,494</b>	<b>5,058</b>	<b>6,654</b>	<b>152,647</b>	<b>58,041</b>	<b>157,737</b>	<b>82,754</b>	<b>29,040</b>	<b>781,566</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>571,449</b>	<b>(128,043)</b>	<b>(4,189)</b>	<b>(6,507)</b>	<b>37,820</b>	<b>(57,927)</b>	<b>(153,160)</b>	<b>(82,348)</b>	<b>(4,752)</b>	<b>172,343</b>
<b>Other Financing Sources (Uses):</b>										
Operating Transfers In	-	-	-	-	-	-	304,772	83,000	-	387,772
Operating Transfers Out	(559,604)	-	-	-	-	-	-	-	-	(559,604)
<b>Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses</b>	<b>11,845</b>	<b>(128,043)</b>	<b>(4,189)</b>	<b>(6,507)</b>	<b>37,820</b>	<b>(57,927)</b>	<b>151,612</b>	<b>652</b>	<b>(4,752)</b>	<b>511</b>
<b>Fund Balance (Deficit)</b>										
Beginning of Year	80,635	348,850	89,534	16,346	255,542	23,458	433,107	36,305	(18,054)	1,265,723
End of Year	<b>92,480</b>	<b>220,807</b>	<b>85,345</b>	<b>9,839</b>	<b>293,362</b>	<b>(34,469)</b>	<b>584,719</b>	<b>36,957</b>	<b>(22,806)</b>	<b>1,266,234</b>

# **CITY OF PINEVILLE**

## ***Schedule of Compensation Paid to Board Members For the year ended June 30, 2004***

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Carol Cunningham	\$ 8,400
Carrie Broussard	2,800
Clarence Fields	62,372
Joe Bishop	8,400
Kevin Dorn	8,400
Nathan Martin	5,600
Tom Bouchie	8,400

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Total Compensation	<u>\$ 104,372</u>
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# **CITY OF PINEVILLE**

## **Summary of Findings and Questioned Cost June 30, 2004**

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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, 2004 and for the year then ended expressed an unqualified opinion.
- No reportable conditions were 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 results of the audit disclosed no instances of noncompliance that are considered to be material to the financial statements of the City of Pineville.
- Federal assistance expended did not reach the threshold that requires a Single Audit under OMB 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:**

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, 2004**

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<b>SECTION I</b>	
<b>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</b>	
<b>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</b>	
<b>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, 2004**

<b>SECTION I</b>	
<b>INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS.</b>	
<u>FINDINGS</u>	<u>RESPONSE</u>
<u>No Findings of this nature.</u>	<u>No response necessary</u>
<b>SECTION II</b>	
<b>INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS</b>	
<u>FINDINGS</u>	<u>RESPONSE</u>
<u>No Findings of this nature.</u>	<u>No response necessary</u>
<b>SECTION III</b>	
<b>MANAGEMENT LETTER</b>	
<u>FINDINGS</u>	<u>RESPONSE</u>
<p><b><u>Potentially Illegal Act:</u></b>            In planning and performing our audit of the financial statements of the City of Pineville, Louisiana for the year ended June 30, 2003, we became aware of a potentially illegal act discovered by the City's management. The matter in question involved the acquisition of property at a tax sale by the City's designated tax collector.</p>	<p><b><u>Resolved</u></b>            In planning and performing our audit of the financial statements of the City of Pineville, Louisiana for the current year, we did not encounter any potentially illegal acts involving tax sales.</p>