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CITY OF LEESVILLE

LEESVILLE, LOUISIANA

JUNE 30, 2001

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Release Date JAN 9 2002

CITY OF LEESVILLE, LOUISIANA

JUNE 30, 2001

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CITY OF LEESVILLE, LOUISIANA

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PAYNE, MOORE & HERRINGTON, LLP

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

The Honorable Jim Shapkoff, Jr., Mayor
and Members of the City Council
City of Leesville, Louisiana

We have audited the accompanying primary government financial statements and the combining, individual fund, and account group financial statements of the City of Leesville, Louisiana, as of and for the year ended June 30, 2001, as listed in the table of contents. These financial statements are the responsibility of the management of the City of Leesville, Louisiana. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As more fully explained in Note 1, the financial statements of the General Fixed Assets Account Group include only assets acquired subsequent to 1971. The cost of fixed assets included in the General Fixed Assets Account Group acquired prior to 1972 is not recorded. Accounting principles generally accepted in the United States of America require the recording of fixed assets at cost, or estimated historical cost, if cost records are not available. It is not practicable to determine the effects of the unrecorded general fixed assets, if any, on the financial statements.

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PAYNE, MOORE & HERRINGTON, LLP

The Honorable Jim Shapkoff, Jr., Mayor
and Members of the City Council
City of Leesville, Louisiana

A primary government is a legal entity or body politic and includes all funds, organizations, institutions, agencies, departments, and offices that are not legally separate. Such legally separate entities are referred to as component units. In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary due to the matter discussed in the previous paragraph, the primary government financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the primary government of the City of Leesville, Louisiana, as of June 30, 2001, and the results of its operations and cash flows of its proprietary fund types for the year then ended in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary due to the matter discussed in the previous paragraph, the combining, individual fund, and account group financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of each of the individual funds and account groups of the City of Leesville, Louisiana, as of June 30, 2001, the results of operations of such funds and the cash flows of individual proprietary funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

However, the primary government financial statements, because they do not include the financial data of the component units of the City of Leesville, Louisiana, do not purport to, and do not, present fairly the financial position of the City of Leesville, Louisiana, as of June 30, 2001, and the results of its operations and cash flows of its proprietary fund types for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 1 to the financial statements, the City changed its method of accounting for sales tax revenue as required by the provisions of Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, of the Governmental Accounting Standards Board.

In accordance with *Government Auditing Standards*, we have also issued our report, dated November 29, 2001, on our consideration of the internal control over financial reporting of the City of Leesville, Louisiana, 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.



PAYNE, MOORE & HERRINGTON, LLP

The Honorable Jim Shapkoff, Jr., Mayor
and Members of the City Council
City of Leesville, Louisiana

Our audit was conducted for the purpose of forming an opinion on the primary government financial statements taken as a whole and on the combining, individual fund, and account group financial statements. The accompanying financial information listed as additional information in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements of the City of Leesville, Louisiana. Such information has not been subjected to the auditing procedures applied in the audit of the aforementioned financial statements, and accordingly, we express no opinion on it.

Payne, Moore & Herrington, LLP
Certified Public Accountants

November 29, 2001

PRIMARY GOVERNMENT FINANCIAL STATEMENTS

The Primary Government Financial Statements, which include all funds and account groups of the City that are not legally separate, are designed to provide an overview of the financial position and results of operations for the primary government as a whole. Information in the form of combining, individual fund, and account group statements and schedules is included elsewhere in this report.

CITY OF LEESVILLE, LOUISIANA
 COMBINED BALANCE SHEET
 ALL FUND TYPES AND ACCOUNT GROUPS
 JUNE 30, 2001

EXHIBIT A
(Concluded)

	Primary Government										
	Governmental Fund Types				Proprietary Fund Types			Account Groups			
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Internal Service	General Fixed Assets	General Long-Term Debt	Total (Memorandum Only)		
LIABILITIES, EQUITY, AND OTHER CREDITS											
LIABILITIES											
Cash overdraft	\$ 139,438	\$	\$	\$	\$ 192,857	\$	\$	\$	\$	\$	\$ 332,295
Accounts and contracts payable	54,322	10,767		210,887	45,082						321,058
Other current liabilities and accrued expenses	466				62,668	44,463					107,597
Due to other funds	10,846	31,091			108,101						150,038
Customers' deposits					179,124						179,124
Deferred revenue		19,077									19,077
Compensated absences					7,828			142,095			149,923
Capitalized leases					102,994			93,076			196,070
Notes payable								432,243			432,243
General obligation bonds					3,710,000			310,000			4,020,000
Certificates of indebtedness					595,000			330,000			925,000
Revenue bonds					529,843			1,500,000			2,029,843
Total Liabilities	205,072	60,935	-	210,887	5,533,497	44,463	-	2,807,414	-	-	8,862,268
EQUITY AND OTHER CREDITS											
Investment in general fixed assets								25,182,970			25,182,970
Contributed capital					6,389,775						6,389,775
Retained earnings (accumulated deficit)											
Reserved					70,610						70,610
Unreserved					748,888				(38,754)		710,134
Fund balances											
Reserved										752,570	752,570
Unreserved - Undesignated	34,535	690,431									724,966
Total Equity and Other Credits	34,535	690,431	-	-	7,209,273	(38,754)	-	25,182,970	-	-	33,831,025
TOTAL LIABILITIES, EQUITY, AND OTHER CREDITS	\$ 239,607	\$ 751,366	\$ 752,570	\$ 210,887	\$ 12,742,770	\$ 5,709	\$ 25,182,970	\$ 2,807,414	\$ 2,807,414	\$ 42,693,293	\$ 42,693,293

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

CITY OF LEESVILLE, LOUISIANA
 COMBINED STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 ALL GOVERNMENTAL FUND TYPES
 YEAR ENDED JUNE 30, 2001

EXHIBIT B

	Primary Government				Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
REVENUES					
Taxes	\$ 567,521	\$1,742,846	\$ 162,238	\$	\$ 2,472,605
Licenses and permits	344,556				344,556
Intergovernmental	161,424	65,631		554,974	782,029
Charges for services	70,992	430,438			501,430
Fines and forfeitures	111,442				111,442
Interest	48	4,900	25,752	42	30,742
Other	100,181	636		48	100,865
Total Revenues	<u>1,356,164</u>	<u>2,244,451</u>	<u>187,990</u>	<u>555,064</u>	<u>4,343,669</u>
EXPENDITURES					
Current					
General government	458,734	63,591			522,325
Public safety	1,052,149	772,080			1,824,229
Public works	544,415				544,415
Economic development	118,511				118,511
Culture and recreation		236,536			236,536
Debt service					
Principal	91,759		455,000		546,759
Interest and fiscal charges	36,917		142,741		179,658
Capital outlay	78,482	22,360		551,310	652,152
Total Expenditures	<u>2,380,967</u>	<u>1,094,567</u>	<u>597,741</u>	<u>551,310</u>	<u>4,624,585</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,024,803)	1,149,884	(409,751)	3,754	(280,916)
OTHER FINANCING SOURCES (USES)					
Proceeds from capital lease transactions	58,990				58,990
Operating transfers in (out)	1,000,348	(1,083,594)	427,000	(3,754)	340,000
Total Other Financing Sources (Uses)	<u>1,059,338</u>	<u>(1,083,594)</u>	<u>427,000</u>	<u>(3,754)</u>	<u>398,990</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	34,535	66,290	17,249	-	118,074
FUND BALANCES, BEGINNING OF YEAR					
As previously reported	-	465,503	735,321	-	1,200,824
Prior period adjustment - change in accounting principles		158,638			158,638
As restated	<u>-</u>	<u>624,141</u>	<u>735,321</u>	<u>-</u>	<u>1,359,462</u>
FUND BALANCES, END OF YEAR	<u>\$ 34,535</u>	<u>\$ 690,431</u>	<u>\$ 752,570</u>	<u>\$ -</u>	<u>\$ 1,477,536</u>

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

CITY OF LEESVILLE, LOUISIANA
 COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL - GENERAL, SPECIAL REVENUE, AND DEBT SERVICE FUNDS
 YEAR ENDED JUNE 30, 2001

EXHIBIT C

	Primary Government							
	General Fund		Special Revenue Funds		Debt Service Funds		Variance	
	Budget	Actual	Budget	Actual	Budget	Actual	Favorable (Unfavorable)	Favorable (Unfavorable)
REVENUES								
Taxes	\$ 560,300	\$ 567,521	\$ 7,221	\$ 1,742,846	\$ 17,846	\$ 163,000	\$ 162,238	\$ (762)
Licenses and permits	314,000	344,556	30,556					
Intergovernmental	74,200	161,424	87,224	21,715	65,631	43,916		
Charges for services	69,035	70,992	1,957	430,438	8,638			
Fines and forfeitures	102,500	111,442	8,942					
Interest	50	48	(2)	4,900	30	23,330	25,752	2,422
Other	115,800	100,181	(15,619)	1,300	(664)			
Total Revenues	1,235,885	1,356,164	120,279	2,174,685	69,766	186,330	187,990	1,660
EXPENDITURES								
Current								
General government	484,185	458,734	25,451	64,350	63,591	759		
Public safety	985,545	1,052,149	(66,604)	719,780	772,080	(52,300)		
Public works	530,335	544,415	(14,080)					
Economic development	106,515	118,511	(11,996)					
Culture and recreation				224,480	236,536	(12,056)		
Debt service								
Principal	55,732	91,759	(36,027)			455,000	455,000	
Interest and fiscal charges	22,423	36,917	(14,494)			142,745	142,741	4
Capital outlay	49,475	78,482	(29,007)	21,775	22,360	(585)		
Total Expenditures	2,234,210	2,380,967	(146,757)	1,030,385	1,094,567	(64,182)	597,741	4
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(998,325)	(1,024,803)	(26,478)	1,144,300	1,149,884	(411,415)	(409,751)	1,664
OTHER FINANCING SOURCES (USES)								
Proceeds from capital lease transactions		58,990	58,990					
Operating transfers in (out)	1,000,270	1,000,348	78	(1,080,650)	(1,083,594)	427,000	427,000	
Total Other Financing Sources (Uses)	1,000,270	1,059,338	59,068	(1,080,650)	(1,083,594)	427,000	427,000	
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	1,945	34,535	32,590	63,650	66,290	15,585	17,249	1,664
FUND BALANCES, BEGINNING OF YEAR								
As previously reported				465,503	465,503	735,321	735,321	
Prior period adjustment - change in accounting principles				158,638	158,638			
As restated				465,503	624,141	735,321	735,321	
FUND BALANCES, END OF YEAR	1,945	34,535	32,590	529,153	690,431	750,906	752,570	1,664

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

CITY OF LEESVILLE, LOUISIANA
 COMBINED STATEMENT OF REVENUES, EXPENSES,
 AND CHANGES IN RETAINED EARNINGS (ACCUMULATED DEFICIT)
 ALL PROPRIETARY FUND TYPES
 YEAR ENDED JUNE 30, 2001

EXHIBIT D

	Primary Government		
	Enterprise	Internal Service	Total (Memorandum Only)
OPERATING REVENUES			
Charges for services	\$ 1,569,158	\$ 279,093	\$ 1,848,251
Other		15,789	15,789
Total Operating Revenues	1,569,158	294,882	1,864,040
OPERATING EXPENSES			
Salaries and fringe benefits	258,374		258,374
Repairs and maintenance	154,945		154,945
Depreciation	507,303		507,303
Other operating expenses	440,536	37,345	477,881
Claims paid		341,420	341,420
Insurance premiums		90,773	90,773
Total Operating Expenses	1,361,158	469,538	1,830,696
OPERATING INCOME	208,000	(174,656)	33,344
NONOPERATING REVENUES (EXPENSES)			
Ad valorem taxes	315,534		315,534
Interest revenue	7,231	1,465	8,696
Interest expense and fiscal charges	(222,978)		(222,978)
Total Nonoperating Revenues (Expenses)	99,787	1,465	101,252
INCOME (LOSS) BEFORE OPERATING TRANSFERS	307,787	(173,191)	134,596
OPERATING TRANSFERS (OUT)	(340,000)		(340,000)
NET INCOME (LOSS)	(32,213)	(173,191)	(205,404)
RETAINED EARNINGS, BEGINNING OF YEAR	851,711	134,437	986,148
RETAINED EARNINGS (ACCUMULATED DEFICIT), END OF YEAR	\$ 819,498	\$ (38,754)	\$ 780,744

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

CITY OF LEESVILLE, LOUISIANA
 COMBINED STATEMENT OF CASH FLOWS
 ALL PROPRIETARY FUND TYPES
 YEAR ENDED JUNE 30, 2001

EXHIBIT E
 (Continued)

	Primary Government		
	Enterprise	Internal Service	Total (Memorandum Only)
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating income (loss)	\$ 208,000	\$ (174,656)	\$ 33,344
Adjustments to reconcile operating income (loss) to net cash provided by operating activities			
Depreciation	507,303		507,303
Provision for doubtful accounts	14,088		14,088
Changes in assets and liabilities			
Accounts receivable	(47,152)	24,027	(23,125)
Accounts payable	5,700	6,432	12,132
Other current liabilities and accrued expenses	464		464
Due from other funds	13,101		13,101
Customers' deposits	7,082		7,082
Net Cash Provided (Used) by Operating Activities	708,586	(144,197)	564,389
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Cash overdraft	81,163		81,163
Operating transfers out	(340,000)		(340,000)
Net Cash Provided (Used) by Noncapital Financing Activities	(258,837)	-	(258,837)
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES			
Ad valorem taxes	315,534		315,534
Proceeds from capitalized leases	90,162		90,162
Acquisition and construction of property, plant, and equipment	(95,481)		(95,481)
Payments of revenue bonds and other indebtedness	(563,494)		(563,494)
Interest paid on long-term debt	(204,384)		(204,384)
Net Cash Provided (Used) by Capital Financing Activities	(457,663)	-	(457,663)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	7,231	1,465	8,696
Net Cash Provided by Investing Activities	7,231	1,465	8,696
INCREASE (DECREASE) IN CASH	(683)	(142,732)	(143,415)
CASH, BEGINNING OF YEAR	523,162	148,441	671,603
<u>CASH, END OF YEAR</u>	\$ 522,479	\$ 5,709	\$ 528,188
CLASSIFIED AS			
Current assets	\$	\$ 5,709	\$ 5,709
Restricted assets	522,479		522,479
<u>TOTALS</u>	\$ 522,479	\$ 5,709	\$ 528,188

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

CITY OF LEESVILLE, LOUISIANA
 COMBINED STATEMENT OF CASH FLOWS
 ALL PROPRIETARY FUND TYPES
 YEAR ENDED JUNE 30, 2001

EXHIBIT E
 (Concluded)

	Primary Government		Total (Memorandum Only)
	Enterprise	Internal Service	
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES			
Noncash capital contributions from developers			
Sewer and water lines	\$ 64,500	\$	\$ 64,500

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

CITY OF LEESVILLE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2001

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**CITY OF LEESVILLE
JUNE 30, 2001**

NOTES TO FINANCIAL STATEMENTS

1. REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Leesville, Louisiana (the "City") was incorporated by proclamation of the governor on February 15, 1900. The City operates under a council - administrator form of government.

The financial statements of the City of Leesville, Louisiana, (the primary government) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The more significant of the City's accounting policies are described below.

A. The Financial Reporting Entity

The City of Leesville is a municipal corporation governed by an elected seven-member board. The accompanying financial statements present only the data of the primary government.

A primary government is a legal entity or body politic and includes all funds, organizations, institutions, agencies, departments, and offices that are not legally separate. These financial statements do not include the data of the component units necessary for reporting in conformity with accounting principles generally accepted in the United States of America.

B. Individual Component Units Not Included in this Report

The City has two component units which are legally separate from the City. The City Marshal and the City Judge are elected by the voters of the City of Leesville. This report does not include these component units.

1. The Leesville City Marshal is responsible for enforcing judgments of city court, maintaining order within the city court, and collection of city court fines.
2. The Leesville City Court is responsible for hearing court cases involving violations of city laws and ordinances and for rendering judgments thereon.

Complete financial statements for each of the two component units can be obtained from their respective administrative offices.

Administrative Offices:

Leesville City Marshal
P.O. Box 1486
Leesville, Louisiana

Leesville City Court
P.O. Box 1486
Leesville, Louisiana

**CITY OF LEESVILLE
JUNE 30, 2001**

NOTES TO FINANCIAL STATEMENTS

C. Related Organization

The Leesville Housing Authority: The Authority is accountable to the City since the City Council appoints the Authority's board members. However, since the City does not have the ability to impose its will on the Authority and no financial benefit/burden relationship exists, the City is not considered financially accountable for the Authority. Accordingly, the Authority is not considered part of the City for financial reporting purposes.

D. Fund Accounting

The City uses funds and account groups to report its financial position and results of operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

Funds of the City are classified into two categories: governmental and proprietary. Each category, in turn, is divided into separate "fund types".

Governmental funds are used to account for all or most of a government's general activities, including the collection and disbursement of earmarked monies (special revenue funds), the acquisition or construction of general fixed assets (capital projects funds), and the servicing of general long-term debt (debt service funds). The general fund is used to account for all activities of the general government not accounted for in some other fund.

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful for sound financial administration. Goods or services from such activities can be provided either to outside parties (enterprise funds) or to other departments or agencies primarily within the government (internal service funds).

The General Fixed Asset Account Group is used to account for fixed assets other than those used in the proprietary funds.

The General Long-Term Debt Account Group is used to account for long-term debt not accounted for in other funds.

E. Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

**CITY OF LEESVILLE
JUNE 30, 2001**

NOTES TO FINANCIAL STATEMENTS

Proprietary funds follow GAAP prescribed by the Governmental Accounting Standards Board and all Financial Accounting Standards Board's standards issued prior to November 30, 1989. All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund-type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

The modified accrual basis of accounting is used by all governmental fund types. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means the amount is collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debts are recorded as fund liabilities when due or when amounts have been accumulated in the debt service fund for payments to be made early in the following year.

Those revenues susceptible to accrual are property taxes, franchise taxes, grants, interest revenue, and charges for services. Fines, permits, and license revenues are not susceptible to accrual because generally they are not measurable until received in cash.

The accrual basis of accounting is utilized by proprietary fund types. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

The City may report deferred revenue on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when resources are received by the City before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met or when the City has a legal claim to the resources, the liability for deferred revenue is removed from the balance sheet and revenue is recognized.

F. Change In Accounting Principle

For the year ended June 30, 2001, the City changed its recognition of sales tax revenue in order to comply with Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, of the Governmental Accounting Standards Board. This Statement requires the City to recognize sales tax revenues in the period when the underlying exchange transaction has occurred and the resources are available. The cumulative effect of applying this Statement is reported as a restatement of beginning fund balance of the Sales Tax Special Revenue Fund in the accompanying financial statements. The beginning fund balance of the Sales Tax Special Revenue Fund increased by \$158,638.

**CITY OF LEESVILLE
JUNE 30, 2001**

NOTES TO FINANCIAL STATEMENTS

G. Budgets and Budgetary Accounting

Budgets are adopted on a basis consistent with GAAP which is also consistent with state law. Annual appropriated budgets are adopted for General, Special Revenue, and Debt Service Funds. All annual appropriations lapse at the end of the fiscal year. Budgets for capital projects are adopted on a project-length basis. Because these non-operating budgets primarily serve as a management control function, no comparison between budgeted and actual amounts for funds budgeted on this basis is provided in this document. Budgets established for proprietary funds are management budgets and as such are not required to be reported in this document.

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

1. The City Administrator prepares a proposed budget and submits it to the Mayor and Council no later than fifteen days prior to the beginning of each fiscal year.
2. A summary of the proposed budget is published and the public notified that the proposed budget is available for public inspection. At the same time, the date of a public hearing is published.
3. A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing.
4. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of an ordinance prior to the commencement of the fiscal year for which the budget is being adopted.
5. All budgets are controlled at the fund level. Budgetary amendments involving the transfers of funds from one fund or project to another or involving increases in expenditures resulting from revenues exceeding amounts estimated, require the approval of the City Council. Budgeted amounts shown in the financial statements are as originally adopted or as amended from time to time by the Council.

H. Encumbrances

Encumbrance accounting, under which purchase orders and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the City.

I. Cash and Investments

Management considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents. Investments, which consist of certificates of deposit, are stated at cost, which approximates market value.

CITY OF LEESVILLE
JUNE 30, 2001

NOTES TO FINANCIAL STATEMENTS

J. Short-term Interfund Receivables/Payables

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

K. Inventories

Inventories are valued at cost, which approximates market value, using the first-in/first-out (FIFO) method. All inventories are accounted for in the General Fund as assets when purchased and recorded as expenditures or expenses when consumed. Inventory items consumed by other funds are recorded through the interfund receivable/payable accounts.

L. Restricted Assets

Certain proprietary fund assets are classified as restricted assets because their use is limited by applicable bond covenants or by Council action. Various "debt service accounts" segregate resources accumulated for debt service payments of bonds and certificates of indebtedness. "Capital additions and contingencies accounts" are used to report resources set aside to meet unexpected contingencies or to fund asset renewals and replacement for the water system. These resources may also be used for debt service if funds are not otherwise available. "Construction accounts" are used to report funds received from loan proceeds that are to be used for construction.

M. Fixed Assets

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures in governmental funds, and the related assets are reported in the general fixed assets account group. The City has elected to capitalize public domain ("infrastructures") fixed assets consisting of certain improvements other than buildings, including roads, bridges, sidewalks, and drainage improvements. Fixed assets acquired after 1971 are valued at historical cost if purchased or at market value on the date of donation if donated to the City. The cost of fixed assets acquired prior to 1972 is not recorded and is not included in general fixed assets.

Assets in the general fixed assets account group are not depreciated. Depreciation of buildings, equipment, and vehicles in the proprietary funds is computed using the straight-line method over the estimated useful life.

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

**CITY OF LEESVILLE
JUNE 30, 2001**

NOTES TO FINANCIAL STATEMENTS

N. Compensated Absences

Accumulated leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts of accumulated leave that are not expected to be liquidated with expendable available financial resources are reported in the general long-term debt account group. Accumulated leave of proprietary funds is recorded as an expense and liability of those funds as the benefits accrue to employees. No liability is recorded for compensated absences that relate to future services or that are contingent on a specific event that is outside the control of the employer and employee.

O. Long-Term Obligations

Long-term debt is recognized as a liability of a governmental fund when due, or when resources have been accumulated in the debt service fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. The remaining portion of such obligations is reported in the general long-term debt account group. Long-term liabilities expected to be financed from proprietary fund operations are accounted for in those funds.

P. Fund Equity

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

Q. Retained Earnings - Reserved

Retained earnings - reserved, as reported on the combined balance sheet, represents certain restricted assets accumulated in accordance with the outstanding bond indentures which are in excess of related current liabilities payable from restricted assets or which are restricted for construction.

R. Bond Issuance Costs

In governmental fund types, bond issuance costs are recognized in the current period. Bond issuance costs for proprietary fund types are deferred and amortized over the term of the bonds using the bonds-outstanding method, which approximates the effective interest method. Bond issuance costs are recorded as deferred charges.

S. Interfund Transactions

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

**CITY OF LEESVILLE
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NOTES TO FINANCIAL STATEMENTS

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

T. Supplemental Wages

Certain employees of the police and fire departments receive supplemental wages from the State of Louisiana. These supplemental wages are recognized as intergovernmental revenue and public safety expenditures in the General and Sales Tax Special Revenue Funds.

U. Memorandum Only - Total Columns

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

V. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

2. CASH AND INVESTMENTS

Under state law, the City may deposit funds with a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The City may invest in United States bonds, treasury notes, time certificates of deposit of any bank domiciled or having a branch office in the State of Louisiana, investments as stipulated in state law, or any other federally insured investment.

At June 30, 2001, the City had cash and investments as follows:

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>
Cash (demand deposits)	\$ 798,342	\$ 522,479	\$ 1,320,821
Cash overdraft (demand deposits)	(332,295)		(332,295)
Investments - certificates of deposit	391,950		391,950
	<u>\$ 857,997</u>	<u>\$ 522,479</u>	<u>\$ 1,380,476</u>

At year end, the carrying amounts of the City's deposits (demand deposits and certificates of deposit) were \$1,380,476, and bank balances were \$1,560,748. A summary of collateralization of bank balances is presented below.

Insured (Federal deposit insurance)	\$ 200,000
Uncollateralized (In accordance with GAAP - See below)	<u>1,360,748</u>
	<u>\$ 1,560,748</u>

**CITY OF LEESVILLE
JUNE 30, 2001**

NOTES TO FINANCIAL STATEMENTS

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) 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 at least equal the amount on deposit with the fiscal agent.

The uncollateralized amount shown above is secured by pledged securities with a market value of \$2,377,241 held in the name of the pledging fiscal agent banks in holding or custodial banks. Even though the pledged securities are considered uncollateralized under GAAP, Louisiana Revised Statutes impose a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the City that the fiscal agent has failed to pay deposited funds upon demand.

3. RECEIVABLES

Receivables at June 30, 2001, consist of the following:

	<u>Governmental Fund Types</u>	<u>Proprietary Fund Types</u>	<u>Totals</u>
Accounts			
Uncollected cycle billings	\$	\$ 147,836	\$ 147,836
Estimated billings between cycles		89,659	89,659
Other	43,166		43,166
Taxes			
Sales tax	168,904		168,904
Franchise taxes	88,523		88,523
Intergovernmental			
Federal	10,617		10,617
State	244,713		244,713
Local	11,870		11,870
Interest	2,867		2,867
Other	1,090		1,090
Gross receivable	<u>571,750</u>	<u>237,495</u>	<u>809,245</u>
Allowance for doubtful accounts	<u>-</u>	<u>(10,960)</u>	<u>(10,960)</u>
Net receivable	<u>\$ 571,750</u>	<u>\$ 226,535</u>	<u>\$ 798,285</u>

Receivables arising from utility services provided to customers consist of uncollected billings rendered customers on monthly cycle billings and estimated services provided customers between billing cycles. The allowance for doubtful accounts of \$10,960 represents the projected uncollectible accounts at June 30, 2001.

CITY OF LEESVILLE
JUNE 30, 2001

NOTES TO FINANCIAL STATEMENTS

4. DUE FROM/TO OTHER FUNDS

Amounts due from and to other funds at June 30, 2001, consist of the following:

<u>Fund</u>	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Fund		
Sales Tax Special Revenue Fund	\$ 28,950	\$
E 911 Communications District Special Revenue Fund	2,141	
Sewer System Enterprise Fund	8,264	
Water System Enterprise Fund	4,837	
Law Enforcement Block Grant Special Revenue Fund		330
Water System Bonds Debt Service Fund		10,516
Special Revenue Funds		
Sales Tax Fund		
Water System Enterprise Fund	95,000	
General Fund		28,950
E 911 Communications District Fund		
General Fund		2,141
Law Enforcement Block Grant Fund		
General Fund	330	
Debt Service Funds		
General Obligation Bonds Fund		
General Fund	10,516	
Enterprise Funds		
Sewer System Enterprise Fund		
General Fund		8,264
Water System Fund		
General Fund		4,837
Sales Tax Special Revenue Fund		95,000
	<u>\$ 150,038</u>	<u>\$ 150,038</u>

**CITY OF LEESVILLE
JUNE 30, 2001**

NOTES TO FINANCIAL STATEMENTS

5. RESTRICTED ASSETS, LIABILITIES PAYABLE FROM RESTRICTED ASSETS, AND RESERVED RETAINED EARNINGS

Restricted assets, the related liabilities payable from these assets, and reserved retained earnings of the enterprise funds are summarized below:

	Restricted Assets	Liabilities Payable from Restricted Assets		Reserved Retained Earnings
	Cash	Bonds	Interest	
Sewer System Enterprise Fund				
Construction	\$ 59,610	\$	\$	\$ 59,610
General obligation bonds debt service	242,777	204,230	38,547	
Capital additions and contingencies	5,000			5,000
Water System Enterprise Fund				
Revenue bonds debt service	34,604	23,743	10,861	
Certificate of Indebtedness debt service	174,488	172,013	2,475	
Capital additions and contingencies	6,000			6,000
	<u>\$ 522,479</u>	<u>\$ 399,986</u>	<u>\$ 51,883</u>	<u>\$ 70,610</u>

6. FIXED ASSETS

The following is a summary of changes in fixed assets during the fiscal year:

	Balance, Beginning of year	Additions	Completed Projects / Deductions	Balance End of Year
General Fixed Asset Account Group				
Land	\$ 328,696	\$	\$	\$ 328,696
Buildings	5,535,623			5,535,623
Other improvements	16,104,468			16,104,468
Equipment	2,837,063	100,841	(25,678)	2,912,226
Construction in progress	-	301,957		301,957
Total General Fixed Assets	<u>\$ 24,805,850</u>	<u>\$ 402,798</u>	<u>\$ (25,678)</u>	<u>\$ 25,182,970</u>
Proprietary Funds				
Sewer System				
Land	\$ 119,876	\$	\$	\$ 119,876
Treatment plant	6,040,918			6,040,918
Sewer disposal system	4,427,914	33,500		4,461,414
Equipment and vehicles	231,609	15,881		247,490
Total Sewer System	<u>10,820,317</u>	<u>49,381</u>	<u>-</u>	<u>10,869,698</u>

**CITY OF LEESVILLE
JUNE 30, 2001**

NOTES TO FINANCIAL STATEMENTS

Water System				
Land	37,375			37,375
Plant and system	6,053,687	31,000		6,084,687
Equipment and vehicles	293,792	79,600		373,392
Total Water System	<u>6,384,854</u>	<u>110,600</u>	-	<u>6,495,454</u>
Total Proprietary Funds	\$ 17,205,171	\$ 159,981	\$ -	\$ 17,365,152
Accumulated Depreciation				<u>(5,418,326)</u>
Net Proprietary Fixed Assets				\$ 11,946,826

In the enterprise funds, the following useful lives are used to compute depreciation using the straight-line method.

Production and distribution system	25 - 50 years
Buildings and improvements	10 - 25 years
Equipment	5 - 8 years
Vehicles	3 - 6 years

Depreciation expense recorded in the financial statements for the fiscal year ended June 30, 2001, amounted to \$251,146 for the Sewer System Enterprise Fund and \$256,157 for the Water System Enterprise Fund.

7. LONG-TERM DEBT AND CAPITALIZED LEASES

General Obligation Debts: General obligation liabilities are direct obligations and pledge the full faith and credit of the City. The City has incurred these liabilities to provide funds for the acquisition and construction of major additions and to provide funds for major capital projects. The City has also issued general obligation bonds for sewer improvements. In accordance with GAAP, these bonds are reported in the Sewer Enterprise Fund. The City has dedicated ad valorem tax collections for payment of these liabilities.

The City's obligation relative to the governmental funds' liability for compensated absences is reported as a general obligation debt.

The City has also issued general obligation certificates of indebtedness. Those certificates, which were issued for sewer and water system improvements, and are being repaid from Sewer and Water System revenues, are reported in the respective enterprise funds. The other certificates, which are being repaid from General Fund revenues, are reported in the General Long-Term Debt Account Group.

Revenue Bonds: The City has issued two types of revenue bonds. The first type is water revenue bonds whereby the City pledges income derived from the acquired or constructed assets to pay for the debt service. The second type is sales tax revenue bonds whereby the City has pledged revenue from specifically dedicated sales tax collections to pay debt service.

**CITY OF LEESVILLE
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NOTES TO FINANCIAL STATEMENTS

Long-term debt at June 30, 2001, consisted of the following:

	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Enterprise</u>	<u>General Long-Term Debt</u>
Compensated absences			\$ 7,828	\$ 142,095
Capitalized leases				
Public works trucks (1997)	08/01/2002	6.00%		11,628
Sewer & water systems trucks (1997)	08/01/2002	6.00%	17,443	
Computer equipment and software (1998)	03/01/2002	9.35%		7,501
Computer equipment and software (1999)	07/01/2001	9.35%	351	
Police cars (2000)	11/01/2002	6.00%		22,132
Police equipment (2001)	10/14/2003	6.25%		11,121
Sewer & water systems truck (2001)	01/31/2004	6.20%	25,625	
Water system trucks (2001)	05/30/2004	6.00%	59,575	
Police cars (2001)	02/29/2004	6.20%		40,694
General Obligation Debt				
Notes payable				
Economic development (1998)	05/01/2008	6.50%		215,118
Economic development (1998)	05/01/2008	6.50%		217,125
General obligation bonds				
General obligation refunding (1991)	04/01/2003	6.60-6.70%		310,000
Sewer system improvements (1995)	03/15/2015	2.95%	1,855,000	
Sewerage District No. 3 (1995)	03/15/2015	2.95%	1,855,000	
Certificates of indebtedness				
Water system improvements (1994)	10/01/2001	4.50%	220,000	
Economic development (1995)	06/01/2005	6.00%		330,000
Sewer system improvements (1997)	03/01/2007	5.25%	375,000	
Revenue Bonds				
Sales tax revenue bonds				
Streets, drainage, and sewer improvements (1994)	08/01/2005	5.40-5.45%		1,500,000
Water revenue bonds - refunding (1998)	04/01/2008	7.00-7.75%	584,000	
Gross			<u>4,999,822</u>	<u>2,807,414</u>
Deferred amount on water revenue bonds			(54,157)	
Net			<u>\$ 4,945,665</u>	<u>\$ 2,807,414</u>

**CITY OF LEESVILLE
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NOTES TO FINANCIAL STATEMENTS

The annual requirements to amortize all debts outstanding as of June 30, 2001, other than compensated absences, including interest of \$1,540,526 are as follows:

Year Ending June 30,	Enterprise	General Long-Term Debt	Total
2002	\$ 796,062	\$ 739,196	\$ 1,535,258
2003	552,808	713,198	1,266,006
2004	545,718	526,429	1,072,147
2005	523,610	515,658	1,039,268
2006	512,218	427,409	939,627
2007-2015	<u>3,195,757</u>	<u>149,776</u>	<u>3,345,533</u>
	\$ 6,126,173	\$ 3,071,666	\$ 9,197,839

Total interest and fiscal charges incurred by governmental funds on general long-term debt amounted to \$179,658 for the current period. Total interest and fiscal charges incurred by proprietary funds amounted to \$222,978.

During the year ended June 30, 2001, the following changes occurred in long-term liabilities:

	Balance, Beginning	Additions	Reductions	Balance, Ending
General Long-Term Debt Account Group				
Compensated absences - net	\$ 192,117	\$	\$ (50,022)	\$ 142,095
Capitalized leases	76,251	58,990	(42,165)	93,076
Notes payable	482,568		(50,325)	432,243
General obligation bonds	450,000		(140,000)	310,000
Certificates of indebtedness	400,000		(70,000)	330,000
Sales tax revenue bonds	<u>1,745,000</u>		<u>(245,000)</u>	<u>1,500,000</u>
Totals	3,345,936	58,990	(597,512)	2,807,414
Enterprise Fund Debt				
Compensated absences-net	8,673		(845)	7,828
Capitalized leases	38,326	90,162	(25,494)	102,994
General obligation bonds	3,920,000		(210,000)	3,710,000
Certificates of indebtedness	855,000		(260,000)	595,000
Water revenue bonds	<u>652,000</u>		<u>(68,000)</u>	<u>584,000</u>
Totals	\$ 5,473,999	\$ 90,162	\$ (564,339)	\$ 4,999,822

General Obligation Bonds, Series 1995 of the City of Leesville and General Obligation Bonds, Series 1995, of Sewer District No. 3 of the City of Leesville:

The material provisions of these bond covenants are as follows:

1. In compliance with the special election held on November 8, 1994, the City shall levy and collect annually ad valorem taxes in an amount sufficient to pay, when due, principal and interest on the bonds. The tax shall be expended only for the purpose of paying promptly when due the principal and interest on the bonds.

**CITY OF LEESVILLE
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NOTES TO FINANCIAL STATEMENTS

2. The City will, in accordance with prudent wastewater utility treatment practice, (i) at all time operate the properties of its System in an efficient manner, (ii) maintain the System in good repair working order and operating condition, and (iii) from time to time make all necessary and proper repairs, renewals, replacements, additions, betterments, and improvements with respect to its System so that at all times the business carried on in connection therewith shall be properly and advantageously conducted.
3. The City will keep accurate records and accounts for the System separate and distinct from its other records and accounts in accordance with generally accepted government accounting standards.
4. The City will establish a user charge system to assure that each recipient of wastewater treatment services will pay a proportionate share of the costs of operation and maintenance, including any necessary replacement of portions of the System.
5. There shall be established a separately identifiable fund or account to be designated the General Obligation Bond Sinking Fund. All monies from the collection of the ad valorem taxes shall be used solely to pay principal of and interest on the bonds.
6. There shall be established a separately identifiable fund or account to be designated the Sewer System Renewal and Replacement Fund. There shall be transferred to this fund, on or before the twentieth (20th) day of each month of each year, beginning no later than the first full month after the loan closing, an amount equal to five percent (5%) of net revenues collected in the prior *calendar month until the balance in the renewal and replacement fund equals to \$75,000*. All monies in the renewal and replacement fund may be drawn on and used by the System for the purpose of paying the costs of any unusual and extraordinary maintenance and any improvements to the System which will either enhance its revenue producing capacity or provide a higher degree of service.

Water System Refunding Series 1998 Bonds: The material provisions of water system refunding bond covenants are as follows:

1. The City will establish a rate structure sufficient to pay the necessary operating expenses, principal, and interest on the bonds. Revenues after paying operating expenses must be at least 120% of the largest amount of principal and interest maturing in any future fiscal year.
2. The City will transfer monthly to a debt service sinking fund one - sixth (1/6) of the next interest payment due and one - twelfth (1/12) of the next principal payment due.
3. The City will transfer monthly to the contingency fund an amount equal to five percent of the amount transferred to the sinking fund. Monies in this fund may be used for extensions, additions, improvements and replacements, and to pay principal and interest if funds are not otherwise available.
4. After funding necessary operations, sinking fund requirements, and contingency fund requirements, any remaining funds may be used for any lawful purpose of the City.

CITY OF LEESVILLE
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NOTES TO FINANCIAL STATEMENTS

Violations of the Water System Refunding Bonds, Series 1998, Covenants:

1. Monthly sinking fund transfers were not made as required by the agreement. Periodic lump sum transfers were made to the sinking fund and, at June 30, 2001, the sinking fund was fully funded.
2. Monthly transfers were not made to the contingency fund as required by the agreement. Periodic lump sum transfers were made to the contingency fund and, at June 30, 2001, a deficit of \$8,897 existed in the contingency fund.
3. Operating transfers were made to the General Fund prior to funding the above sinking and contingency funds.

Certificates of Indebtedness, Series 1994: The agreement requires that the City transfer monthly to a debt service sinking fund one-sixth (1/6) of the next interest payment due and one-twelfth (1/12) of the next principal payment due.

Violation of the Certificates of Indebtedness, Series 1994 Agreement: Transfers were not made to the sinking fund as required by the agreement. However, by year-end, the sinking fund was fully funded.

Certificates of Indebtedness, Series 1995: The agreement requires that the City transfer monthly to a debt service sinking fund one-sixth (1/6) of the next interest payment due and one-twelfth (1/12) of the next principal payment due.

Violation of the Certificates of Indebtedness, Series 1995 Agreement: Transfers were not made to the sinking fund as required by the agreement. However, by year-end, the sinking fund was fully funded.

Sales Tax Revenue Bonds: The material provisions of sales tax revenue bond covenants are as follows:

1. The bonds and interest thereon are payable from the pledge and dedication of the City's sales tax.
2. The City will transfer monthly to a debt service sinking fund one - sixth (1/6) of the next interest payment due and one - twelfth (1/12) of the next principal payment due.
3. The City will establish a reserve fund in the amount of \$305,000. Monies in this fund may be used for principal and interest payments, if necessary.
4. Parity bonds may be issued if certain conditions are met.

**CITY OF LEESVILLE
JUNE 30, 2001**

NOTES TO FINANCIAL STATEMENTS

8. CONTRIBUTED CAPITAL

During the year ended June 30, 2001, the following changes occurred in contributed capital:

	Sewer System	Water System	Total
Beginning of year	\$ 3,935,065	\$ 2,390,210	\$ 6,325,275
Contribution of sewer and water lines by a subdivision developer	33,500	31,000	64,500
End of year	\$ 3,968,565	\$ 2,421,210	\$ 6,389,775

9. RESERVED RETAINED EARNINGS

At June 30, 2001, retained earnings were reserved for the following purposes:

Sewer System Enterprise Fund	
Construction	\$ 59,610
Capital additions and contingencies	5,000
Water System Enterprise Fund	
Capital additions and contingencies	6,000
	\$ 70,610

10. ACCUMULATED DEFICIT – EMPLOYEE BENEFITS INSURANCE FUND

The City funded the accumulated deficit in the Employee Benefits Insurance Internal Service Fund subsequent to June 30, 2001 with additional employer contributions from the various City funds participating in the internal service fund.

11. RESERVED FUND BALANCES

At June 30, 2001, fund balances were reserved for the following purposes:

Debt Service Funds – future debt service	\$ 752,570
--	------------

12. AD VALOREM TAXES

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied by the City normally on November 15 and are due on December 1. Billed taxes become delinquent on January 1 of the following year. Revenues from ad valorem taxes are budgeted in the year billed. The City bills and collects its own property taxes using the assessed values determined by the tax assessor of Vernon Parish.

For the year ended June 30, 2001, taxes of 23.39 mills were levied on property with assessed values totaling \$26,438,330 and were dedicated as follows:

General maintenance purposes	5.16 mills
Debt service	18.23 mills

**CITY OF LEESVILLE
JUNE 30, 2001**

NOTES TO FINANCIAL STATEMENTS

Total taxes levied were \$618,393. All ad valorem taxes were collected prior to the end of the current fiscal year, except for \$2,745 in adjudications, which are considered not collectable, and, therefore, are not recorded as a receivable at year end.

13. ENTERPRISE FUNDS - OPERATIONS

The City operates two enterprise funds, which provide sewer and water services to the residents of the City and certain adjacent areas. The following is a condensed summary of operations and other information for these funds.

	<u>Sewer</u>	<u>Water</u>	<u>Total</u>
Operating revenues	\$ 474,254	\$ 1,094,904	\$ 1,569,158
Operating expenses			
Depreciation	(251,146)	(256,157)	(507,303)
Other	<u>(356,186)</u>	<u>(497,669)</u>	<u>(853,855)</u>
Operating income (loss)	(133,078)	341,078	208,000
Nonoperating revenues (expenses)			
Ad valorem taxes	315,534		315,534
Interest revenue	6,698	533	7,231
Interest and fiscal charges	(145,863)	(77,115)	(222,978)
Operating transfers in (out)	<u>(115,000)</u>	<u>(225,000)</u>	<u>(340,000)</u>
Net income (loss)	\$ (71,709)	\$ 39,496	\$ (32,213)
Other information			
Current capital contributions	\$ 33,500	\$ 31,000	\$ 64,500
Net working capital	(228,600)	(302,188)	(530,788)
Total assets	8,930,512	3,812,258	12,742,770
General obligation bonds payable	3,710,000		3,710,000
Certificates of indebtedness payable	375,000	220,000	955,000
Revenue bonds payable		584,000	584,000
Total fund equity	4,567,590	2,641,683	7,209,273

14. EMPLOYEE BENEFITS INSURANCE

The City maintains a trust to finance employee hospitalization/health insurance and certain employee life insurance. Resources accumulated for health coverage in the trust are accounted for in the Employee Benefits Insurance Fund (an internal service fund). Under this program, the Employee Benefits Insurance Fund normally provides coverage for a maximum of \$15,000 for each covered employee's (and dependent's, if applicable) qualifying health claims. The Fund's normal aggregate retained loss per plan year is \$374,000. The Employee Benefits Insurance Fund purchased commercial insurance for health claims in excess of coverage provided and for certain employee life insurance. Under the terms of the trust agreement, the net assets of the Fund may only be used to provide employee benefits.

**CITY OF LEESVILLE
JUNE 30, 2001**

NOTES TO FINANCIAL STATEMENTS

All funds of the City and covered employees participate in the program and make payments to the Employee Benefits Insurance Fund. The claims liability of \$44,463 reported in the Fund at June 30, 2001, is based upon GAAP, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Changes in the Fund's claims liability amount in the fiscal year ending June 30, 2001, were as follows:

Balance, beginning of year	\$ 38,031
Current year claims	341,420
Claim payments	<u>(334,988)</u>
Balance, end of year	\$ 44,463

15. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts, theft or damage and destruction of assets, errors and omissions, injuries to employees, and natural disasters. The City carries commercial insurance as outlined in the following table. Settled claims did not exceed commercial coverage for any of the past three fiscal years.

	<u>Limits Of Coverage</u>
Workmen's compensation	Statutory
Auto liability	\$ 500,000
Commercial general liability	500,000
Public officials' errors and omissions liability (deductible \$5,000)	500,000
Law enforcement officers' liability (deductible \$5,000)	500,000
Airport liability	1,000,000
City-owned buildings and equipment - fire, lightning, and extended coverage	2,278,515
Wastewater treatment plant – fire, lightning, and extended coverage	1,636,000

The City covers all other losses, claim settlements, and judgments from General Fund resources. The City currently reports all of its risk management activities in its General Fund. Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated.

The City is party to legal proceedings involving suits filed against the City for various reasons. Some of these suits claim damages that are material in amount. The amount of losses, if any, that may arise from these suits cannot be reasonably estimated. Management does not believe that the City is exposed to any material losses not covered by insurance. No provision for losses is included in the financial statements.

16. COMPENSATION PAID TO MAYOR AND CITY COUNCIL

In accordance with the requirements of the Office of the Legislative Auditor, State of Louisiana, the following reflects compensation paid to the Mayor and members of the City Council of the City of Leesville, Louisiana, for the fiscal year ending June 30, 2001.

CITY OF LEESVILLE
JUNE 30, 2001

NOTES TO FINANCIAL STATEMENTS

Mayor James S. Shapkoff, Jr.	\$ 12,000
Council Members	
Sullivan Battiste	4,025
Milton D. Dowd	4,025
William M. Elliott	4,200
Jerry L. Jeane	4,025
Joseph P. McKee	4,025
Alice F. Upshaw	4,025

17. PUBLIC EMPLOYEES' RETIREMENT SYSTEMS

The City contributes to three statewide cost-sharing, multiple-employer, defined benefit public employee retirement systems. These consist of the Municipal Police Employees' Retirement System of Louisiana (MPERS), the Firefighters' Retirement System (FRS), and the Louisiana State Employees' Retirement System (LASERS).

MPERS. Membership is mandatory for all full-time police officers employed by the City, provided they meet statutory criteria. Any member is eligible for normal retirement benefits after he has been a member of the System for one (1) year, if he has twenty-five (25) years of creditable service at any age, or if he has twenty (20) years of creditable service and is age fifty (50), or has twelve (12) years of creditable service and is age fifty-five (55). Benefit rates are three and one-third percent (3 1/3%) of final compensation per number of years of creditable service not to exceed one hundred percent (100%). Benefit and contribution requirements are established by state law. MPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Municipal Police Employees' Retirement System, P. O. Box 94095, Baton Rouge, LA 70804-9095.

Members are currently required to contribute seven and one-half percent (7 1/2%) of their annual salary to the system, including supplemental pay. The City contributes an actuarially determined rate, presently set at nine percent (9%) of the member's salary, including supplemental pay.

FRS. This Plan is a defined benefit pension plan covering firemen employed by a municipality, parish, or fire protection district of the State hired after December 31, 1979. Employees with twenty (20) or more years of service who have attained age fifty (50), employees who have twelve (12) years of service who have attained age fifty-five (55), or employees who have twenty-five (25) years of service at any age are entitled to annual pension benefits equal to three and one-third percent (3 1/3%) of their average final compensation based on the thirty-six (36) consecutive months of highest pay multiplied by their total years of service, not to exceed one hundred percent (100%). Employees may elect to receive their pension benefits in the form of a joint and survivor annuity. If employees terminate before rendering twelve (12) years of service, they forfeit the right to receive the portion of their accumulated plan benefits attributable to their employer's contributions. Benefits are payable over the employees' lives in the form of a monthly annuity. Benefit and contribution requirements are established by state law. FRS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Firefighters' Retirement System, 3100 Brentwood Drive, Baton Rouge, LA 70809.

**CITY OF LEESVILLE
JUNE 30, 2001**

NOTES TO FINANCIAL STATEMENTS

Members are currently required to contribute eight percent (8%) of their annual salary, including supplemental pay to the Plan. The City contributes an actuarially determined rate, presently at nine percent (9%) of the member's salary, including supplemental pay.

LASERS. All state employees except certain classes of employees specifically excluded by statute become members of the system as a condition of employment. Statewide elected officials and officials appointed by the governor may, at their option, become members of the System. The only member of this System from the City of Leesville is the city court judge. The age and years of creditable service required in order for a member to retire with full benefits are established by Statute and vary depending on the member's employer and job classification. The substantial majority of members may retire with full benefits at ages ranging from any age upon completing thirty (30) years of creditable service to age sixty (60) upon completing ten (10) years of creditable service.

The basic annual retirement benefit for substantially all members is equal to two and one-half percent (2 1/2%) of average compensation multiplied by the number of years of creditable service plus three hundred dollars (\$300). Average compensation is defined as the member's average annual earned compensation for the period of thirty-six (36) consecutive months of employment during which the member's aggregate earned compensation was greatest. The maximum annual retirement benefit cannot exceed the lesser of one hundred percent (100%) of average compensation or certain specified dollar amounts or actuarially determined monetary limits which vary depending upon the member's age at retirement. Judges and court officers and certain elected officials receive an additional annual retirement benefit equal to one percent (1%) of average compensation multiplied by the number of years of creditable service in their respective capacity. As an alternative to the above basic retirement benefit, a member may elect to receive his retirement benefits under any one of four different options providing for a reduced retirement benefit payable throughout his life with certain benefits being paid to his designated beneficiary after his death.

Benefit and contribution requirements are established by state law.

LASERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to P. O. Box 44213, Baton Rouge, LA 70804-4213.

Judges, court officers, and legislators contribute eleven and one - half percent (11 1/2%) of their salary to the System. The City contributes an actuarially determined rate, presently set at 13% of the member's annual salary.

Required contributions: The City made the following required contributions to the various pension plans:

<u>Year Ending</u>	<u>MPERS</u>	<u>FRS</u>	<u>LASERS</u>	<u>Totals</u>
06/30/01	\$ 32,384	\$ 21,704	\$ 468	\$ 54,556
06/30/00	36,811	23,202	443	60,456
06/30/99	33,144	23,558	446	57,148

**CITY OF LEESVILLE
JUNE 30, 2001**

NOTES TO FINANCIAL STATEMENTS

18. DEFINED CONTRIBUTION PLAN

The City sponsors a defined contribution pension plan (the Plan) to provide benefits at retirement to all full-time employees who elect to participate. The Plan is administered by Public Employees Benefit Services Corporation. At June 30, 2001, there were 24 participants in the Plan. Plan members are required to contribute 5% of covered salary. The City is required to contribute 9% of the participant's covered salary. Plan provisions and contribution requirements are established by and may be amended by the City Council. Participant contributions were \$27,698 for the year ending June 30, 2001. Employer contributions were \$32,871. Participant and employer contributions are recognized in the period that the contributions are due.

19. SUPPLEMENTAL PAY

Certain employees meeting statutory qualifications in the police and fire departments receive supplemental pay directly from the State of Louisiana. This supplemental pay in the amount of \$118,180 is recognized as revenue and expenditures in the General Fund and Sales Tax Special Revenue Fund as follows:

General Fund – police	\$ 73,480
Sales Tax Special Revenue Fund - fire	44,700
	\$ 118,180

20. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

The following individual governmental funds had expenditures, including transfers out, exceeding appropriations as approved in the budget:

	<u>Expenditures</u>	<u>Appropriations</u>	<u>Excess</u>
General Fund	\$ 2,502,372	\$ 2,355,690	\$ 146,682
Special Revenue Funds			
Sales Tax Fund	1,855,123	1,791,625	63,498
Law Enforcement Block Grant Fund	22,692	19,800	2,892

21. LEGAL COMPLIANCE

The following possible violations of state statutes occurred during the fiscal year:

Complete records, as required by Louisiana Revised Statutes for fixed assets for which the City is accountable, are not maintained.

Expenditures, including operating transfers out, exceeded appropriations as approved in the budget by more than five percent in the General Fund.

**CITY OF LEESVILLE
JUNE 30, 2001**

NOTES TO FINANCIAL STATEMENTS

22. CITY AS LESSOR

On May 15, 1998, the City leased to a tenant land and buildings at the North Leesville Industrial Park for a term of 10 years with rental payments of \$7,000 per month for the first 5 years and \$5,000 per month for the next 5 years. The tenant has the option to extend the term of this lease for two additional 5 year periods for a rental of \$5,000 per month. The cost of land and buildings leased to the tenant, which are included in general fixed assets and, therefore, not subject to depreciation, is \$3,191,978.

Total lease revenues for the fiscal year, consisting solely of minimum rentals on the above lease, amounted to \$84,000.

Minimum future rentals receivable on this lease, as of June 30, 2001, for each of the next five years and in aggregate are:

Year Ended <u>June 30,</u>	<u>Amount</u>
2002	\$ 84,000
2003	80,000
2004	60,000
2005	60,000
2006	60,000
Thereafter	<u>110,000</u>
	\$ 454,000

23. CONCENTRATION OF RISK

The City receives 39% of its sales tax revenue from one merchant.

24. CONTINGENCY

For many years, the City had a verbal understanding with its engineering firm that the firm would accept as payment for services received only those engineering fees approved for payment by the grantor agencies on certain projects. During the year ended June 30, 2001, the engineering firm requested payment of fees totaling \$216,563 in excess of those approved by the grantor agencies on these projects, which were completed from 1997 through 1999. City administration is currently negotiating settlement of these fees with the engineering firm. The ultimate amount, if any, to be paid to the engineering firm cannot be determined at this time.

25. GASB 34 IMPLEMENTATION

In June 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*. GASB Statement No. 34 established new financial reporting requirements for all state and local governments and consists of the following:

- A. Management Discussion and Analysis (MD&A) section providing an analysis of the government entity's overall financial position and results of operations.

**CITY OF LEESVILLE
JUNE 30, 2001**

NOTES TO FINANCIAL STATEMENTS

B. Basic Financial Statements:

- 1) Government-wide financial statements prepared using the economic resources measurement focus and the accrual basis of accounting. These statements are designed to provide a broad overview of a government entity's finances, in a manner similar to private sector business.
- 2) Fund financial statements, consisting of a series of statements that focus on a government's major governmental funds, using the modified accrual basis of accounting, and enterprise funds, if any.
- 3) Notes to the financial statements that include various disclosures for the government-wide and fund financial statements to ensure that a complete picture is presented.
- 4) Required supplementary information, such as budgetary comparison schedules.

In addition, this new GASB statement requires depreciation expense to be reported in the government-wide financial statements. However, depreciation expense will not be reported in the fund statements that use the modified accrual basis of accounting.

GASB 34 becomes effective for the City and the general provisions will be implemented for the fiscal year ending June 30, 2004.

**COMBINING, INDIVIDUAL FUND, AND ACCOUNT
GROUP FINANCIAL STATEMENTS**

GENERAL FUND

This is the general operating fund of the City. It accounts for operations traditionally associated with a city which are not required to be accounted for in another fund.

CITY OF LEESVILLE, LOUISIANA
 GENERAL FUND
 BALANCE SHEET
 JUNE 30, 2001

EXHIBIT F-1

ASSETS

Cash	\$	30
Receivables		
Intergovernmental		57,713
Other		89,613
Due from other funds		
Sales Tax Special Revenue Fund		28,950
E911 Communications District Special Revenue Fund		2,141
Sewer System Enterprise Fund		8,264
Water System Enterprise Fund		4,837
Inventories		<u>48,059</u>
 <u>TOTAL ASSETS</u>	 \$	 <u>239,607</u>

LIABILITIES AND FUND BALANCE

LIABILITIES		
Cash overdraft	\$	139,438
Accounts payable		54,322
Other current liabilities		466
Due to other funds		
Law Enforcement Block Grant Special Revenue Fund		330
Water System Bonds Debt Service Fund		<u>10,516</u>
Total Liabilities		205,072
 FUND BALANCE		
Unreserved - undesignated		<u>34,535</u>
 <u>TOTAL LIABILITIES AND FUND BALANCE</u>	 \$	 <u>239,607</u>

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

CITY OF LEESVILLE, LOUISIANA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2001

EXHIBIT F-2

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Taxes	\$ 560,300	\$ 567,521	\$ 7,221
Licenses and permits	314,000	344,556	30,556
Intergovernmental	74,200	161,424	87,224
Charges for services	69,035	70,992	1,957
Fines and forfeitures	102,500	111,442	8,942
Interest	50	48	(2)
Other	115,800	100,181	(15,619)
Total Revenues	1,235,885	1,356,164	120,279
EXPENDITURES			
Current			
General government	484,185	458,734	25,451
Public safety	985,545	1,052,149	(66,604)
Public works	530,335	544,415	(14,080)
Economic development	106,515	118,511	(11,996)
Debt Service			
Principal	55,732	91,759	(36,027)
Interest	22,423	36,917	(14,494)
Capital Outlay	49,475	78,482	(29,007)
Total Expenditures	2,234,210	2,380,967	(146,757)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(998,325)	(1,024,803)	(26,478)
OTHER FINANCING SOURCES (USES)			
Proceeds from capital lease transactions		58,990	58,990
Operating transfers in (out)			
Sales Tax Special Revenue Fund	750,000	750,000	-
E911 Communications District Special Revenue Fund	1,800	1,800	-
Airport Construction Capital Projects Fund	29,950	29,953	3
Sewer System Enterprise Fund	115,000	115,000	-
Water System Enterprise Fund	225,000	225,000	-
Law Enforcement Block Grant Special Revenue Fund	(2,350)	(1,206)	1,144
Certificates of Indebtedness Debt Service Fund	(94,000)	(94,000)	-
LCDBG Capital Projects Fund	(25,130)	(26,199)	(1,069)
Total Other Financing Sources (Uses)	1,000,270	1,059,338	59,068
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	1,945	34,535	32,590
FUND BALANCE, BEGINNING OF YEAR	-	-	-
FUND BALANCE, END OF YEAR	\$ 1,945	\$ 34,535	\$ 32,590

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

CITY OF LEESVILLE, LOUISIANA
GENERAL FUND
STATEMENT OF REVENUES - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2001

EXHIBIT F-3

	Budget	Actual	Variance Favorable (Unfavorable)
Taxes			
Ad valorem	\$ 136,000	\$ 135,242	\$ (758)
Franchise	420,000	428,125	8,125
Other	4,300	4,154	(146)
Totals	560,300	567,521	7,221
Licenses and permits			
Occupational licenses	295,000	326,541	31,541
Building permits	14,000	13,218	(782)
Other licenses and permits	5,000	4,797	(203)
Totals	314,000	344,556	30,556
Intergovernmental			
Federal			
Law enforcement grants	3,000	3,322	322
Litter abatement grant		10,000	10,000
Forestry grant	5,000	5,000	-
State			
Beer tax	23,000	25,711	2,711
Fire insurance rebate	12,000	12,681	681
Highway maintenance	10,350	10,350	-
Supplemental pay - police		73,480	73,480
DARE	19,250	19,280	30
Other	1,600	1,600	-
Totals	74,200	161,424	87,224
Charges for services			
Animal shelter	5,075	5,138	63
Inspection fees	8,000	6,989	(1,011)
Airport fees	38,160	39,970	1,810
Police department fees	17,800	18,895	1,095
Totals	69,035	70,992	1,957
Fines and forfeitures - city court	102,500	111,442	8,942
Interest	50	48	(2)
Other			
Lease - industrial park	84,000	84,000	-
Miscellaneous	31,800	16,181	(15,619)
Totals	115,800	100,181	(15,619)
<u>TOTAL REVENUES</u>	\$ 1,235,885	\$ 1,356,164	\$ 120,279

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

CITY OF LEESVILLE, LOUISIANA
GENERAL FUND
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2001

EXHIBIT F-4
(Continued)

	Budget	Actual	Variance Favorable (Unfavorable)
CURRENT			
General Government			
Executive Department			
Salaries	\$ 36,500	\$ 36,500	\$ -
Payroll taxes	2,850	2,793	57
Insurance	595	480	115
Travel	2,015	2,016	(1)
Public relations	1,500	1,392	108
Telephone and utilities	3,800	4,102	(302)
Totals	47,260	47,283	(23)
Finance Department			
Salaries	24,960	24,960	-
Payroll taxes	1,730	1,915	(185)
Insurance	1,680	1,667	13
Totals	28,370	28,542	(172)
Administrative Department			
Salaries	55,150	55,133	17
Payroll taxes	4,280	4,273	7
Retirement	3,650	2,723	927
Insurance	16,610	16,599	11
Travel	2,600	2,776	(176)
Telephone and utilities	1,730	1,754	(24)
Totals	84,020	83,258	762
Legal Department			
Salaries	36,000	36,000	-
Payroll taxes	2,825	2,826	(1)
Other	15,270	15,264	6
Totals	54,095	54,090	5
Building Inspection Department			
Salaries	24,850	24,850	-
Payroll taxes	1,930	1,930	-
Insurance	2,040	2,038	2
Other	3,775	3,596	179
Totals	32,595	32,414	181

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

CITY OF LEESVILLE, LOUISIANA
GENERAL FUND
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2001

EXHIBIT F-4
(Continued)

	Budget	Actual	Variance Favorable (Unfavorable)
General Expenses			
Liability insurance	\$ 48,000	\$ 39,295	\$ 8,705
Uniforms	16,500	16,376	124
Office supplies and expenses	5,000	5,096	(96)
Utilities	27,500	26,527	973
Publications	3,000	2,726	274
Dues	3,000	2,969	31
Employee drug testing	5,400	5,287	113
Operating supplies	20,500	19,530	970
Building maintenance	31,500	28,463	3,037
Computer and software maintenance	25,000	12,228	12,772
Equipment maintenance	2,000	2,380	(380)
Court costs	2,500	2,434	66
Professional services	11,955	11,954	1
Litter abatement	8,500	10,335	(1,835)
Forestry grant expenditures	5,000	4,808	192
Garbage service	1,750	1,752	(2)
Coroner and autopsy expenses	16,150	16,147	3
Other	4,590	4,840	(250)
Totals	237,845	213,147	24,698
Total General Government	484,185	458,734	25,451
 Public Safety			
Police Department			
Salaries	556,250	559,248	(2,998)
State supplemental pay		73,480	(73,480)
Payroll taxes	51,000	53,760	(2,760)
Retirement	40,650	38,645	2,005
Insurance	149,600	141,639	7,961
Travel	4,000	4,373	(373)
Training	7,900	7,992	(92)
Uniforms	9,700	10,953	(1,253)
Office supplies	2,000	2,536	(536)
Telephone and utilities	17,250	16,635	615
Dues	4,000	3,683	317
Operating supplies	24,000	22,624	1,376
Gas and oil	23,000	26,692	(3,692)
Repairs and maintenance	25,100	20,244	4,856
Prisoner expenses	18,000	17,146	854
Other	9,100	9,095	5
Totals	941,550	1,008,745	(67,195)

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

CITY OF LEESVILLE, LOUISIANA
GENERAL FUND
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2001

EXHIBIT F-4
(Continued)

	Budget	Actual	Variance Favorable (Unfavorable)
Animal Shelter			
Salaries	\$ 35,570	\$ 35,525	\$ 45
Payroll taxes	2,795	2,789	6
Retirement	1,385	1,014	371
Supplies	1,125	1,153	(28)
Veterinarian expenses	555	552	3
Other	2,565	2,371	194
Totals	43,995	43,404	591
Total Public Safety	985,545	1,052,149	(66,604)
 Public Works			
Public Works Department			
Salaries	193,050	193,082	(32)
Payroll taxes	14,950	17,449	(2,499)
Retirement	4,540	3,274	1,266
Insurance	62,000	58,042	3,958
Telephone and utilities	79,200	84,387	(5,187)
Supplies	44,500	50,594	(6,094)
Gas and oil	14,000	14,918	(918)
Repairs and maintenance	53,500	56,600	(3,100)
Cutting contract	11,700	12,300	(600)
Other	4,845	5,154	(309)
Totals	482,285	495,800	(13,515)
 Shop Department			
Salaries	35,045	35,880	(835)
Payroll taxes	2,650	2,703	(53)
Retirement	100		100
Insurance	3,755	3,629	126
Supplies	4,500	4,614	(114)
Repairs and maintenance	2,000	1,789	211
Totals	48,050	48,615	(565)
Total Public Works	530,335	544,415	(14,080)

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

CITY OF LEESVILLE, LOUISIANA
GENERAL FUND
STATEMENT OF EXPENDITURES - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2001

EXHIBIT F-4
(Concluded)

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Economic Development			
Airport			
Salaries	\$ 19,275	\$ 19,273	\$ 2
Payroll taxes	1,475	1,473	2
Management fees	1,600	1,600	-
Insurance	14,045	12,374	1,671
Telephone and utilities	11,000	11,782	(782)
Supplies	3,500	4,640	(1,140)
Aviation fuel, gas, and oil	20,570	31,044	(10,474)
Repairs and maintenance	5,570	4,977	593
Other	2,905	2,247	658
Totals	<u>79,940</u>	<u>89,410</u>	<u>(9,470)</u>
Economic Development Office			
Salaries	17,250	17,250	-
Payroll taxes	1,205	1,195	10
Insurance	4,105	4,104	1
Supplies	2,015	2,224	(209)
Telephone and utilities	2,000	2,128	(128)
Other		2,200	(2,200)
Totals	<u>26,575</u>	<u>29,101</u>	<u>(2,526)</u>
Total Economic Development	<u>106,515</u>	<u>118,511</u>	<u>(11,996)</u>
DEBT SERVICE			
Principal	55,732	91,759	(36,027)
Interest	22,423	36,917	(14,494)
Total Debt Service	<u>78,155</u>	<u>128,676</u>	<u>(50,521)</u>
CAPITAL OUTLAY			
General government	4,000	11,829	(7,829)
Public safety	22,000	66,153	(44,153)
Public works	12,500		12,500
Economic development	10,975	500	10,475
Total Capital Outlay	<u>49,475</u>	<u>78,482</u>	<u>(29,007)</u>
<u>TOTAL EXPENDITURES</u>	<u>\$ 2,234,210</u>	<u>\$ 2,380,967</u>	<u>\$ (146,757)</u>

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

SPECIAL REVENUE FUNDS

Special revenue funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

Sales Tax Fund accounts for revenues generated by the one cent sales and use tax. Proceeds are dedicated as follows: Debt service of sales tax bonds; operations of public works; operations of sewer system; operations of fire department; and operations of recreation department.

Economic Development Fund accounts for monies available for economic development purposes.

E 911 Communications District Fund accounts for the intergovernmental agreement with the Vernon Parish Police Jury and the Vernon Parish Communications District for the operation of the Vernon Parish enhanced 911 emergency system. Funding is provided by telephone surcharges.

Law Enforcement Block Grant Fund accounts for revenues received from a federal program for crime prevention.

Drug Forfeiture Fund accounts for revenues received from drug related cases. The revenues may be used for drug enforcement activities.

CITY OF LEESVILLE, LOUISIANA
SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2001

EXHIBIT G-1

	Sales Tax	Economic Development	E911 Communications District	Law Enforcement Block Grant	Drug Forfeiture	Total
ASSETS						
Cash	\$ 129,783	\$ 6,740	\$ 284,285	\$ 19,026	\$ 4,132	\$ 443,966
Receivables						
Intergovernmental	168,904					168,904
Other			43,166			43,166
Due from other funds						
General Fund				330		330
Water Enterprise Fund	95,000					95,000
<u>TOTAL ASSETS</u>	<u>\$ 393,687</u>	<u>\$ 6,740</u>	<u>\$ 327,451</u>	<u>\$ 19,356</u>	<u>\$ 4,132</u>	<u>\$ 751,366</u>
LIABILITIES AND FUND BALANCES						
LIABILITIES						
Accounts payable	\$ 9,362	\$	\$ 1,126	\$ 279	\$	\$ 10,767
Due to General Fund	28,950		2,141			31,091
Deferred revenues				19,077		19,077
Total Liabilities	38,312	-	3,267	19,356	-	60,935
FUND BALANCES						
Unreserved - undesignated	355,375	6,740	324,184		4,132	690,431
Total Fund Balances	355,375	6,740	324,184	-	4,132	690,431
<u>TOTAL LIABILITIES AND FUND BALANCES</u>	<u>\$ 393,687</u>	<u>\$ 6,740</u>	<u>\$ 327,451</u>	<u>\$ 19,356</u>	<u>\$ 4,132</u>	<u>\$ 751,366</u>

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

CITY OF LEESVILLE, LOUISIANA
SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2001

EXHIBIT G-2

	Sales Tax	Economic Development	E911 Communications District	Law Enforcement Block Grant	Drug Forfeiture	Total
REVENUES						
Taxes	\$ 1,742,846	\$	\$	\$	\$	\$ 1,742,846
Intergovernmental	44,700			20,931		65,631
Charges for services	65,631		364,807			430,438
Interest		150	4,088	555	107	4,900
Other	491		145			636
Total Revenues	<u>1,853,668</u>	<u>150</u>	<u>369,040</u>	<u>21,486</u>	<u>107</u>	<u>2,244,451</u>
EXPENDITURES						
Current						
General government	63,591					63,591
Public safety	469,134		285,174	16,554	1,218	772,080
Culture and recreation	236,536					236,536
Capital outlay	2,862		13,360	6,138		22,360
Total Expenditures	<u>772,123</u>	<u>-</u>	<u>298,534</u>	<u>22,692</u>	<u>1,218</u>	<u>1,094,567</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,081,545	150	70,506	(1,206)	(1,111)	1,149,884
OTHER FINANCING SOURCES (USES)						
Operating transfers in (out)						
General Fund	(750,000)		(1,800)	1,206		(750,594)
Debt Service Funds	(333,000)					(333,000)
Total Other Financing Sources (Uses)	<u>(1,083,000)</u>	<u>-</u>	<u>(1,800)</u>	<u>1,206</u>	<u>-</u>	<u>(1,083,594)</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	(1,455)	150	68,706	-	(1,111)	66,290
FUND BALANCES, BEGINNING OF YEAR						
As previously reported	198,192	6,590	255,478	-	5,243	465,503
Prior period adjustment - Change in accounting principles	158,638					158,638
Balance, beginning of year, as restated	<u>356,830</u>	<u>6,590</u>	<u>255,478</u>	<u>-</u>	<u>5,243</u>	<u>624,141</u>
FUND BALANCES, END OF YEAR	<u>\$ 355,375</u>	<u>\$ 6,740</u>	<u>\$ 324,184</u>	<u>\$ -</u>	<u>\$ 4,132</u>	<u>\$ 690,431</u>

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

CITY OF LEESVILLE, LOUISIANA
 SALES TAX SPECIAL REVENUE FUND
 STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 YEAR ENDED JUNE 30, 2001

EXHIBIT G-3
 (Continued)

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Sales tax	\$ 1,725,000	\$ 1,742,846	\$ 17,846
Intergovernmental - state supplemental pay		44,700	44,700
Charges for services - recreation	66,800	65,631	(1,169)
Other	1,150	491	(659)
Total Revenues	1,792,950	1,853,668	60,718
EXPENDITURES			
Current			
General government			
Salaries	51,070	51,069	1
Payroll taxes	3,885	3,889	(4)
Retirement	2,500	1,730	770
Insurance	1,850	1,857	(7)
Professional fees	5,000	5,000	-
Other	45	46	(1)
Total General Government	64,350	63,591	759
Public safety - Fire Department			
Salaries	267,600	266,826	774
State supplemental pay		44,700	(44,700)
Payroll taxes	25,225	25,627	(402)
Retirement	23,570	22,886	684
Insurance	61,500	69,884	(8,384)
Training	4,500	4,355	145
Telephone and utilities	11,500	11,665	(165)
Supplies	10,000	11,481	(1,481)
Gas and oil	3,500	3,310	190
Repairs and maintenance	5,100	4,942	158
Other	4,000	3,458	542
Total Public Safety	416,495	469,134	(52,639)

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

CITY OF LEESVILLE, LOUISIANA
 SALES TAX SPECIAL REVENUE FUND
 STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 YEAR ENDED JUNE 30, 2001

EXHIBIT G-3
 (Continued)

	Budget	Actual	Variance Favorable (Unfavorable)
Culture and recreation			
Golf Course			
Salaries	\$ 82,400	\$ 82,347	\$ 53
Payroll taxes	6,400	6,388	12
Insurance	5,590	10,817	(5,227)
Telephone and utilities	12,775	13,767	(992)
Supplies	11,050	11,737	(687)
Gas and oil	3,000	2,823	177
Repairs and maintenance	14,500	13,923	577
Items purchased for resale	1,200	1,228	(28)
Garbage service	2,520	2,520	-
Total Recreation	139,435	145,550	(6,115)
Recreation Complex			
Salaries	12,300	12,300	-
Payroll taxes	905	907	(2)
Insurance	425	423	2
Professional fees	2,100	2,100	-
Telephone and utilities	4,500	4,130	370
Supplies	5,000	7,294	(2,294)
Repairs and maintenance	5,000	4,332	668
Other	1,355	1,342	13
Total Recreation Complex	31,585	32,828	(1,243)
Neighborhood Center			
Salaries	29,270	30,431	(1,161)
Payroll taxes	2,230	2,226	4
Retirement	1,600	1,170	430
Insurance	5,510	7,078	(1,568)
Telephone and utilities	5,350	5,703	(353)
Supplies	6,000	6,541	(541)
Repairs and maintenance	3,500	5,009	(1,509)
Total Neighborhood Center	53,460	58,158	(4,698)
Total Culture and Recreation	224,480	236,536	(12,056)

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

CITY OF LEESVILLE, LOUISIANA
 SALES TAX SPECIAL REVENUE FUND
 STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 YEAR ENDED JUNE 30, 2001

EXHIBIT G-3
 (Concluded)

	Budget	Actual	Variance Favorable (Unfavorable)
Capital Outlay			
Culture and recreation	\$ 3,300	\$ 2,862	\$ 438
Total Expenditures	708,625	772,123	(63,498)
 EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	 1,084,325	 1,081,545	 (2,780)
 OTHER FINANCING USES			
<i>Operating transfers (out)</i>			
General Fund	(750,000)	(750,000)	-
Sales Tax Bonds Debt Service Fund	(333,000)	(333,000)	-
Total Other Financing Uses	(1,083,000)	(1,083,000)	-
 EXCESS OF REVENUES OVER EXPENDITURES AND OTHER FINANCING USES	 1,325	 (1,455)	 (2,780)
 FUND BALANCE, BEGINNING OF YEAR			
As previously reported	198,192	198,192	-
<i>Prior period adjustment - change in accounting principles</i>		158,638	158,638
Balance, beginning of year, as restated	198,192	356,830	158,638
 <u>FUND BALANCE, END OF YEAR</u>	 \$ 199,517	 \$ 355,375	 \$ 155,858

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

CITY OF LEESVILLE, LOUISIANA
 ECONOMIC DEVELOPMENT SPECIAL REVENUE FUND
 STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 YEAR ENDED JUNE 30, 2001

EXHIBIT G-4

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Interest	\$ 140	\$ 150	\$ 10
FUND BALANCE, BEGINNING OF YEAR	<u>6,590</u>	<u>6,590</u>	<u>-</u>
<u>FUND BALANCE, END OF YEAR</u>	<u>\$ 6,730</u>	<u>\$ 6,740</u>	<u>\$ 10</u>

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

CITY OF LEESVILLE, LOUISIANA
E911 COMMUNICATIONS DISTRICT SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2001

EXHIBIT G-5

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Charges for services - telephone surcharges	\$ 355,000	\$ 364,807	\$ 9,807
Interest	4,100	4,088	(12)
Other	150	145	(5)
Total Revenues	359,250	369,040	9,790
EXPENDITURES			
Current			
Public Safety			
Salaries	159,625	159,700	(75)
Payroll taxes	11,900	11,910	(10)
Retirement	8,025	5,913	2,112
Insurance	13,675	13,186	489
Office supplies and expenses	300	296	4
Telephone and utilities	85,000	85,593	(593)
Supplies	2,000	1,930	70
Gas and oil	2,500	1,938	562
Repairs and maintenance	1,000	1,358	(358)
Other	3,355	3,350	5
Capital outlay	13,360	13,360	-
Total Expenditures	300,740	298,534	2,206
EXCESS OF REVENUES OVER EXPENDITURES	58,510	70,506	11,996
OTHER FINANCING USES			
Operating transfers (out)			
General Fund	-	(1,800)	(1,800)
EXCESS OF REVENUES OVER EXPENDITURES AND OTHER FINANCING USES	58,510	68,706	10,196
FUND BALANCE, BEGINNING OF YEAR	255,478	255,478	-
<u>FUND BALANCE, END OF YEAR</u>	\$ 313,988	\$ 324,184	\$ 10,196

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

CITY OF LEESVILLE, LOUISIANA
LAW ENFORCEMENT BLOCK GRANT SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2001

EXHIBIT G-6

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Intergovernmental - federal grant	\$ 21,715	\$ 20,931	\$ (784)
Interest	525	555	30
Total Revenues	22,240	21,486	(754)
EXPENDITURES			
Current			
Public Safety - Police Department			
Salaries	9,750	9,579	171
Payroll taxes	725	705	20
Other	4,210	6,270	(2,060)
Capital outlay	5,115	6,138	(1,023)
Total Expenditures	19,800	22,692	(2,892)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	2,440	(1,206)	(3,646)
OTHER FINANCING SOURCES			
Operating transfers in General Fund	2,350	1,206	(1,144)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES	4,790	-	(4,790)
FUND BALANCE, BEGINNING OF YEAR	-	-	-
<u>FUND BALANCE, END OF YEAR</u>	\$ 4,790	\$ -	\$ (4,790)

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

CITY OF LEESVILLE, LOUISIANA
 DRUG FORFEITURE SPECIAL REVENUE FUND
 STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 YEAR ENDED JUNE 30, 2001

EXHIBIT G-7

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Interest	\$ 105	\$ 107	\$ 2
EXPENDITURES			
Current			
Public Safety - Police Department			
Investigations	1,000	1,000	-
Training	<u>220</u>	<u>218</u>	<u>2</u>
Total Expenditures	<u>1,220</u>	<u>1,218</u>	<u>2</u>
EXCESS OF REVENUES OVER EXPENDITURES	(1,115)	(1,111)	4
FUND BALANCE, BEGINNING OF YEAR	<u>5,243</u>	<u>5,243</u>	<u>-</u>
<u>FUND BALANCE, END OF YEAR</u>	<u>\$ 4,128</u>	<u>\$ 4,132</u>	<u>\$ 4</u>

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

DEBT SERVICE FUNDS

Debt Service Funds account for financial resources accumulated for servicing of certain general obligation debt issues.

General Obligation Bonds Fund accounts for resources accumulated for payment of principal and interest of the General Obligation Refunding Bonds, Series 1991. These bonds are secured as to payment by ad valorem tax assessed on all property and improvements in the City of Leesville.

Sales Tax Bonds Fund accounts for resources accumulated for payment of principal and interest of the Public Improvement Bonds, Series ST-1992. These bonds are secured as to payment by the revenues of the special one percent sales and use tax levied and collected by the City.

Certificates of Indebtedness Funds accounts for resources accumulated for payment of principal and interest of the Certificates of Indebtedness, Series 1995. These certificates are secured as to payment from a pledge and dedication of the excess of annual revenues of the City.

CITY OF LEESVILLE, LOUISIANA
DEBT SERVICE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2001

EXHIBIT H-1

	General Obligation Bonds	Sales Tax Bonds	Certificates of Indebtedness	Total
ASSETS				
Cash	\$ 16,753	\$ 275,303	\$ 55,181	\$ 347,237
Investments		391,950		391,950
Accrued interest receivable		2,867		2,867
Due from General Fund	10,516			10,516
 <u>TOTAL ASSETS</u>	 <u>\$ 27,269</u>	 <u>\$ 670,120</u>	 <u>\$ 55,181</u>	 <u>\$ 752,570</u>
FUND BALANCES				
Reserved for debt service	\$ 27,269	\$ 670,120	\$ 55,181	\$ 752,570
 <u>TOTAL FUND BALANCES</u>	 <u>\$ 27,269</u>	 <u>\$ 670,120</u>	 <u>\$ 55,181</u>	 <u>\$ 752,570</u>

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

CITY OF LEESVILLE, LOUISIANA
DEBT SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2001

EXHIBIT H-2

	General Obligation Bonds	Sales Tax Bonds	Certificates of Indebtedness	Total
REVENUES				
Ad valorem taxes	\$ 162,238	\$	\$	\$ 162,238
Interest	776	23,700	1,276	25,752
Total Revenues	163,014	23,700	1,276	187,990
EXPENDITURES				
Debt service				
Principal retirement	140,000	245,000	70,000	455,000
Interest and fiscal charges	30,321	88,420	24,000	142,741
Total Expenditures	170,321	333,420	94,000	597,741
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(7,307)	(309,720)	(92,724)	(409,751)
OTHER FINANCING SOURCES				
Operating transfers in				
General Fund			94,000	94,000
Sales Tax Special Revenue Fund	-	333,000	-	333,000
Total Other Financing Sources	-	333,000	94,000	427,000
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES	(7,307)	23,280	1,276	17,249
FUND BALANCES, BEGINNING OF YEAR	34,576	646,840	53,905	735,321
<u>FUND BALANCES, END OF YEAR</u>	<u>\$ 27,269</u>	<u>\$ 670,120</u>	<u>\$ 55,181</u>	<u>\$ 752,570</u>

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

CITY OF LEESVILLE, LOUISIANA
GENERAL OBLIGATION BONDS DEBT SERVICE FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2001

EXHIBIT H-3

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Ad valorem taxes	\$ 163,000	\$ 162,238	\$ (762)
Interest	<u>780</u>	<u>776</u>	<u>(4)</u>
Total Revenues	163,780	163,014	(766)
 EXPENDITURES			
Debt service			
Principal retirement	140,000	140,000	-
Interest and fiscal charges	<u>30,325</u>	<u>30,321</u>	<u>4</u>
Total Expenditures	<u>170,325</u>	<u>170,321</u>	<u>4</u>
 EXCESS OF REVENUES OVER EXPENDITURES	(6,545)	(7,307)	(762)
 FUND BALANCE, BEGINNING OF YEAR	<u>34,576</u>	<u>34,576</u>	<u>-</u>
 <u>FUND BALANCE, END OF YEAR</u>	<u>\$ 28,031</u>	<u>\$ 27,269</u>	<u>\$ (762)</u>

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

CITY OF LEESVILLE, LOUISIANA
 SALES TAX BONDS DEBT SERVICE FUND
 STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 YEAR ENDED JUNE 30, 2001

EXHIBIT H-4

	<u>Budget</u>	<u>Actual</u>	Variance Favorable <u>Unfavorable</u>
REVENUES			
Interest	\$ 21,250	\$ 23,700	\$ 2,450
EXPENDITURES			
Debt service			
Principal retirement	245,000	245,000	-
Interest and fiscal charges	<u>88,420</u>	<u>88,420</u>	<u>-</u>
Total Expenditures	<u>333,420</u>	<u>333,420</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(312,170)	(309,720)	2,450
OTHER FINANCING SOURCES			
Operating transfers in Sales Tax Special Revenue Fund	<u>333,000</u>	<u>333,000</u>	<u>-</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES	20,830	23,280	2,450
FUND BALANCE, BEGINNING OF YEAR	<u>646,840</u>	<u>646,840</u>	<u>-</u>
<u>FUND BALANCE, END OF YEAR</u>	<u>\$ 667,670</u>	<u>\$ 670,120</u>	<u>\$ 2,450</u>

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

CITY OF LEESVILLE, LOUISIANA
 CERTIFICATES OF INDEBTEDNESS DEBT SERVICE FUND
 STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
 YEAR ENDED JUNE 30, 2001

EXHIBIT H-5

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Interest	\$ 1,300	\$ 1,276	\$ (24)
EXPENDITURES			
Debt service			
Principal retirement	70,000	70,000	-
Interest and fiscal charges	<u>24,000</u>	<u>24,000</u>	<u>-</u>
Total Expenditures	<u>94,000</u>	<u>94,000</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(92,700)	(92,724)	(24)
OTHER FINANCING SOURCES			
Operating transfers in General Fund	<u>94,000</u>	<u>94,000</u>	<u>-</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES	1,300	1,276	(24)
FUND BALANCE, BEGINNING OF YEAR	<u>53,905</u>	<u>53,905</u>	<u>-</u>
<u>FUND BALANCE, END OF YEAR</u>	<u>\$ 55,205</u>	<u>\$ 55,181</u>	<u>\$ (24)</u>

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

CAPITAL PROJECTS FUNDS

Capital Projects Funds account for financial resources used for the acquisition or construction of major capital additions, other than those financed by proprietary funds.

Airport Construction Fund accounted for construction of improvements at the airport. Funding was provided through state grants.

State Cooperative Endeavor Program accounts for various construction projects funded primarily through the State's cooperative endeavor program. Funding for current projects include a new industrial building at the North Industrial Park and a walking path and pavilion.

LCDBG Fund accounts for the proceeds of LCDBG grants. Activity in this fund, during the year ended June 30, 2001, consisted of expenditures for street overlays.

CITY OF LEESVILLE, LOUISIANA
 CAPITAL PROJECTS FUNDS
 COMBINING BALANCE SHEET
 JUNE 30, 2001

EXHIBIT I-1

	<u>Airport Construction</u>	<u>State Cooperative Endeavor Program</u>	<u>LCDBG</u>	<u>Total</u>
ASSETS				
Cash	\$	\$	\$ 1,400	\$ 1,400
Receivables				
Intergovernmental	<u> </u>	209,487	<u> </u>	<u>209,487</u>
<u>TOTAL ASSETS</u>	<u>\$ -</u>	<u>\$ 209,487</u>	<u>\$ 1,400</u>	<u>\$ 210,887</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts and contracts payable	\$	\$ 209,487	\$ 1,400	\$ 210,887
FUND BALANCES				
Unreserved - undesignated	<u> </u>	<u> </u>	<u> </u>	<u> </u>
<u>TOTAL LIABILITIES AND FUND BALANCES</u>	<u>\$ -</u>	<u>\$ 209,487</u>	<u>\$ 1,400</u>	<u>\$ 210,887</u>

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

CITY OF LEESVILLE, LOUISIANA
 CAPITAL PROJECTS FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES
 YEAR ENDED JUNE 30, 2001

EXHIBIT I-2

	<u>Airport Construction</u>	<u>State Cooperative Endeavor Program</u>	<u>LCDBG</u>	<u>Total</u>
REVENUES				
Intergovernmental				
Federal grant	\$	\$	\$ 223,153	\$ 223,153
State grant	29,953	271,868		301,821
Local grant		30,000		30,000
Interest		42		42
Other		48		48
Total Revenues	<u>29,953</u>	<u>301,958</u>	<u>223,153</u>	<u>555,064</u>
EXPENDITURES				
Capital outlay				
Street overlay			249,352	249,352
Industrial building		222,987		222,987
Walking path and pavilion		78,971		78,971
Total Expenditures	<u>-</u>	<u>301,958</u>	<u>249,352</u>	<u>551,310</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	29,953	-	(26,199)	3,754
OTHER FINANCING SOURCES				
Operating transfers in (out)				
General Fund	<u>(29,953)</u>		<u>26,199</u>	<u>(3,754)</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND FINANCING USES	-	-	-	-
FUND BALANCES, BEGINNING OF YEAR	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>FUND BALANCES, END OF YEAR</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

ENTERPRISE FUNDS

Enterprise funds account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges, or where the governing body has decided that periodic determination of net income is appropriate for accountability purposes.

Sewer System Fund accounts for the sewer services provided to the residents of the City. All activities necessary to provide such services are accounted for in this fund, including but not limited to, administration, operations, maintenance, financing and related debt service, and billing and collection.

Water System Fund accounts for water services provided to the residents of the City. All activities necessary to provide such services are accounted for in this fund, including but not limited to, administration, operations, maintenance, financing and related debt service, and billing and collection.

CITY OF LEESVILLE, LOUISIANA
ENTERPRISE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2001

EXHIBIT J-1
(Continued)

	Sewer System	Water System	Total
ASSETS			
CURRENT ASSETS			
Accounts receivable (Net of allowance for doubtful accounts)	\$ 72,788	\$ 153,747	\$ 226,535
RESTRICTED ASSETS			
Cash and cash equivalents			
Construction	59,610		59,610
Debt service - general obligation bonds	242,777		242,777
Debt service - certificate of indebtedness		174,488	174,488
Debt service - revenue bonds		34,604	34,604
Capital additions and contingencies	5,000	6,000	11,000
Total Restricted Assets	307,387	215,092	522,479
PROPERTY, PLANT, AND EQUIPMENT			
Property, plant and equipment	10,869,698	6,495,454	17,365,152
Accumulated depreciation	(2,365,938)	(3,052,388)	(5,418,326)
Net Property, Plant, and Equipment	8,503,760	3,443,066	11,946,826
OTHER ASSETS			
Bond issuance costs - net	42,909		42,909
Certificate of indebtedness issuance costs - net	3,668	353	4,021
Total Other Assets	46,577	353	46,930
<u>TOTAL ASSETS</u>	\$ 8,930,512	\$ 3,812,258	\$12,742,770

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

CITY OF LEESVILLE, LOUISIANA
ENTERPRISE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2001

EXHIBIT J-1
(Concluded)

	Sewer System	Water System	Total
LIABILITIES AND FUND EQUITY			
CURRENT LIABILITIES			
Bank overdraft	\$ 186,876	\$ 5,981	\$ 192,857
Accounts payable	17,323	27,759	45,082
Accrued expenses and other current liabilities	8,286	10,327	18,613
Due to other funds			
General Fund	8,264	4,837	13,101
Sales Tax Special Revenue Fund		95,000	95,000
Current portion of long-term debt	80,639	132,907	213,546
Customers' deposits		179,124	179,124
Total Current Liabilities	301,388	455,935	757,323
CURRENT LIABILITIES PAYABLE FROM RESTRICTED ASSETS			
Payable from debt service - general obligation bonds account			
Principal	204,230		204,230
Accrued interest	38,547		38,547
Payable from debt service - certificate of indebtedness account			
Principal		172,013	172,013
Accrued interest		2,475	2,475
Payable from debt service - revenue bonds account			
Principal		23,743	23,743
Accrued interest		10,861	10,861
Total Current Liabilities Payable from Restricted Assets	242,777	209,092	451,869
LONG-TERM DEBT			
Capitalized leases	8,757	49,705	58,462
General obligation bonds	3,490,000		3,490,000
Certificates of indebtedness	320,000		320,000
Revenue bonds		455,843	455,843
Total Long-Term Debt	3,818,757	505,548	4,324,305
Total Liabilities	4,362,922	1,170,575	5,533,497
FUND EQUITY			
Contributed capital	3,968,565	2,421,210	6,389,775
Retained earnings			
Reserved for			
Construction	59,610		59,610
Capital additions and contingencies	5,000	6,000	11,000
Unreserved	534,415	214,473	748,888
Total Retained Earnings	599,025	220,473	819,498
Total Fund Equity	4,567,590	2,641,683	7,209,273
<u>TOTAL LIABILITIES AND FUND EQUITY</u>	<u>\$ 8,930,512</u>	<u>\$ 3,812,258</u>	<u>\$12,742,770</u>

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

CITY OF LEESVILLE, LOUISIANA
ENTERPRISE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN RETAINED EARNINGS (ACCUMULATED DEFICIT)
YEAR ENDED JUNE 30, 2001

EXHIBIT J-2

	Sewer System	Water System	Total
OPERATING REVENUE			
Charges for services	\$ 474,254	\$ 1,094,904	\$ 1,569,158
OPERATING EXPENSES			
Salaries, payroll taxes, and retirement	97,959	160,415	258,374
Repairs and maintenance	58,436	96,509	154,945
Depreciation	251,146	256,157	507,303
Operating supplies	36,684	47,894	84,578
Utilities and telephone	104,475	126,204	230,679
Provision for doubtful accounts	8,128	5,960	14,088
Insurance	24,662	41,281	65,943
Other	25,842	19,406	45,248
Total Operating Expenses	607,332	753,826	1,361,158
OPERATING INCOME (LOSS)	(133,078)	341,078	208,000
NONOPERATING REVENUES (EXPENSES)			
Ad valorem taxes	315,534		315,534
Interest revenue	6,698	533	7,231
Interest expense and fiscal charges	(145,863)	(77,115)	(222,978)
Total Nonoperating Revenues (Expenses)	176,369	(76,582)	99,787
INCOME BEFORE OPERATING TRANSFERS	43,291	264,496	307,787
OPERATING TRANSFERS IN (OUT)			
General Fund	(115,000)	(225,000)	(340,000)
NET INCOME (LOSS)	(71,709)	39,496	(32,213)
RETAINED EARNINGS, BEGINNING OF YEAR	670,734	180,977	851,711
<u>RETAINED EARNINGS, END OF YEAR</u>	\$ 599,025	\$ 220,473	\$ 819,498

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

CITY OF LEESVILLE, LOUISIANA
ENTERPRISE FUNDS
COMBINING STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2001

EXHIBIT J-3
(Continued)

	Sewer System	Water System	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating income (loss)	\$ (133,078)	\$ 341,078	\$ 208,000
Adjustments to reconcile operating income (loss) to net cash provided by operating activities			
Depreciation	251,146	256,157	507,303
Provision for doubtful accounts	8,128	5,960	14,088
Changes in assets and liabilities			
Accounts receivable	(16,266)	(30,886)	(47,152)
Accounts payable	8,596	(2,896)	5,700
Accrued expenses and other current liabilities	(764)	1,228	464
Due to other funds	8,264	4,837	13,101
Customers' deposits	<u> </u>	<u>7,082</u>	<u>7,082</u>
Net Cash Provided by Operating Activities	126,026	582,560	708,586
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Bank overdraft	75,736	5,427	81,163
Operating transfers	<u>(115,000)</u>	<u>(225,000)</u>	<u>(340,000)</u>
Net Cash Provided (Used) by Noncapital Financing Activities	(39,264)	(219,573)	(258,837)
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES			
Ad valorem taxes	315,534		315,534
Proceeds from capitalized leases	14,552	75,610	90,162
Acquisition and construction of property, plant and equipment	(15,881)	(79,600)	(95,481)
Payments of bonds and other indebtedness	(267,037)	(296,457)	(563,494)
Interest paid on long-term debt	<u>(139,035)</u>	<u>(65,349)</u>	<u>(204,384)</u>
Net Cash Provided (Used) by Capital Financing Activities	(91,867)	(365,796)	(457,663)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	<u>6,698</u>	<u>533</u>	<u>7,231</u>
Net Cash Provided by Investing Activities	<u>6,698</u>	<u>533</u>	<u>7,231</u>
INCREASE (DECREASE) IN CASH	1,593	(2,276)	(683)
CASH, BEGINNING OF YEAR	<u>305,794</u>	<u>217,368</u>	<u>523,162</u>
<u>CASH, END OF YEAR</u>	<u>\$ 307,387</u>	<u>\$ 215,092</u>	<u>\$ 522,479</u>
CLASSIFIED AS			
Current assets	\$ -	\$ -	\$ -
Restricted assets	<u>307,387</u>	<u>215,092</u>	<u>522,479</u>
<u>TOTALS</u>	<u>\$ 307,387</u>	<u>\$ 215,092</u>	<u>\$ 522,479</u>

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

CITY OF LEESVILLE, LOUISIANA
 ENTERPRISE FUNDS
 COMBINING STATEMENT OF CASH FLOWS
 YEAR ENDED JUNE 30, 2001

EXHIBIT J-3
 (Concluded)

	Sewer System	Water System	Total
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES			
Noncash capital contributions from developers			
Sewer and water lines	\$ 33,500	\$ 31,000	\$ 64,500

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

INTERNAL SERVICE FUND

Internal service funds account for the financing of goods or services provided by one department or agency to other departments or agencies of the government on a cost reimbursement basis.

Employee Benefits Insurance Fund accounts for the provision of hospitalization/health insurance to employees of the City. A defined amount is self insured and provision is made for excess coverage through premiums paid to a third party. In addition, certain life insurance is provided for employees through premiums paid to a third party insurance carrier.

CITY OF LEESVILLE, LOUISIANA
INTERNAL SERVICE FUND
EMPLOYEE BENEFITS INSURANCE FUND
JUNE 30, 2001

EXHIBIT K-1

ASSETS	
CURRENT ASSETS	
Cash	\$ 5,709
<u>TOTAL ASSETS</u>	<u>\$ 5,709</u>
LIABILITIES AND EQUITY	
CURRENT LIABILITIES	
Claims payable	\$ 44,463
EQUITY	
Retained earnings (Accumulated deficit)	
Unreserved	<u>(38,754)</u>
<u>TOTAL LIABILITIES AND EQUITY</u>	<u>\$ 5,709</u>

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

CITY OF LEESVILLE, LOUISIANA
INTERNAL SERVICE FUND
EMPLOYEE BENEFITS INSURANCE FUND
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN RETAINED EARNINGS (ACCUMULATED DEFICIT)
YEAR ENDED JUNE 30, 2001

EXHIBIT K-2

OPERATING REVENUES	
Charges for services - employer and employee contributions	\$ 279,093
Other	
Stop loss reimbursements	10,370
Miscellaneous	<u>5,419</u>
Total Operating Revenues	294,882
 OPERATING EXPENSES	
Administrative costs	37,345
Claims paid	341,420
Insurance premiums	
Hospitalization/health	89,318
Life	<u>1,455</u>
Total Operating Expenses	<u>469,538</u>
OPERATING INCOME (LOSS)	(174,656)
 NONOPERATING REVENUES	
Interest revenue	<u>1,465</u>
NET INCOME (LOSS)	(173,191)
RETAINED EARNINGS, BEGINNING OF YEAR	<u>134,437</u>
<u>RETAINED EARNINGS (ACCUMULATED DEFICIT), END OF YEAR</u>	<u>\$ (38,754)</u>

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

CITY OF LEESVILLE, LOUISIANA
INTERNAL SERVICE FUND
EMPLOYEE BENEFITS INSURANCE FUND
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2001

EXHIBIT K-3

CASH FLOWS FROM OPERATING ACTIVITIES	
Operating income (loss)	\$ (174,656)
Adjustments to reconcile operating income to net cash provided (used) by operating activities	
Changes in assets and liabilities	
Accounts receivable	24,027
Claims payable	<u>6,432</u>
Net Cash Provided (Used) by Operating Activities	<u>(144,197)</u>
 CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	 -
 CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	 -
 CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received	<u>1,465</u>
Net Cash Provided by Investing Activities	<u>1,465</u>
 INCREASE (DECREASE) IN CASH	 (142,732)
 CASH, BEGINNING OF YEAR	 <u>148,441</u>
 <u>CASH, END OF YEAR</u>	 <u>\$ 5,709</u>

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

GENERAL FIXED ASSETS ACCOUNT GROUP

This account group accounts for fixed assets other than those used in the proprietary funds.

CITY OF LEESVILLE, LOUISIANA
STATEMENT OF GENERAL FIXED ASSETS
JUNE 30, 2001

EXHIBIT L-1

GENERAL FIXED ASSETS

Land	\$ 328,696
Buildings	5,535,623
Improvements other than buildings	16,104,468
Equipment	2,912,226
Construction in progress	<u>301,957</u>

TOTAL GENERAL FIXED ASSETS

\$ 25,182,970

INVESTMENT IN GENERAL FIXED ASSETS

General Fund revenues	\$ 6,738,317
Sales Tax revenues	4,433,109
E911 Communications District revenues	193,432
Federal and state grants	10,763,120
General public contributions	<u>3,054,992</u>

TOTAL INVESTMENT IN GENERAL FIXED ASSETS

\$ 25,182,970

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

CITY OF LEESVILLE, LOUISIANA
 STATEMENT OF CHANGES IN GENERAL FIXED ASSETS
 YEAR ENDED JUNE 30, 2001

EXHIBIT L-2

	Land	Buildings	Other Improvements	Equipment	Construction In Progress	Total
GENERAL FIXED ASSETS, BEGINNING OF YEAR	\$ 328,696	\$ 5,535,623	\$ 16,104,468	\$ 2,837,063	-	\$ 24,805,850
ADDITIONS						
General Fund revenues			79,709			79,709
Sales Tax revenues			2,862			2,862
E911 Communications District revenues			13,360			13,360
Federal and state grants			4,910		301,957	306,867
RETIREMENTS				(25,678)		(25,678)
GENERAL FIXED ASSETS, END OF YEAR	\$ 328,696	\$ 5,535,623	\$ 16,104,468	\$ 2,912,226	\$ 301,957	\$ 25,182,970

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

GENERAL LONG-TERM DEBT ACCOUNT GROUP

This account group accounts for long-term debt not recorded in any other fund.

CITY OF LEESVILLE, LOUISIANA
 COMBINING STATEMENT OF GENERAL LONG-TERM DEBT
 JUNE 30, 2001

EXHIBIT M-1

	Ad valorem Tax Bonds	Sales Tax Bonds	Certificates of Indebtedness, Series 1995	Notes Payable	Capitalized Leases	Compensated Absences Payable	Total
AMOUNT AVAILABLE AND TO BE PROVIDED							
FOR THE PAYMENT OF GENERAL LONG-TERM DEBT							
Amount available in Debt Service							
Funds for debt retirement	\$ 27,269	\$ 670,120	\$ 55,181	\$	\$	\$	\$ 752,570
Amount to be provided for the retirement of general long-term debt principal from							
Ad valorem tax revenues	282,731						282,731
Sales tax revenues		829,880				55,863	885,743
General Fund revenues			274,819	432,243	93,076	86,232	886,370
	\$ 310,000	\$ 1,500,000	\$ 330,000	\$ 432,243	\$ 93,076	\$ 142,095	\$ 2,807,414
<u>TOTAL AVAILABLE AND TO BE PROVIDED</u>							
GENERAL LONG-TERM DEBT PAYABLE							
Compensated absences payable						\$ 142,095	\$ 142,095
Capitalized leases payable					93,076		93,076
Notes payable				432,243			432,243
General obligation bonds payable	310,000						310,000
Certificates of indebtedness payable			330,000				330,000
Revenue bonds payable		1,500,000					1,500,000
	\$ 310,000	\$ 1,500,000	\$ 330,000	\$ 432,243	\$ 93,076	\$ 142,095	\$ 2,807,414
	<u>TOTAL GENERAL LONG-TERM DEBT</u>						

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

ADDITIONAL INFORMATION

CITY OF LEESVILLE, LOUISIANA
 UNAUDITED SCHEDULE OF INSURANCE IN FORCE
 JUNE 30, 2001

Schedule 1
 (Continued)

Insurer	Expiration Date	Coverage	Property Covered	Limits
Louisiana Municipal Risk Management Agency	5/1/04	Automobile liability	Owned, hired, & non-owned automobiles	\$ 500,000 CSL
	5/1/04	Commercial general liability	Premises/operations - BI & PD Products/completed operations - BI & PD Medical payments Per person Per accident Fire legal liability per occurrence	500,000 CSL 500,000 CSL 1,000 10,000 50,000
	5/1/04	Law enforcement officers' comprehensive liability	Personal injury and property damage	500,000 CSL
	5/1/04	Public officials' errors and omissions liability	Errors and omissions Deductible \$5,000	500,000 CSL
Massachusetts Bay Insurance Company	1/30/02	Fire and extended coverage	Various City-owned buildings and personal property 80% coinsurance Deductible \$1000 Buildings in aggregate Personal property in aggregate	2,173,556 5,459
Western Surety Company	7/1/01	Public officials	Mayor Director of finance	90,000 100,000

See independent auditor's report.

CITY OF LEESVILLE, LOUISIANA
 UNAUDITED SCHEDULE OF INSURANCE IN FORCE
 JUNE 30, 2001

Schedule 1
 (Continued)

Insurer	Expiration Date	Coverage	Property Covered	Limits
EMC Insurance Companies	1/16/02	Fire and extended coverage	Various City-owned buildings and personal property Deductible \$1000 Buildings in aggregate Personal property in aggregate	\$ 1,116,000 118,500
Old Republic Insurance	1/14/02	Airport liability	BI & PD per occurrence Products/operations in aggregate Malpractice in aggregate Personal/advertising in aggregate Fire damage per occurrence Hangerkeepers per aircraft Hangerkeepers per occurrence	1,000,000 1,000,000 1,000,000 1,000,000 50,000 1,000,000 1,000,000
Allstate	12/22/01	Commercial property Wastewater treatment plant	Buildings - deductible \$1,000 Personal property - deductible \$1,000 Aeration basin roaters - deductible \$1,000	75,000 255,000 1,306,000
	2/27/02	Commercial property	Scheduled computers - deductible \$500 Scheduled equipment - deductible \$500	49,086 140,989
	7/21/02	Fire and extended coverage	Vernon Parish 911 Office 80% Coinsurance Deductible \$1,000 Building Personal property Scheduled equipment - deductible \$250	50,000 10,000 30,000

See independent auditor's report.

CITY OF LEESVILLE, LOUISIANA
 UNAUDITED SCHEDULE OF INSURANCE IN FORCE
 JUNE 30, 2001

Insurer	Expiration Date	Coverage	Property Covered	Limits	Schedule 1 (Concluded)
American Reliable Insurance Company	8/28/02	Comprehensive mobile home and adjacent structures	Mobile home - deductible \$250	\$ 9,500	
Risk Management, Inc.	5/1/02	Automobile physical damage	8 scheduled vehicles - deductible \$500	176,101	
Louisiana Workmen's Compensation Corporation	12/31/01	Worker's compensation			Statutory

See independent auditor's report.

**OTHER REPORT REQUIRED BY
GOVERNMENT AUDITING STANDARDS**

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF PRIMARY GOVERNMENT, COMBINING,
INDIVIDUAL FUND, AND ACCOUNT GROUP FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***



PAYNE, MOORE & HERRINGTON, LLP

CERTIFIED PUBLIC ACCOUNTANTS

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF PRIMARY GOVERNMENT, COMBINING INDIVIDUAL FUND, AND ACCOUNT GROUP FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

The Honorable Jim Shapkoff, Jr., Mayor
and Members of the City Council
City of Leesville, Louisiana

We have audited the primary government financial statements and the combining, individual fund, and account group financial statements of the City of Leesville, Louisiana, as of and for the year ended June 30, 2001, and have issued our report thereon dated November 29, 2001. In our report, our opinion was qualified because the financial statements of the General Fixed Assets account group include only assets acquired subsequent to 1971.

Except as discussed in the above paragraph, 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.

Compliance

As part of obtaining reasonable assurance about whether the City'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 instances of noncompliance that are required to be reported under *Government Auditing Standards*, which are described in the accompanying schedule of findings and questioned costs as Finding 2001-01 through Finding 2001-03.

MARVIN A. JUNEAU, C.P.A.
H. FRED RANDOW, C.P.A.
ERNEST F. SASSER, C.P.A.

ROBERT L. LITTON, C.P.A. REBECCA B. MORRIS, C.P.A.
ROBERT W. DYORAK, C.P.A. MICHAEL A. JUNEAU, C.P.A.
L. PAUL HODD, C.P.A.



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PAYNE, MOORE & HERRINGTON, LLP

The Honorable Jim Shapkoff, Jr., Mayor
and Members of the City Council
City of Leesville, Louisiana

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Leesville, Louisiana's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting.

However, we noted one certain matter involving the internal control over financial reporting and its operations that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the City's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying schedule of findings and questioned costs as Finding 2001-04.

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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions, and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we consider Finding 2001-04 to be a material weakness.

This report is intended for the information of the Mayor, members of the City Council and management of the City of Leesville, Louisiana, federal awarding agencies, pass-through entities, and the Legislative Auditor's office of the State of Louisiana. This report is not intended to be, and should not be used by anyone other than these specified parties.


Certified Public Accountants

November 29, 2001

**CITY OF LEESVILLE, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2001**

PART I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued	Qualified			
Internal control over financial reporting				
Material weakness(es) identified	<u>X</u>	Yes	___	No
Reportable condition(s) not considered to be material weaknesses?	___	Yes	<u>X</u>	None reported
Noncompliance material to the financial statements noted?	<u>X</u>	Yes	___	No
<i>Federal Awards</i>	Not Applicable			
<i>Memorandum of Other Comments and Recommendations</i>	Not Applicable			
<i>Management's Summary Schedule of Prior Audit Findings</i>	Attached			
<i>Management's Corrective Action Plan</i>	Attached			

PART II - FINDINGS RELATING TO THE FINANCIAL STATEMENTS WHICH ARE REQUIRED TO BE REPORTED UNDER GOVERNMENT AUDITING STANDARDS

FINDING 2001-01

COMPLIANCE WITH THE LOUISIANA LOCAL BUDGET ACT

Criteria: It is our understanding that, except for the exemptions provided in the statutes, budget amendments are required when actual expenditures exceed budgeted expenditures by 5% or more.

Condition: We found that actual expenditures exceeded budgeted expenditures in the General Fund by more than 5%.

Cause: Certain year-end journal entries prepared as a result of our engagement, which were not taken into account by management as part of their year-end budget review, resulted in actual expenditures exceeding budgeted expenditures by more than 5% in the General Fund.

Recommendation: We recommend that the budget amendment process include consideration of all facts and circumstances.

Management's Response: See Management's Corrective Action Plan.

**CITY OF LEESVILLE, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2001**

FINDING 2001-02

COMPLIANCE WITH ASSET MANAGEMENT LAWS

Criteria: It is our understanding that the Louisiana Revised Statutes require the City to maintain records of all fixed assets which were purchased or otherwise acquired, and for which the City is accountable. The records should include the date of purchase, the initial cost, the disposition, if applicable, the purpose of such disposition, and the recipient of the disposed property. In addition, federal regulations may require that additional information be maintained on property acquired with federal funds.

Condition: Records of general fixed assets acquired prior to 1972 were not maintained. Records of fixed assets acquired subsequent to 1971 do not always contain all of the required information.

Recommendation: We understand that the City has an on-going project to bring the City's fixed asset records into compliance with these requirements. We continue to recommend that the City complete this project as soon as possible.

Management's Response: See Management's Corrective Action Plan.

FINDING 2001-03

COMPLIANCE WITH BOND INDENTURES

Criteria: Various indentures for bonds and certificates of indebtedness require the City to establish and maintain sinking funds and, in some cases, contingency funds; and specify that sinking funds and contingency funds be fully funded prior to using any remaining funds for other purposes.

Conditions:

Certificate of Indebtedness, Series 1994 and 1995:

Monthly transfers to the sinking funds as required by the agreements were not made. However, by year-end, the sinking funds were fully funded.

Water System Refunding Bonds, Series 1998:

Monthly transfers to the sinking fund as required by the covenants were not made. Periodic lump sum transfers were made to the sinking fund and, at June 30, 2001, the sinking fund was fully funded. Monthly transfers to the contingency fund were not made as required by the covenants. Periodic lump sum transfers were made to the contingency fund. At year-end, cumulative transfers to the contingency fund were \$8,897 less than the amount required by the bond indentures. Operating transfers were made to the General Fund prior to funding the above sinking and contingency funds.

Recommendation: We recommend that the City comply with the requirements of the indentures or agreements for the various bonds and certificates of indebtedness.

Management's Response: See Management's Corrective Action Plan.

**CITY OF LEESVILLE, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2001**

FINDING 2001-04

CROSS-TRAINING OF PERSONNEL

Criteria: The objectives of internal controls are to provide management with reasonable assurance that assets are safeguarded against loss, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with accounting principles generally accepted in the United States of America.

Condition: Certain transactions relating to ad valorem tax assessments were either not posted or incorrectly posted to the general ledger or to the related subsidiary.

Cause: We were informed that only employee trained to use the software to post supplemental tax rolls, reductions, adjustments, and similar transactions either did not post certain transactions or incorrectly posted certain transactions. We were also told that, after this employee was transferred to a different position effective May 1, 2001, she refused to show any of the other office personnel how to post these transactions.

Recommendation: We recommend employees receive cross-training so that more than one employee has the ability to operate all aspects of the system.

Management's Response: See Management's Corrective Action Plan.

PART III - FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

Not applicable.

MANAGEMENT'S SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

**CITY OF LEESVILLE, LOUISIANA
MANAGEMENT'S SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2001**

**SECTION I
FINDINGS RELATED TO THE FINANCIAL STATEMENTS WHICH ARE
REQUIRED TO BE REPORTED UNDER GOVERNMENT AUDITING STANDARDS**

FINDING		CURRENT YEAR STATUS
2000-01	Compliance with the Louisiana Local Government Budget Act	Unresolved See Finding 2001-01
2000-02	Compliance with Asset Management Laws	Unresolved See Finding 2001-02
2000-03	Compliance with Bond Indentures	Partially Resolved See Finding 2001-03
2000-04	Filing and Retention of Supporting Documentation	Resolved

**SECTION II
OTHER COMMENTS AND RECOMMENDATIONS**

FINDING		CURRENT YEAR STATUS
2000-05	Forms I-9	Resolved
2000-06	Purchase Orders	Resolved

MANAGEMENT'S CORRECTIVE ACTION PLAN

**CITY OF LEESVILLE, LOUISIANA
MANAGEMENT'S CORRECTIVE ACTION PLAN
YEAR END JUNE 30, 2001**

The management of the City of Leesville, Louisiana respectfully submits the following corrective action plan for the year ended June 30, 2001:

Independent Public Accounting Firm: Payne, Moore & Herrington, LLP
P. O. Box 13200
Alexandria, LA 71302-3200
(318)443-1893

Audit Period: July 1, 2000 through June 30, 2001

Auditee Contact Person: DeLain P. Prewitt
City Clerk/Administrator
(337)239-2444

The findings from the Schedule of Findings and Questioned Costs are discussed below. The findings are numbered consistently with the numbers assigned in the reports.

**FINDINGS RELATING TO THE FINANCIAL STATEMENTS WHICH ARE REQUIRED
TO BE REPORTED UNDER GOVERNMENTAL AUDITING STANDARDS**

FINDING 2001-01 COMPLIANCE WITH THE LOUISIANA LOCAL BUDGET ACT

Response: City personnel have been directed to take all facts and circumstances into consideration during the budget amendment process and closely review it periodically to ensure that budgeted expenditures do not exceed available resources in any fund.

FINDING 2001-02 COMPLIANCE WITH ASSET MANAGEMENT LAWS

Response: The City will continue to work on bringing our general fixed assets into compliance to include those assets purchased prior to 1972.

FINDING 2001-03 COMPLIANCE WITH BOND INDENTURES

Response: The City will attempt to prevent this action from being taken in the future by making the required debt service sinking fund monthly deposits on a timely basis as outlined in the bond indentures.

FINDING 2001-04 CROSS TRAINING OF PERSONNEL

City personnel have received additional software training in the property tax system subsequent to year end. The City will continue to provide and activity encourage cross-training for all employees in the future.