



***ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2018***



TABLE OF CONTENTS

	<u>PAGE</u>
Independent Auditors' Report.....	1 - 2
Independent Auditors' Report on Compliance and On Internal Control Over Financial Reporting Based On an Audit of Financial Statements Performed In Accordance With <i>Government Auditing Standards</i>	3 - 4
Required Supplemental Information (Part I) Management's Discussion and Analysis.....	5 - 8
Government-Wide Financial Statements	
Statement of Net Position.....	9
Statement of Activities.....	10 - 11
Fund Financial Statements	
Governmental Funds	
Balance Sheet.....	12
Reconciliation of Fund Balances on the Balance Sheet for Governmental Funds to Net Position of Governmental Activities on the Statement of Net Position.....	13
Statement of Revenues, Expenditures and Changes in Fund Balance.....	14 - 15
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities.....	16
Proprietary Funds	
Statement of Net Position.....	17
Statement of Revenues, Expenditures and Changes in Fund Net Position.....	18
Statement of Cash Flows.....	19 - 20
Notes to Financial Statements.....	21 - 44
Required Supplemental Information (Part II)	
Statement of Revenues, Expenditures and Changes in Fund Balances (Budget and Actual)	
General Fund.....	45 - 46
Dedicated 1% Sales Tax.....	47
Schedule of Changes in Net OPEB Liability.....	48
Schedule of Net Pension Liability Data.....	49
Schedule of Employer Contributions.....	50
Other Supplemental Information	
Combining Balance Sheet – Non-Major Governmental Funds.....	51
Combining Statement of Revenues, Expenditures and Changes in Fund Balance – Non-Major Governmental Funds.....	52
Schedule of Per Diem Paid to Board Members.....	53
Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer.....	54
Schedule of Findings and Response.....	55
Management's Corrective Action Plan.....	56
Summary of Prior Year Findings and Response.....	57
Appendix A – Statewide Agreed-Upon Procedures.....	A1-A19



**Rozier Harrington
& McKay** | CERTIFIED PUBLIC
ACCOUNTANTS |

December 21, 2018

Independent Auditors' Report

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

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Pineville as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

OPINIONS

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Pineville, as of June 30, 2018, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

OTHER MATTERS

Required Supplementary Information

Accounting principles generally accepted in the United States of America require the information listed below to supplement the basic financial statements.

- Management's Discussion and Analysis
- Budgetary Comparison Information
- Schedule of Changes in Net OPEB Liability
- Schedule of Net Pension Liability Data
- Schedule of Employer Contributions

Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Supplemental Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Pineville's basic financial statements. The other supplemental information listed below is presented for purposes of additional analysis and are not a required part of the basic financial statements.

- Combining Balance Sheet – Non-Major Governmental Funds
- Combining Statement of Revenues, Expenditures and Changes in Fund Balance – Non-Major Governmental Funds
- Schedule of Per Diem Paid to Board Members
- Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer

The other supplemental information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, other supplemental information is fairly stated in all material respects in relation to the basic financial statements as a whole.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARD

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2018, on our consideration of the City of Pineville's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Pineville's internal control over financial reporting and compliance.



ROZIER, HARRINGTON & MCKAY
Certified Public Accountants



**Rozier Harrington
& McKay** | CERTIFIED PUBLIC
ACCOUNTANTS

December 21, 2018

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

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

We have audited, in accordance with the 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Pineville, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise City of Pineville's basic financial statements, and have issued our report thereon dated December 21, 2018.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit of the financial statements, we considered the City of Pineville's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Pineville's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We not identify any deficiencies in internal control that we consider to be a significant deficiency.

COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether City of Pineville's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed two instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2018-1 and 2018-2.

Post Office Box 12178 • Alexandria, Louisiana 71315-2178
www.CenlaCPAs.com • Voice 318.442.1608 • Fax 318.487.2027

CITY OF PINEVILLE'S RESPONSE TO FINDINGS

The City of Pineville's response to the findings identified in our audit is described in the accompanying managements' corrective action plan described in the table of contents. The response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

PURPOSE OF THIS REPORT

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



ROZIER, HARRINGTON & MCKAY
Certified Public Accountants

City Of Pineville

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2018

This section of the City of Pineville's annual financial report presents our discussion and analysis of the City's financial performance during the fiscal year ended June 30, 2018.

OVERVIEW OF FINANCIAL STATEMENTS

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

Government –Wide Financial Statements

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

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

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

Fund Financial Statements

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

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

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

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

Net Position

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

City of Pineville

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2018

	<u>For the Year Ended June 30, 2018</u>			<u>For the Year Ended June 30, 2017</u>
	<u>Govern- mental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>	
Assets:				
Current and Other Assets	\$ 4,775,446	\$ 6,356,219	\$ 11,131,665	\$ 11,488,571
Internal Balances	5,509,778	(5,509,778)	----	----
Capital Assets	25,945,471	27,390,499	53,335,970	55,032,123
Total Assets	36,230,695	28,236,940	64,467,635	66,520,694
Deferred Outflow of Resources	5,269,236	681,008	5,950,244	7,023,149
Liabilities:				
Current and Other Liabilities	414,112	779,178	1,193,290	1,613,214
Long-term Liabilities	31,639,986	8,162,022	39,802,008	37,245,937
Total Liabilities	32,054,098	8,941,200	40,995,298	38,859,151
Deferred Inflow of Resources	1,985,060	143,423	2,128,483	1,403,492
Net Position:				
Invested in Capital Assets (Net)	25,378,458	23,630,552	49,009,010	50,159,246
Restricted	9,138,173	442,593	9,580,766	8,313,662
Unrestricted	(27,055,858)	(4,239,820)	(31,295,678)	(25,191,708)
Total Net Position	\$ 7,460,773	\$ 19,833,325	\$ 27,294,098	\$ 33,281,200

As the presentation appearing above demonstrates, the City's net position is invested in capital assets. Net position invested in capital assets consists of land, buildings, equipment, and infrastructure less any debt used to acquire the assets that remain outstanding. The City uses these capital assets to provide services to its citizens; consequently, these amounts are not available for future spending.

Recognizing long-term liabilities associated with providing retirement benefits and post-retirement healthcare benefits to the City's employees has eliminated the City's remaining net position. Despite the absence of net position, the City has sufficient resources to meet these obligations for the foreseeable future.

Changes in Net Position

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

City of Pineville

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2018

	<u>For the Year Ended June 30, 2018</u>			<u>For the Year Ended June 30, 2017</u>
	<u>Govern- mental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>	
Revenues:				
Program Revenue:				
Charges for Services	\$ 1,161,790	\$ 7,581,098	\$ 8,742,888	\$ 8,291,914
Operating Grants and Contributions	998,708	----	998,708	1,015,920
Capital Grants and Contributions	276,100	311,159	587,259	298,597
General Revenue:				
Property Taxes	1,544,324	----	1,544,324	1,567,936
Sales Taxes	11,618,962	----	11,618,962	11,535,699
Franchise Fees	976,399	----	976,399	948,740
Occupational Licenses	650,581	----	650,581	674,769
Intergovernmental	----	----	----	69,387
Other	34,001	27,066	61,067	214,796
Total Revenue	17,260,865	7,919,323	25,180,188	24,617,758
Program Expenses:				
General Government	2,517,689	----	2,517,689	2,415,542
Public Safety				
Police Department	6,511,187	----	6,511,187	6,590,428
Fire Department	4,970,366	----	4,970,366	5,385,223
Public Works	3,994,110	----	3,994,110	3,890,161
Health & Welfare	210,493	----	210,493	188,375
Economic Development	241,385	----	241,385	442,327
Culture and Recreation	1,698,439	----	1,698,439	2,006,551
Utility Service	----	4,961,497	4,961,497	5,182,200
Sanitation	----	1,581,278	1,581,278	1,751,375
Other	26,360	119,776	146,136	148,136
Total Expenses	20,170,029	6,662,551	26,832,580	28,000,318
Increase in Net Position Before				
Transfers	(2,909,164)	1,256,772	(1,652,392)	(3,382,560)
Transfers	3,194,601	(3,194,601)	----	----
Change in Net Position	285,437	(1,937,829)	(1,652,392)	(3,382,560)
Net Position Beginning				
As Previously Reported	10,828,704	22,452,496	33,281,200	36,663,760
Cumulative Effect of Adopting GASB 75	(3,653,368)	(681,342)	(4,334,710)	----
As Restated	7,175,336	21,771,154	28,946,490	----
Net Position Ending	\$ 7,460,773	\$ 19,833,325	\$ 27,294,098	\$ 33,281,200

City of Pineville

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2018

Governmental activities increased the City's net position by \$285,437. This increase is primarily due to an increase in transfers from the Utility and Sanitation Fund in the current year.

Business-type activities decreased the City's net position by \$1,937,829, due primarily to transferring resources to governmental funds to enhance governmental services.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

- The City's governmental funds reported a combined fund balance of \$9,874,827 which represents a increase of \$1,280,433 in comparison to the previous balance. This is primarily due to the increase in transfers from the City's business-type funds.
- The City's general fund, which is available for spending at the City's discretion, reported a fund balance of \$736,654. The general fund balance increased by \$10,514 in the current year,
- Amounts reported for business-type activities in the City's individual funds are identical to the business-type activities reported in the government-wide presentation.

GENERAL FUND BUDGET HIGHLIGHTS

The City's general fund and sales tax funds are required to adopt an annual budget and the budgets are amended as necessary. Some revisions to the original budgets were made to address revenues and related expenditures that were not anticipated when the original budget was prepared.

CAPITAL ASSET ADMINISTRATION

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

- Equipment purchases include new vehicles necessary to replace existing equipment that was retired as a result of ordinary wear.
- Work was began on an Urban Gateway project, and a Sewer Rehabilitation project, which were not completed by the end of the current year.
- Construction on the Highland Drive Roadway and Youth Center Remodels were completed in the current year.

DEBT ADMINISTRATION

In addition to paying installments due on existing obligations, the City collected \$122,697 in proceeds from the line of credit available under the Series 2010 Bond Issue. The proceeds were used to finance improvements to the Sewer System.

FACTORS EXPECTED TO AFFECT FUTURE OPERATIONS

At the present time, no events or conditions have been identified that are expected to have a significant influence on future operations.

City of Pineville

STATEMENT OF NET POSITION

June 30, 2018

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 3,613,020	\$ 4,137,382	\$ 7,750,402
Receivables (net)	1,153,129	1,186,409	2,339,538
Restricted asset			
Cash	-	1,025,185	1,025,185
Other assets	9,297	7,243	16,540
Internal balances	5,509,778	(5,509,778)	-
Capital assets			
Non depreciable capital assets	3,320,127	748,810	4,068,937
Depreciable capital assets, net	22,625,344	26,641,689	49,267,033
Total assets	36,230,695	28,236,940	64,467,635
DEFERRED OUTFLOWS OF RESOURCES			
Pension funding deferrals	4,655,350	566,520	5,221,870
OPEB funding deferrals	613,886	114,488	728,374
Total deferred outflows	5,269,236	681,008	5,950,244
LIABILITIES			
Accounts and other payables	410,397	325,189	735,586
Accrued interest	3,715	-	3,715
Accrued interest payable from restricted assets	-	22,592	22,592
Deposits due others	-	431,397	431,397
Long-term liabilities			
Compensated Absences	1,119,155	65,051	1,184,206
Net Other Post Employment Benefits	12,783,835	2,353,425	15,137,260
Net Pension Liability	17,169,983	1,423,599	18,593,582
Long-term Debt			
Due within one year	122,614	560,000	682,614
Due in more than one year	444,399	3,759,947	4,204,346
Total liabilities	32,054,098	8,941,200	40,995,298
DEFERRED INFLOWS OF RESOURCES			
Pension funding deferrals	1,427,748	39,486	1,467,234
OPEB funding deferrals	557,312	103,937	661,249
Total deferred inflows	1,985,060	143,423	2,128,483
NET POSITION			
Invested in capital assets, net of related debt	25,378,458	23,630,552	49,009,010
Restricted:			
Debt service	-	442,593	442,593
Capital projects and equipment acquisition	8,646,750	-	8,646,750
Economic Development	367,392	-	367,392
Other purposes	124,031	-	124,031
Unrestricted	(27,055,858)	(4,239,820)	(31,295,678)
Total net position	\$ 7,460,773	\$ 19,833,325	\$ 27,294,098

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

City of Pineville

STATEMENT OF ACTIVITIES **Year Ended June 30, 2018**

	Expenses	Program Revenues			Net (Expenses) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants & Contributions	
<u>Governmental Activities:</u>					
General Government					
Judicial	\$ 769,285	\$ 199,776	\$ -	\$ -	\$ (569,509)
Executive	358,175	-	-	-	(358,175)
Finance & Administrative	1,390,229	130,523	-	-	(1,259,706)
Public Safety					
Police Department	6,511,187	606,977	446,107	-	(5,458,103)
Fire Department	4,970,366	62,777	310,386	-	(4,597,203)
Public Works					
Administration	748,967	-	-	-	(748,967)
City Shop	270,374	-	-	-	(270,374)
Street Maintenance	1,654,165	54,264	-	276,100	(1,323,801)
Drainage Maintenance	718,766	-	-	-	(718,766)
Building Maintenance	306,745	47,435	-	-	(259,310)
Beautification	295,093	-	-	-	(295,093)
Health & Welfare (Impounding)	210,493	15,405	-	-	(195,088)
Economic Development	241,385	-	242,215	-	830
Culture & Recreation					
Recreation Department	854,739	44,633	-	-	(810,106)
Community Services	774,792	-	-	-	(774,792)
Special Events	68,908	-	-	-	(68,908)
Interest on Long-Term Debt	26,360	-	-	-	(26,360)
Total Governmental Activities	20,170,029	1,161,790	998,708	276,100	(17,733,431)
<u>Business-Type Activities:</u>					
Utility System	4,961,497	5,990,398	-	124,287	1,153,188
Sanitation	1,581,278	1,586,400	-	-	5,122
Airport	119,776	4,300	-	186,872	71,396
Total Business-Type Activities	6,662,551	7,581,098	-	311,159	1,229,706
Total	\$ 26,832,580	\$ 8,742,888	\$ 998,708	\$ 587,259	\$ (16,503,725)

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

City of Pineville

STATEMENT OF ACTIVITIES (Continued) **Year Ended June 30, 2018**

	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>
Net (Expense) Revenue (Continued From Previous Page)	<u>\$ (17,733,431)</u>	<u>\$ 1,229,706</u>	<u>\$ (16,503,725)</u>
<u>General Revenues:</u>			
Taxes:			
Ad Valorem	1,544,324	-	1,544,324
Sales	11,618,962	-	11,618,962
Licenses & Permits			
Franchise Fees	976,399	-	976,399
Occupational Licenses	650,581	-	650,581
Other	34,001	-	34,001
Intergovernmental			
Other	-	27,066	27,066
Transfers	<u>3,194,601</u>	<u>(3,194,601)</u>	<u>-</u>
Total General Revenues, Special Items and Transfers	<u>18,018,868</u>	<u>(3,167,535)</u>	<u>14,851,333</u>
Change in Net Position	285,437	(1,937,829)	(1,652,392)
Net Position - Beginning			
As Previously Reported	10,828,704	22,452,496	33,281,200
Cumulative Effect of Adopting GASB 75	<u>(3,653,368)</u>	<u>(681,342)</u>	<u>(4,334,710)</u>
As Restated	<u>7,175,336</u>	<u>21,771,154</u>	<u>28,946,490</u>
Net Position Ending	<u>\$ 7,460,773</u>	<u>\$ 19,833,325</u>	<u>\$ 27,294,098</u>

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

City of Pineville

Balance Sheet Governmental Funds - June 30, 2018

	General Fund	Dedicated 1% Sales Tax	Capital Improvements	Other Governmental Funds	Total Governmental Funds
Assets					
Cash and Cash Equivalents	\$ 646,109	\$ -	\$ 2,296,788	\$ 670,123	\$ 3,613,020
Receivables (net)	694,184	329,441	129,504	-	1,153,129
Interfund Receivables	-	-	6,321,968	206,775	6,528,743
Restricted Cash	-	-	-	-	-
Other Assets	9,297	-	-	-	9,297
Total assets	\$ 1,349,590	\$ 329,441	\$ 8,748,260	\$ 876,898	\$ 11,304,189
Liabilities and Fund Balance					
Liabilities					
Accounts Payable	\$ 308,887	\$ -	\$ 101,510	\$ -	\$ 410,397
Interfund Payables	304,049	329,441	-	385,475	1,018,965
Total liabilities	612,936	329,441	101,510	385,475	1,429,362
Fund Balance					
Restricted For:					
Capital Improvements	-	-	8,646,750	-	8,646,750
Economic Development	-	-	-	367,392	367,392
Other Special Purposes	-	-	-	124,031	124,031
Unassigned	736,654	-	-	-	736,654
Total Fund Balances	736,654	-	8,646,750	491,423	9,874,827
Total Liabilities and Fund Balance	\$ 1,349,590	\$ 329,441	\$ 8,748,260	\$ 876,898	\$ 11,304,189

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

City of Pineville

Reconciliation of Fund Balances on the Balance Sheet for Governmental Funds to Net Position of Governmental Activities on the Statement of Net Position

Year Ended June 30, 2018

Total Fund Balances - Governmental Funds	\$ 9,874,827
Amounts reported for governmental activities in the statement of net position are different because:	
Liabilities not due and payable in the current period are excluded from the Governmental Fund Balance Sheet	(31,643,701)
Deferred inflows of resources that do not meet criteria for inclusion in the Governmental Fund Balance Sheet	(1,427,748)
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	25,945,471
Deferred outflows of resources that do not meet criteria for inclusion in the Governmental Fund Balance Sheet	<u>4,655,350</u>
Net Position of Governmental Activities	<u>\$ 7,404,199</u>

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

City of Pineville

Statement of Revenues, Expenditures and Changes in Fund Balance Governmental Funds - Year Ended June 30, 2018

	General Fund	Dedicated 1% Sales Tax	Capital Improvements	Other Governmental Funds	Total Governmental Funds
Revenues:					
Taxes:					
Ad Valorem	\$ 569,999	\$ -	\$ -	\$ 974,325	\$ 1,544,324
Sales	6,863,561	4,135,132	620,269	-	11,618,962
Licenses & Permits:					
Franchise Fees	976,399	-	-	-	976,399
Occupational Licenses	650,581	-	-	-	650,581
Other	22,674	-	-	-	22,674
Intergovernmental	1,068,331	-	276,101	222,535	1,566,967
Fines and Forfeitures	483,575	-	-	-	483,575
Other	345,502	-	28,020	23,862	397,384
Total Revenues	10,980,622	4,135,132	924,390	1,220,722	17,260,866
Expenditures:					
Current:					
General Government					
Judicial					
City Court	317,730	-	-	50	317,780
City Marshal	383,691	-	9,808	-	393,499
Executive	332,683	-	6,690	-	339,373
Finance & Administrative	1,317,471	-	7,991	7,342	1,332,804
Public Safety					
Police Department	6,213,331	-	105,100	-	6,318,431
Fire Department	4,680,055	-	11,669	-	4,691,724
Public Works					
Administration	685,984	-	29,750	-	715,734
City Shop	238,663	-	14,553	-	253,216
Street Maintenance	614,293	-	135,776	-	750,069
Drainage Maintenance	517,996	-	33,984	-	551,980
Building Maintenance	220,871	-	33,339	-	254,210
Beautification	264,229	-	2,400	-	266,629
Health & Welfare	178,233	-	20,270	-	198,503
Economic Development	-	-	-	241,385	241,385
Culture & Recreation					
Recreation Department	630,780	-	47,053	-	677,833
Community Services	743,464	-	2,770	-	746,234
Special Events & Projects	62,250	-	-	-	62,250
Capital Expenditures	-	-	920,926	-	920,926
Debt Service	-	-	88,546	53,908	142,454
Total Expenditures	17,401,724	-	1,470,625	302,685	19,175,034
Excess (Deficiency) of Revenues Over Expenditures	(6,421,102)	4,135,132	(546,235)	918,037	(1,914,168)

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

City of Pineville

Continued

Statement of Revenues, Expenditures and Changes in Fund Balance Governmental Funds - Year Ended June 30, 2018

	General Fund	Dedicated 1% Sales Tax	Capital Improvements	Other Governmental Funds	Total Governmental Funds
Excess (Deficiency) of Revenues Over Expenditures	(6,421,102)	4,135,132	(546,235)	918,037	(1,914,168)
<u>Other Financing Sources (Uses):</u>					
Proceeds From Long-Term Debt	-	-	-	-	-
Operating Transfers In	6,431,616	-	2,067,566	53,908	8,553,090
Operating Transfers Out	-	(4,135,132)	(259,307)	(964,050)	(5,358,489)
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	10,514	-	1,262,024	7,895	1,280,433
Fund Balance (Deficit) - Beginning of Year	<u>726,140</u>	<u>-</u>	<u>7,384,726</u>	<u>483,528</u>	<u>8,594,394</u>
Fund Balance (Deficit) - End of Year	<u>\$ 736,654</u>	<u>\$ -</u>	<u>\$ 8,646,750</u>	<u>\$ 491,423</u>	<u>\$ 9,874,827</u>

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

City of Pineville

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

Year Ended June 30, 2018

Net change in fund balances of Governmental Funds	\$ 1,280,433
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over estimated useful lives and reported as depreciation expense. The effect of capital expenditures and depreciation are presented as follows:	
Capital Expenditures	920,926
Depreciation	(1,638,224)
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures by governmental funds.	(419,977)
Governmental funds report pension expense based on contributions required for the current year; however, pension expense reported on the government wide basis is influenced by actuarial considerations.	27,106
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	115,173
Change in net position of governmental activities	<u>\$ 285,437</u>

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

City of Pineville

Statement of Net Position

Proprietary Funds - June 30, 2018

	Business-Type Activities - Enterprise Funds			
	Utility		Nonmajor	
	System	Sanitation	Funds	Total
ASSETS:				
Current Assets:				
Cash and cash equivalents	\$ 2,957,076	\$ 1,180,306	\$ -	\$ 4,137,382
Receivables (net)	897,980	273,550	14,879	1,186,409
Other	7,243	-	-	7,243
Interfund receivables	<u>123,615</u>	<u>-</u>	<u>127,398</u>	<u>251,013</u>
Total current assets	3,985,914	1,453,856	142,277	5,582,047
Restricted Assets:				
Cash and cash equivalents	1,025,185	-	-	1,025,185
Noncurrent Assets:				
Construction in process	487,955	-	260,855	748,810
Depreciable capital assets, net	<u>25,006,446</u>	<u>259,564</u>	<u>1,375,679</u>	<u>26,641,689</u>
Total assets	<u>30,505,500</u>	<u>1,713,420</u>	<u>1,778,811</u>	<u>33,997,731</u>
DEFERRED OUTFLOWS OF RESOURCES:				
Pension and OPEB funding deferrals	<u>488,251</u>	<u>192,757</u>	<u>-</u>	<u>681,008</u>
LIABILITIES:				
Current Liabilities:				
Accounts and other payables	163,724	21,814	139,651	325,189
Interfund payables	4,751,530	996,565	12,696	5,760,791
Compensated absences	46,405	18,646	-	65,051
Deposits due others	<u>431,397</u>	<u>-</u>	<u>-</u>	<u>431,397</u>
Total current liabilities	5,393,056	1,037,025	152,347	6,582,428
Liabilities Payable From Restricted Assets:				
Accrued interest payable from restricted assets	22,592	-	-	22,592
Current portion of long-term debt	560,000	-	-	560,000
Noncurrent Liabilities:				
Other Post Employment Benefits	1,728,076	625,349	-	2,353,425
Net Pension Liability	980,047	443,552	-	1,423,599
Long-term debt	<u>3,759,947</u>	<u>-</u>	<u>-</u>	<u>3,759,947</u>
Total liabilities	<u>12,443,718</u>	<u>2,105,926</u>	<u>152,347</u>	<u>14,701,991</u>
DEFERRED INFLOWS OF RESOURCES:				
Pension and OPEB funding deferrals	<u>107,395</u>	<u>36,028</u>	<u>-</u>	<u>143,423</u>
NET POSITION:				
Invested in capital assets, net of related debt	21,734,454	259,564	1,636,534	23,630,552
Restricted for debt service	442,593	-	-	442,593
Unrestricted	<u>(3,734,409)</u>	<u>(495,341)</u>	<u>(10,070)</u>	<u>(4,239,820)</u>
Total net position	<u>\$ 18,442,638</u>	<u>\$ (235,777)</u>	<u>\$ 1,626,464</u>	<u>\$ 19,833,325</u>

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

City of Pineville

Statement of Revenues, Expenses and Changes in Fund Net Position Proprietary Funds - June 30, 2018

	Business-Type Activities - Enterprise Funds			
	Utility		Nonmajor	
	System	Sanitation	Funds	Total
<u>Operating Revenues:</u>				
Service Fees	\$ 5,731,596	\$ 1,538,910	\$ 4,300	\$ 7,274,806
Other	258,802	47,490	-	306,292
Total Operating Revenues	5,990,398	1,586,400	4,300	7,581,098
<u>Operating Expenses:</u>				
Salaries	1,018,295	466,848	-	1,485,143
Contract Labor	26,058	181,063	-	207,121
Legal and Professional	63,850	3,855	3,303	71,008
Insurance	92,679	12,177	1,295	106,151
Repairs & Maintenance	384,130	91,962	3,115	479,207
Supplies & Chemicals	310,340	78,864	-	389,204
Employee Benefits	616,037	256,713	-	872,750
Landfill Disposal Cost	-	352,775	-	352,775
Utilities	670,106	-	13,271	683,377
Permits and Testing	54,304	1,674	-	55,978
Depreciation	1,342,908	109,260	96,892	1,549,060
Bad Debts	130,000	25,000	-	155,000
Other	91,830	1,087	1,900	94,817
Total Operating Expenses	4,800,537	1,581,278	119,776	6,501,591
Operating Income (Loss)	1,189,861	5,122	(115,476)	1,079,507
<u>Nonoperating Revenues (Expenses):</u>				
Interest Revenue	19,856	7,210	-	27,066
Interest Expense	(160,960)	-	-	(160,960)
Change in Net Position Before Contributions and Transfers	1,048,757	12,332	(115,476)	945,613
<u>Contributions and Transfers:</u>				
Capital Contributions	124,287	-	186,872	311,159
Operating Transfers In	158,978	-	46,421	205,399
Operating Transfers Out	(2,800,000)	(600,000)	-	(3,400,000)
Change in Net Position	(1,467,978)	(587,668)	117,817	(1,937,829)
Total Net Position - Beginning				-
As Previously Reported	20,431,537	512,312	1,508,647	22,452,496
Cumulative Effect of Adopting GASB 75	(520,921)	(160,421)	-	(681,342)
As Restated	19,910,616	351,891	1,508,647	21,771,154
Total Net Position - Ending	\$ 18,442,638	\$ (235,777)	\$ 1,626,464	\$ 19,833,325

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

City of Pineville

Statement of Cash Flows

Proprietary Funds - Year Ended June 30, 2018

	<u>Business-Type Activities - Enterprise Funds</u>			
	<u>Utility</u>	<u>Nonmajor</u>		<u>Total</u>
	<u>System</u>	<u>Sanitation</u>	<u>Funds</u>	
<u>Cash flow from operating activities:</u>				
Cash received from customers	\$ 5,960,392	\$ 1,578,643	\$ 4,300	\$ 7,543,335
Cash payments to suppliers of goods and services	(2,187,307)	(982,684)	(22,884)	(3,192,875)
Cash payments to employees for services	(1,019,797)	(465,264)	-	(1,485,061)
Net cash provided (used) by operating activities	<u>2,753,288</u>	<u>130,695</u>	<u>(18,584)</u>	<u>2,865,399</u>
<u>Cash flows from non-capital financing activities:</u>				
Change in interfund balances	(536,273)	226,862	(152,610)	(462,021)
Operating transfers in	158,978	-	46,421	205,399
Operating transfers out	(2,800,000)	(600,000)	-	(3,400,000)
Net cash provided (used) by non-capital financing activities	<u>(3,177,295)</u>	<u>(373,138)</u>	<u>(106,189)</u>	<u>(3,656,622)</u>
<u>Cash flows from capital and related financing activities:</u>				
Capital expenditures	(383,336)	-	(47,220)	(430,556)
Proceeds from capital grants	124,287	-	171,993	296,280
Proceeds from issuing revenue bonds	122,697	-	-	122,697
Principle paid on revenue bonds	(543,441)	-	-	(543,441)
Interest paid on debt instruments	(164,207)	-	-	(164,207)
Net cash provided (used) by capital and related financing activities	<u>(844,000)</u>	<u>-</u>	<u>124,773</u>	<u>(719,227)</u>
<u>Cash flows from investing activities:</u>				
Interest and other income	19,856	7,210	-	27,066
Net cash provided (used) by investing activities	<u>19,856</u>	<u>7,210</u>	<u>-</u>	<u>27,066</u>
Net increase (decrease) in cash	(1,248,151)	(235,233)	-	(1,483,384)
Beginning cash balance	5,230,412	1,415,539	-	6,645,951
Ending cash balance	3,982,261	1,180,306	-	5,162,567
Restricted cash and cash equivalents	1,025,185	-	-	1,025,185
Cash and cash equivalents	<u>\$ 2,957,076</u>	<u>\$ 1,180,306</u>	<u>\$ -</u>	<u>\$ 4,137,382</u>

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

City of Pineville

Statement of Cash Flows (Continued)

Proprietary Funds - Year Ended June 30, 2018

	Business-Type Activities - Enterprise Funds			
	Utility	Nonmajor		Total
	System	Sanitation	Funds	
<u>Reconciliation of operating income (loss)</u>				
<u>to net cash provided (used) by operating</u>				
<u>activities</u>				
Operating income (loss)	\$ 1,189,861	\$ 5,122	\$ (115,476)	\$ 1,079,507
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	1,342,908	109,260	96,892	1,549,060
(Increase) decrease in accounts receivable	(33,896)	(7,757)	-	(41,653)
(Increase) decrease in other assets	5,453	-	-	5,453
(Decrease) increase in accounts and other payables	120,521	(12,764)	-	107,757
(Decrease) increase in compensated absences	(1,502)	1,584	-	82
(Decrease) increase in Other Post Employment Benefits	82,554	25,423	-	107,977
Change in net pension liabilities and deferrals	43,499	9,827	-	53,326
(Decrease) increase in meter deposits	3,890	-	-	3,890
Net cash provided (used) by operating activities	<u>\$ 2,753,288</u>	<u>\$ 130,695</u>	<u>\$ (18,584)</u>	<u>\$ 2,865,399</u>

Supplemental disclosures of cash flow information:

During the year ended June 30, 2018 there were no operating, financing, or investing activities during the year that did not result in cash receipts or payments.

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

City of Pineville

Notes To Financial Statements

June 30, 2018

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

Financial Reporting Entity

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

Governmental Accounting Standards establish criteria for determining which component units should be considered part of the City of Pineville for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. The criteria include:

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

Based on the criteria presented above, the City has no component units. In reaching this conclusion, the operations of the City Court System were considered; however it was determined that the City Court System did not meet the necessary criteria for classification as a component unit. Component unit status does not apply because the City Court System is managed by elected officials and it functions in a fiscally independent manner.

Basic Financial Statements

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

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

City of Pineville

Notes To Financial Statements

June 30, 2018

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

Government-Wide Financial Statements

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

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

Fund Financial Statements

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

Major Governmental Funds

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

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

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

Major Business-Type Funds

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

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

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

Basis of Accounting and Measurement Focus

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. The basis of accounting and measurement focus used for various financial statement presentations are described as follows:

<u>Financial Statement Presentation</u>	<u>Basis of Accounting</u>	<u>Measurement Focus</u>
Government-Wide Financial Statements	Accrual Basis	Economic Resources
Fund Financial Statements:		
Governmental Funds	Modified Accrual Basis	Current Financial Resources
Proprietary Funds	Accrual Basis	Economic Resources
Fiduciary Funds	Accrual Basis	No Measurement Focus

City of Pineville

Notes To Financial Statements

June 30, 2018

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

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

Use of Estimates

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

Restricted Assets:

Restricted assets represent resources that must be expended in a specific manner. Restrictions of this nature are imposed by various contractual obligations including grant agreements and bond covenants. Whenever restricted assets can be used to satisfy an obligation, the restricted assets are typically consumed before utilizing any unrestricted resources.

Budget Practices:

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

Capital Assets

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

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

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

Cash and Cash Equivalents:

Amounts reported as cash and cash equivalents (restricted and unrestricted) include all cash on hand, cash in bank accounts, certificates of deposit and highly liquid investments. Credit risk associated with bank deposits is limited by requiring fiscal agent banks to pledge securities as required by State Law. Furthermore, interest rate risk associated with certificates of deposits is typically mitigated by purchasing instruments that mature in one year or less.

City of Pineville

Notes To Financial Statements

June 30, 2018

Internal Activity:

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

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

Compensated Absences

Full time and regular part-time employees earn vacation at rates that vary depending on length of service and civil service classification. Unused vacation that employees are allowed to carry forward is reported as a liability. The portion of the liability for compensated absences attributable to governmental funds and activities is typically liquidated by the general fund.

Fund Balance Classification:

Approval of the majority of the Board of Aldermen is required to approve the commitment of fund balances. In situations where it is permissible to spend restricted or committed resources, the City typically depletes the available restricted or committed resources before consuming unrestricted resources.

NOTE 2 - ACCOUNTS RECEIVABLE

Accounts receivable for the year ended June 30, 2018 are summarized as follows:

	Governmental Activities	Business-Type Activities	Total
<u>Accounts Receivable</u>			
Charges for Services	\$ ---	\$ 2,586,233	\$ 2,586,233
Franchise Taxes	108,613	---	108,613
Other	17,310	21,929	39,239
Total Accounts Receivable	125,923	2,608,162	2,734,085
<u>Due From Other Governmental Units</u>			
Occupational Licenses	17,110	---	17,110
Grant Reimbursements	80,088	28,247	108,335
Sales Taxes	930,008	---	930,008
Other	---	---	---
Total Due From Other Governments	1,027,206	28,247	1,055,453
Total Receivables	1,153,129	2,636,409	3,789,538
Allowance for Doubtful Accounts	---	(1,450,000)	(1,450,000)
Receivables (Net)	\$ 1,153,129	\$ 1,186,409	\$ 2,339,538

NOTE 3 - CASH AND CASH EQUIVALENTS

At June 30, 2018, cash and cash equivalents included the following amounts:

City of Pineville

Notes To Financial Statements

June 30, 2018

	Governmental Activities	Business-Type Activities	Total
Cash Deposited in Banks	\$ 3,612,410	\$ 5,161,067	\$ 8,773,477
Petty Cash	610	1,500	2,110
Total Cash	3,613,020	5,162,567	8,775,587
Restricted Cash	----	1,025,185	1,025,185
Cash and Cash Equivalents	\$ 3,613,020	\$ 4,137,382	\$ 7,750,402

Cash deposited in banks is stated at cost, which approximates market. Under state law, these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At June 30, 2018, the City has \$8,773,477 in deposits (\$9,123,033 collected bank balance). These deposits are secured from risk by \$250,000 of federal deposit insurance and \$9,050,494 of pledged securities held by the custodial bank in the name of the fiscal agent bank.

Even though the pledged securities are considered uncollateralized, State law imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified that the fiscal agent has failed to pay deposited funds upon demand.

NOTE 4 - LONG-TERM DEBT

Debt attributable to the acquisition of the City's utility system and the operation of the utility system is reported as an obligation of the City's business-type enterprise funds. Remaining debts are reported as governmental activities. The City's debts are summarized as follows:

	Governmental Activities	Business-Type Activities	Total
Certificates of Indebtedness	\$ 190,000	\$ ----	\$ 190,000
Installment Purchase Agreement	377,013	----	377,013
Revenue Bonds	----	4,385,615	4,385,615
Total Obligations	567,013	4,358,615	4,952,628
Deferred Issue Cost	----	(38,668)	(38,667)
Total Long-term Debt	567,013	4,319,947	4,886,960
Due Within One Year	122,614	560,000	682,614
Due in More Than One Year	\$ 444,399	\$ 3,759,947	\$ 4,204,346

	Beginning Balance	Additions	Reductions	Ending Balance
Governmental Activities				
Certificates of Indebtedness	\$ 230,000	\$ ----	\$ 40,000	\$ 190,000
Installment Purchase Agreement	452,186	----	75,173	377,013
Total Governmental Activities	682,186	----	115,173	567,013

City of Pineville

Notes To Financial Statements

June 30, 2018

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
<u>Business-Type Activities</u>				
Revenue Bonds	4,785,918	122,697	550,000	4,358,615
Total Business-Type Activities	4,785,918	122,697	550,000	4,358,615
Total Long-term Debts	\$ 5,468,104	\$ 122,697	\$ 665,173	\$ 4,925,628

Certificates of Indebtedness

The City has issued certificates which are secured by and payable from a pledge of the excess of annual revenues above statutory, necessary and usual charges incurred by the City. Certificates of indebtedness outstanding at June 30, 2018 are described as follows:

\$650,000 Certificates of Indebtedness, Series 2001A bearing interest at a rates ranging from 4.10% to 6.75%. Principle is payable in annual installments ranging from \$20,000 to \$50,000, with the final installment due September 1, 2021. The certificates are callable for redemption at any time after September 1, 2009. \$ 190,000

Installment Purchase Agreement

The City has executed an installment purchase agreement to finance the acquisition of a fire fighting vehicle equipped with an aerial platform. Terms of the agreement are described as follows:

\$756,910 Installment Purchase Agreement payable in 120 monthly installments of \$7,379 including interest based on a rate of 3.2%, with the final installment due January 18, 2023. \$ 377,013

Revenue Bonds

The City has issued revenue bonds that are secured by and payable solely from a pledge of funds generated by a specific revenue source. Revenue bonds outstanding at June 30, 2018 are described as follows:

\$5,680,000 Utility Revenue Bonds Series 2006, bearing interest at rates ranging from 4.0% to 5.0%. The bonds mature serially on May 1st of each year in amounts ranging from \$175,000 to \$470,000. Final maturity is scheduled for May 1, 2026, unless the City elects to redeem the bonds prior to maturity. Bonds become eligible for redemption on May 1, 2016. \$ 3,125,000

\$4,500,000 Utility Revenue Bonds Series 2010, bearing interest at a rate of 0.95%. The face value of the bonds is available to reimburse construction certain construction costs and as of June 30, 2017 \$2,250,907 has been collected. The bonds mature serially on May 1st of each year, and if the entire \$4,500,000 is utilized, the amounts will range from \$155,000 to \$250,000. Final maturity is scheduled for May 1, 2032, unless the City elects to redeem the bonds prior to maturity. 1,233,615

Total Revenue Bonds				\$ 4,358,615
---------------------	--	--	--	--------------

City of Pineville

Notes To Financial Statements

June 30, 2018

Maturity of Long-term Debt

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

<u>Year Ended June 30th</u>	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>Principal Installments</u>	<u>Interest</u>	<u>Principal Installments</u>	<u>Interest</u>
2019	122,614	22,076	560,000	136,719
2020	125,134	16,597	580,000	121,639
2021	132,736	10,848	600,000	105,759
2022	135,423	4,811	620,000	89,232
2023	51,106	546	645,000	71,904
2024 – 2028	----	----	1,353,615	108,977
Total Governmental	\$ 567,013	\$ 54,878	\$ 4,358,615	\$ 634,230

NOTE 5 – TAXES:

Ad Valorem Taxes:

The City bills and collects its own property taxes using the assessed values determined by the Tax Assessor of Rapides Parish. For the year ended June 30, 2018, the City has levied ad valorem taxes as follows:

<u>Description</u>	<u>Mills Levied</u>
Levied for general alimony as permitted by State Law. Revenue from taxes levied for general alimony is reported by the general fund.	5.85
Levied per proposition originally approved May 14, 1991 authorizing 10 mills for a period of 10 years beginning with 1991 and subsequently renewed through 2020 for the purpose of paying salaries of the employees of the fire and police departments. Due to the restricted nature of these taxes, the revenue is reported in a special revenue fund.	10.00
	<u>15.85</u>

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

Sales Taxes:

Sales taxes are collected by the Parish of Rapides and remitted to the City on a monthly basis. For the year ended June 30, 2017 the City has levied sales taxes as follows:

<u>Description</u>	<u>Percentage Levied</u>
Levied per proposition approved the citizens of Pineville authorizing a tax for the operation of the General Fund. Revenue generated by this tax is reported by the General fund.	1%

City of Pineville

Notes To Financial Statements

June 30, 2018

<u>Description</u>	<u>Percentage Levied</u>
Levied per proposition approved by the citizens of Pineville authorizing a tax “with the avails or proceeds of said tax to be dedicated and pledged to the payment of principle and interest and other amounts required on any sales tax revenue bonds issued by the City for any lawful public purpose; provided, however, that the avails or proceeds of said tax not required in each month for principle, interest and other payments on any sales tax revenue bonds, shall be allocated in an amount equal to 50% of the proceeds of the tax for paying salaries of municipal employees of said City and the remaining proceeds of the tax for capital acquisitions for said City including equipment, furnishings and improvements to municipal property that may include but are not limited to streets, sidewalks, bridges, waterworks, sewers, drains and recreation and fire protection facilities. Since revenue from this source is subject to various restrictions, it is reported in a special revenue fund.	1%
Levied per proposition approved by the citizens of Pineville on July 16, 2006, authorizing a tax with 70% of the proceeds to be dedicated to salary and benefits, and 30% of the proceeds to be dedicated to capital improvement projects for the purpose of acquire, construction, improving, maintaining and operating public facilities, including water and sewer systems and street and drainage systems.	0.5%

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

NOTE 6 – CAPITAL ASSETS

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
<u>Governmental Activities</u>				
Non-Depreciable Capital Assets				
Land	\$ 2,509,518	\$ ---	\$ ---	\$ 2,509,518
Construction in Process	849,497	310,579	349,467	810,609
Total	<u>3,359,015</u>	<u>310,579</u>	<u>349,467</u>	<u>3,320,127</u>
Depreciable Capital Assets				
Buildings and Improvements	6,661,713	349,467	---	7,011,180
Furniture, Fixtures and Equipment	6,602,609	493,992	---	7,096,601
Infrastructure	26,759,856	116,354	---	26,876,210
Accumulated Depreciation	(16,720,423)	(1,638,224)	---	(18,358,647)
Total	<u>23,303,755</u>	<u>(678,411)</u>	<u>---</u>	<u>22,625,344</u>
Total Governmental Activities	<u>\$ 26,662,770</u>	<u>\$ (367,832)</u>	<u>\$ 349,467</u>	<u>\$ 25,945,471</u>

City of Pineville

Notes To Financial Statements

June 30, 2018

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
<u>Business-Type Activities</u>				
Non Depreciable Capital Assets				
Airport Construction in Process	\$ 73,985	\$ 186,871	\$ ----	\$ 260,856
Utility Construction in Process	228,966	303,024	44,036	487,954
Total Construction in Process	<u>302,951</u>	<u>489,895</u>	<u>44,036</u>	<u>748,810</u>
Depreciable Capital Assets				
Sanitation Equipment	1,292,795	----	----	1,292,795
Utility Equipment	1,095,552	7,632	----	1,103,184
Utility System	47,165,506	116,716	----	47,282,222
Airport Improvements	2,239,475	----	----	2,239,475
Accumulated Depreciation	<u>(23,726,926)</u>	<u>(1,549,060)</u>	----	<u>(25,275,986)</u>
Total	<u>28,066,402</u>	<u>(1,424,712)</u>	----	<u>26,641,690</u>
Total Business-Type Activities	<u>\$ 28,369,353</u>	<u>\$ (934,817)</u>	<u>\$ 44,036</u>	<u>\$ 27,390,500</u>

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

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Judicial	\$ 11,248	\$ ----	\$ 11,248
Finance & Administrative	3,632	----	3,632
Police Department	180,657	----	180,657
Fire Department	176,666	----	176,666
Public Works Administration	8,230	----	8,230
City Shop	3,681	----	3,681
Street Maintenance	881,158	----	881,158
Drainage Maintenance	153,086	----	153,086
Building Maintenance	36,953	----	36,953
Health & Welfare (Impounding)	765	----	765
Recreation Department	155,152	----	155,152
Community Services	10,482	----	10,482
Beautification	16,516	----	16,516
Utility System	----	1,342,908	1,342,908
Sanitation	----	109,260	109,260
Airport	----	96,892	96,892
Total Depreciation Expense	<u>\$ 1,638,226</u>	<u>\$ 1,549,060</u>	<u>\$ 3,187,286</u>

NOTE 7 – ACCOUNTS AND OTHER PAYABLES

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

City of Pineville

Notes To Financial Statements

June 30, 2018

	Governmental Activities			
	General Fund	Capital Improvements	Other	Total
Payable to Vendors	\$ 6,284	\$ 91,886	\$ ----	\$ 98,170
Construction Contract Retainage	---	9,625	---	9,625
Accrued Wages	176,280	---	---	176,280
Economic Development Cooperative Endeavor (See Note 15)	126,323	---	---	126,323
Total	\$ 308,887	\$ 101,511	\$ ----	\$ 410,398

	Business-Type Activities			
	Utility System	Sanitation	Other	Total
Payable to Vendors	\$ 145,036	\$ 12,268	\$ 139,651	\$ 296,955
Accrued Wages	18,688	9,546	---	28,234
Total	\$ 163,724	\$ 21,814	\$ 139,651	\$ 325,189

NOTE 8- RISK MANAGEMENT

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

NOTE 9 - RESTRICTED RESOURCES

The City's net position is subject to restrictions described as follows:

- Bond covenants require the City to establish bank accounts which serve as debt service and depreciation reserves. Funds may be disbursed from these accounts only under specific circumstances described by the bond covenants.
- Certain sales taxes proceeds are available only for capital projects and the acquisition of equipment.
- The City has received funds subject to the requirement that these resources be used only to promote economic development.

NOTE 10 - PENSION PLANS:

Substantially all City employees are members of statewide retirement systems. These systems are cost-sharing, multiple-employer defined benefit pension plans administered by separate boards of trustees. A summary of amounts reported in connection with participation in these plans is summarized as follows:

City of Pineville

Notes To Financial Statements

June 30, 2018

	<u>Net Pension Liability</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Municipal Employees' Retirement System	\$ 4,365,525	\$ 1,706,388	\$ 118,934
Firefighters' Retirement System of Louisiana	6,070,785	1,442,170	986,959
Municipal Police Employees' Retirement System of Louisiana	<u>8,157,272</u>	<u>2,073,312</u>	<u>361,341</u>
Total	18,593,582	5,221,871	1,467,234
Portion Applicable to Business Type Activities	<u>1,423,599</u>	<u>566,520</u>	<u>39,486</u>
Portion Applicable to Government Type Activities	<u>\$ 17,169,983</u>	<u>\$ 4,655,351</u>	<u>\$ 1,427,748</u>

Further information regarding each of the retirement systems presented above is furnished as follows:

Municipal Employees' Retirement System of Louisiana:

Plan Description -The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. All employees of the City participating in the retirement system are members of Plan B. All permanent employees working at least 35 hours per week who are not covered by another pension plan and are paid wholly or in part from municipal funds and all elected municipal officials are eligible to participate in the System. Under Plan B, employees who retire at or after age 60 with at least 10 years of creditable service, at or after age 55 with at least 30 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 2 percent of their final-average monthly salary in excess of \$100 for each year of creditable service. Furthermore, employees with at least 10 years of creditable service, but less than 30 years may take early retirement benefits commencing at or after age 60, with the basic benefit reduced 3 percent for each year retirement precedes age 62. In any case, monthly retirement benefits paid under Plan B cannot exceed 100 percent of final-average salary. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established by state statute.

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

Financial Summary – The plan description, funding policies and financial information provides a summary of the Plan provisions and finances. For additional details, the System issues an annual publicly available stand-alone financial report. The financial report includes information about the plan's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fiduciary net position. The report can be obtained on the internet at mersla.com. The plans net pension liability was determined at June 30, 2017 (measurement date and actuarial valuation date) and details are provided as follows:

City of Pineville

Notes To Financial Statements

June 30, 2018

Net Pension Liability	\$ 86,523,279
City's Proportionate Share (Percentage)	5.05 %
City's Proportionate Share (Amount)	<u>\$ 4,365,525</u>

The net pension liability presented above was not affected by any special funding situations. Changes in the City's proportionate share of Plan's net pension liability during the measurement period ending June 30, 2017 are provided as follows:

Beginning Net Pension Liability		\$ 4,111,470
Employer Contributions		(413,092)
<u>Pension Expense</u>		
Proportionate Share of Plan Pension Expense	840,471	
Changes in Benefit Terms	---	
Employee Contributions	<u>(125,618)</u>	714,853
Change in Deferred Outflows of Resources		(75,733)
Change in Deferred Inflows of Resources		<u>28,027</u>
Ending Net Pension Liability		<u>\$ 4,365,525</u>

There were no changes between June 30, 2018 and the Plan's measurement date that are expected to have a significant effect on the City's proportionate share of the collective net pension liability. Balances presented as deferred outflows of resources and deferred inflows of resources reported in connection with participation in the plan are presented as follows:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Net</u>
Differences Between Expected and Actual Experience	\$ 22,869	\$ 94,770	\$ (71,901)
Net Difference Between Projected and Actual Investment			
Earnings on Pension Plan Investments	919,796	---	919,796
Changes of Assumptions	192,218	---	192,218
Changes in Proportion	41,723	24,164	17,559
Employer Contributions Made After the Measurement Date	<u>529,783</u>	<u>----</u>	<u>529,783</u>
Total Deferrals	1,706,389	118,934	1,587,455
Deferrals That Will be Recorded as a Reduction in Net Pension Liability in the Subsequent Reporting Period	<u>529,783</u>	<u>----</u>	<u>529,783</u>
Deferrals Subject to Amortization	<u>\$ 1,176,606</u>	<u>\$ 118,934</u>	<u>\$ 1,057,672</u>

Deferrals that will be amortized as a component of pension expense in future periods are summarized as follows:

<u>For the Year Ending:</u>	
June 30, 2018	\$ 400,663
June 30, 2019	400,198
June 30, 2020	215,431
June 30, 2021	41,380
Total	<u>\$ 1,057,672</u>

City of Pineville

Notes To Financial Statements

June 30, 2018

Valuation Date	June 30, 2017
Actuarial Cost Method	Entry Age Normal Cost
Actuarial Assumptions: Investment Rate of Return	7.4%
Projected Salary Increases	5.00% (2.775% Inflation, 5% Inflation and Merit)
Mortality Rates	RP-2000 Disabled Lives Mortality Table for employees (set back 5 years for males and set back 3 years for males) RP-2000 Healthy Annuitant Sex Distinct Table for healthy annuitants (set forward 2 years for males and 1 year for females projected to 2028 using scale AA.) RP-2000 Disabled Lives Mortality Tables for disabled annuitants (set back 5 years for males and 3 years for females)
Expected Remaining Service Lives	3 years for Plan A and 4 years for Plan B
Cost of Living Adjustments	The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost of living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees.

Best estimates of arithmetic real rates of return for each major asset class included in the System's target asset allocation as of June 30, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-Term Expected Portfolio Real Rate of Return</u>
Public Equity	50%	2.30%
Public Fixed Income Alternatives	35%	1.60%
Totals	15%	0.70%
	<u>100%</u>	<u>4.60%</u>
Inflation		<u>2.60%</u>
Expected Arithmetic Nominal Return		<u>7.20%</u>

The discount rate used to measure the total pension liability was 7.4%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates approved by PRSAC taking into consideration the recommendation of the System's actuary. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity to changes in the discount has been determined by measuring net pension liability at a discount rate that is one percentage point lower and one percentage point higher than the current rate. The results are presented as follows:

City of Pineville

Notes To Financial Statements

June 30, 2018

	1% Decrease 6.4% Discount Rate	Current Discount Rate 7.4%	1% Increase 8.4 % Discount
Net Pension Liability	\$ 5,648,499	\$ 4,365,525	\$ 3,270,685

Firefighters' Retirement System of Louisiana

Plan Description – Membership in the Louisiana Firefighters' Retirement System is mandatory for all full-time firefighters employed by a municipality, parish or fire protection district that did not enact an ordinance before January 1, 1980, exempting itself from participation in the System. Employees are eligible to retire at or after age 55 with at least 12 years of creditable service or at or after age 50 with at least 20 years of creditable service. Upon retirement, members are entitled to a retirement benefit, payable monthly for life, equal to 3^{1/3} percent of their final-average salary for each year of creditable service, not to exceed 100 percent of their final-average salary. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least 12 years of service and do not withdraw their employee contributions may retire at or after age 55 (or at or after age 50 with at least 20 years of creditable service at termination) and receive the benefit accrued to their date of termination. The system also provides death and disability benefits. Benefits are established or amended by state statute.

Funding Policy – Plan members are required by state statute to contribute 10.0 percent of their annual covered salary and the City is required to contribute at an actuarially determined rate. The contribution requirements of plan members and the City are established and may be amended by state statute. As proved by state law, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The City's contributions to the plan were equal to the required contributions for the year.

Financial Summary – The plan description, funding policies and financial information provides a summary of the Plan provisions and finances. For additional details, the System issues an annual publicly available stand-alone financial report. The financial report includes information about the plan's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fiduciary net position. The report can be obtained on the internet at lafirefightersret.com. The plans net pension liability was determined at June 30, 2016 (measurement date and actuarial valuation date) and details are provided as follows:

Net Pension Liability	\$ 573,184,908
City's Proportionate Share (Percentage)	1.06%
City's Proportionate Share (Amount)	<u>\$ 6,070,785</u>

The net pension liability presented above was not affected by any special funding situations. Changes in the City's proportionate share of Plan's net pension liability during the measurement period ending June 30, 2017 are provided as follows:

Beginning Net Pension Liability		\$ 7,202,065
Employer Contributions		(625,857)
Pension Expense		
Proportionate Share of Plan Pension Expense	890,697	
Changes in Benefit Terms	---	
Employee Contributions	(268,074)	622,623
Change in Deferred Outflows of Resources		(1,016,791)
Change in Deferred Inflows of Resources		<u>(111,255)</u>
Ending Net Pension Liability		<u>\$ 6,070,785</u>

City of Pineville

Notes To Financial Statements

June 30, 2018

There were no changes between June 30, 2018 and the Plan's measurement date that are expected to have a significant effect on the City's proportionate share of the collective net pension liability. Balances presented as deferred outflows of resources and deferred inflows of resources reported in connection with participation in the plan are presented as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net
Differences Between Expected and Actual Experience	\$ ---	\$ 338,549	\$ (338,549)
Net Difference Between Projected and Actual Investment			
Earnings on Pension Plan Investments	522,263	----	522,263
Changes of Assumptions	253,913	1,448	252,465
Changes in Proportion	----	646,962	(646,962)
Employer Contributions Made After the Measurement Date	665,994	-----	665,994
Total Deferrals	1,442,170	986,959	455,211
Deferrals That Will be Recorded as a Reduction in Net Pension Liability in the Subsequent Reporting Period	665,994	----	665,994
Deferrals Subject to Amortization	\$ 776,176	\$ 986,959	\$ (210,783)

Deferrals that will be amortized as a component of pension expense in future periods are summarized as follows:

<u>For the Year Ending:</u>	
June 30, 2018	\$ 1,957
June 30, 2019	156,537
June 30, 2020	(75,174)
June 30, 2021	(274,956)
June 30, 2022	(52,335)
Thereafter	(16,812)
Total	\$ (210,783)

A summary of the actuarial methods and assumptions used in determining the total pension liability as of the measurement date are as follows:

Valuation Date	June 30, 2016
Actuarial Cost Method	Entry Age Normal Cost
Expected Remaining Service Lives	7 Years
Investment Rate of Return	7.4% per annum
Inflation Rate	2.775% per annum
Projected Salary Increases	Vary from 15.0% in the first two years of service to 4.75% after 25 years.
Cost of Living Adjustments	Only those previously granted

The estimated long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation

City of Pineville

Notes To Financial Statements

June 30, 2018

percentage and by adding expected inflation. The long term expected nominal rate of return was 8.29% as of June 30, 2017.

Best estimates of real rates of return for each major asset class included in FRS' target asset allocation as of June 30, 2017 are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Target Asset Allocation</u>	<u>Expected Portfolio Real Rate of Return</u>
U.S. Equity	27.00%	6.15%
Non-U.S. Equity	20.00%	7.45%
Global Equity	10.00%	6.85%
Fixed Income	23.00%	2.04%
Real Estate	6.00%	4.62%
Private Equity	4.00%	8.73%
Global Tactical Asset Allocation	5.00%	4.40%
Risk Parity	5.00%	4.79%
Totals	100.00%	

The discount rate used to measure the total pension liability was 7.4%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates approved by PRSAC taking into consideration the recommendation of the System's actuary. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The mortality rate assumption used was set based upon an experience study performed on plan data for the period July 1, 2009 through June 30, 2014. The data was then assigned credibility weighting and combined with a standard table to produce current levels of mortality. This mortality was then projected forward to a period equivalent to the estimated duration of the System's liabilities. Annuity values calculated based on this mortality were compared to those produced by using a setback of standard tables. The result of the procedure indicated that the tables used would produce liability values approximating the appropriate generational mortality tables.

Sensitivity to changes in the discount has been determined by measuring net pension liability at a discount rate that is one percentage point lower and one percentage point higher than the current rate. The results are presented as follows:

	1% Decrease 6.4% Discount Rate	Current Discount Rate 7.4%	1% Increase 8.4 % Discount
Net Pension Liability	\$ 8,723,483	\$ 6,070,785	\$ 3,840,810

Municipal Police Employees' Retirement System of Louisiana

Plan Description - All full-time police department employees engaged in law enforcement are eligible to participate in the System. Employees who retire at or after age 50 with at least 20 years of creditable service or at or after age 55 with at least 12 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 percent of their final-average salary for each year of creditable service. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified previously and receive the benefit

City of Pineville

Notes To Financial Statements

June 30, 2018

accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

Funding Policy - Plan members are required by state statute to contribute 10.0 percent of their annual covered salary and the City is required to contribute at an actuarially determined rate. The contribution requirements of plan members and the City are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The City's contributions to the plan were equal to the required contributions for the year.

Financial Summary – The plan description, funding policies and financial information provides a summary of the Plan provisions and finances. For additional details, the System issues an annual publicly available stand-alone financial report available on the internet at www.lampers.org. The financial report includes information about the plan's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fiduciary net position. The report can be obtained on the internet at lampers.org. The plans net pension liability was determined at June 30, 2017 (measurement date and actuarial valuation date) and details are provided as follows:

Net Pension Liability	\$ 873,042,303
City's Proportionate Share (Percentage)	0.934%
City's Proportionate Share (Amount)	<u>\$ 8,157,271</u>

The net pension liability presented above was not affected by any special funding situations. Changes in the City's proportionate share of Plan's net pension liability during the measurement period ending June 30, 2017 are provided as follows:

Beginning Net Pension Liability	\$ 9,108,298
Employer Contributions	(886,204)
<u>Pension Expense</u>	
Proportionate Share of Plan Pension Expense	994,836
Changes in Benefit Terms	---
Employee Contributions	<u>(178,369)</u>
Change in Deferred Outflows of Resources	(900,776)
Change in Deferred Inflows of Resources	<u>19,486</u>
Ending Net Pension Liability	<u>\$ 8,157,271</u>

There were no changes between June 30, 2018 and the Plan's measurement date that are expected to have a significant effect on the City's proportionate share of the collective net pension liability. Balances presented as deferred outflows of resources and deferred inflows of resources reported in connection with participation in the plan are presented as follows:

City of Pineville

Notes To Financial Statements

June 30, 2018

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net
Differences Between Expected and Actual Experience	\$ 53,413	\$ 62,698	\$ (9,285)
Net Difference Between Projected and Actual Investment			
Earnings on Pension Plan Investments	357,095	----	357,095
Changes of Assumptions	580,435	----	580,435
Changes in Proportion	94,682	298,643	(203,961)
Employer Contributions Made After the Measurement Date	<u>987,687</u>	<u>-----</u>	<u>987,687</u>
 Total Deferrals	 2,073,312	 361,341	 1,711,971
Deferrals That Will be Recorded as a Reduction in Net Pension Liability in the Subsequent Reporting Period	<u>987,687</u>	<u>-----</u>	<u>987,687</u>
 Deferrals Subject to Amortization	 <u>\$ 1,085,625</u>	 <u>\$ 361,341</u>	 <u>\$ 724,284</u>

Deferrals that will be amortized as a component of pension expense in future periods are summarized as follows:

<u>For the Year Ending:</u>	
June 30, 2018	\$ 235,712
June 30, 2019	460,115
June 30, 2020	219,856
June 30, 2021	(191,399)
 Total	 <u>\$ 724,284</u>

A summary of the actuarial methods and assumptions used in determining the total pension liability as of the measurement date are as follows:

Valuation Date	June 30, 2017	
Actuarial Cost Method	Entry Age Normal Cost	
Investment Rate of Return	7.325% per annum	
Expected Remaining Service Lives	4 Years	
Inflation Rate	2.70% per annum	
Projected Salary Increases Including Inflation and Merit	<u>Years of Service</u>	<u>Salary Growth Rate</u>
	1 - 2	9.75%
	3 - 23	4.75%
	23 & Over	4.25%

The best estimates of the arithmetic nominal rates of return for each major asset class included in the System's target allocation as of June 30, 2017 are summarized in the following table:

City of Pineville

Notes To Financial Statements

June 30, 2018

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Portfolio Real Rate of Return</u>
Equity	53%	3.66%
Fixed Income	21%	0.52%
Alternatives	20%	1.10%
Other	6%	0.16%
Totals	100%	5.44%
Inflation		2.75%
Expected Arithmetic Nominal Return		8.19%

The discount rate used to measure the total pension liability was 7.325%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates approved by PRSAC taking into consideration the recommendation of the System's actuary. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The mortality rate assumption used was set based upon an experience study performed by the prior actuary on plan data for the period July 1, 2009 through June 30, 2014 and review of similar law enforcement mortality. The data was then assigned credibility weighting and combined with a standard table to produce current levels of mortality. This mortality was then projected forward to a period equivalent to the estimated duration of the System's liabilities. Annuity values calculated based on this mortality were compared to those produced by using a setback of standard tables. The result of the procedure indicated that the tables used would produce liability values approximating the appropriate generational mortality tables

Sensitivity to changes in the discount has been determined by measuring net pension liability at a discount rate that is one percentage point lower and one percentage point higher than the current rate. The results are presented as follows:

	<u>1% Decrease 6.325% Discount Rate</u>	<u>Current Discount Rate 7.325%</u>	<u>1% Increase 8.325% Discount</u>
Net Pension Liability	\$ 11,270,056	\$ 8,157,271	\$ 5,545,868

NOTE 11 – INTERNAL BALANCES

Details related to internal balances are presented as follows:

<u>Governmental Activities</u>	<u>Receivable (Payable)</u>	<u>Purpose</u>
General	\$ (304,049)	Various funds deposit cash into a single bank account and money is disbursed from the account on behalf of these funds. This commingling of resources results in interfund receivables and payables.
Capital Improvements	6,321,968	
1% Dedicated Sales Tax	(329,441)	
Non-major Governmental Funds	(178,700)	
	<u>\$ 5,509,778</u>	

City of Pineville

Notes To Financial Statements

June 30, 2018

<u>Business-Type Activities</u>	<u>Receivable (Payable)</u>	<u>Purpose</u>
Utility	\$ (4,627,915)	Various funds deposit cash into a single bank account and money is disbursed from the account on behalf of these funds. This commingling of resources results in interfund receivables and payables.
Sanitation	(996,565)	
Non-major	114,702	
	<u>\$ (5,509,778)</u>	

NOTE 12 - TRANSFERS

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

	<u>Governmental Activities</u>				<u>Total</u>
	<u>General Fund</u>	<u>Dedicated 1% Sales Tax</u>	<u>Capital Improve- ments</u>	<u>Other</u>	
<u>Transfers In</u>					
Transfers of resources from restricted funds to reimburse other funds for expenditures satisfying the restrictions.	\$ 3,031,616	\$ ----	\$ 2,067,566	\$ 53,908	\$ 5,153,090
Transfer excess utility revenues to the general fund.	3,400,000	----	----	----	3,400,000
Total Transfers In	<u>6,431,616</u>	<u>----</u>	<u>2,067,566</u>	<u>53,908</u>	<u>8,553,090</u>
<u>Transfers Out</u>					
Transfers of resources from restricted funds to reimburse other funds for expenditures satisfying the restrictions.	----	4,135,132	259,307	964,050	5,358,489
Net Transfers	<u>\$ 6,431,616</u>	<u>\$ (4,135,132)</u>	<u>\$ 1,808,259</u>	<u>\$ (910,142)</u>	<u>\$ 3,194,601</u>

	<u>Business-Type Activities</u>			
	<u>Utility System</u>	<u>Sanitation</u>	<u>Other</u>	<u>Total</u>
<u>Transfers In</u>				
Transfers of resources from restricted funds to reimburse other funds for expenditures satisfying the restrictions.	\$ 158,978	\$ ----	\$ 46,421	\$ 205,399
<u>Transfers Out</u>				
Transfer excess utility revenues to the general fund.	2,800,000	600,000	----	3,400,000
Net Transfers	<u>\$ (2,641,022)</u>	<u>\$ (600,000)</u>	<u>\$ 46,421</u>	<u>\$ (3,194,601)</u>

City of Pineville

Notes To Financial Statements

June 30, 2018

NOTE 13 – CONTINGENCIES:

Existing conditions that may have financial consequences are referred to as contingencies. Contingencies existing at June 30, 2018 are described as follows:

Litigation:

Like most governmental units with extensive and diverse operations, the City is occasionally named as a defendant in litigation. Based on consultation with City Attorney, the ultimate outcome of litigation that is pending or anticipated cannot be estimated at the present time; however, exposure to losses are expected to be limited to the deductible provisions of insurance policies.

Grant Compliance:

The City receives state and federal assistance through various grant programs. Management is confident that all significant grant conditions have been met; however, grantor agencies routinely review grant activity and could request reimbursement if a dispute occurs regarding compliance with grant conditions.

Economic Development Cooperative Endeavor:

As discussed in Note 15, the City is obligated to refund a portion of its sales tax receipts if certain criteria are met. At the present time, it has not been determined whether the applicable refund criteria will be met for the current year. However, in order to provide for the probability that the criteria will be met, a liability in the amount of \$126,323 has been recorded.

NOTE 14 – POSTEMPLOYMENT HEALTH CARE AND LIFE INSURANCE BENEFITS

General Information about the OPEB Plan

Plan description – The City of Pineville (the City) provides certain continuing health care and life insurance benefits for its retired employees. The City of Pineville’s OPEB Plan (the OPEB Plan) is a single-employer defined benefit OPEB plan administered by the City. The authority to establish and/or amend the obligation of the employer, employees and retirees rests with the City. No assets are accumulated in a trust that meets the criteria in Governmental Accounting Standards Board (GASB) Codification Section P52 *Postemployment Benefits Other Than Pensions—Reporting For Benefits Not Provided Through Trusts That Meet Specified Criteria—Defined Benefit*.

Benefits Provided – Medical benefits are provided through a self-insured medical plan and are made available to employees upon actual retirement. The employees are covered by one of four retirement systems: the Municipal Employees' Retirement System of Louisiana, the Firefighters' Retirement System of Louisiana, the Municipal Police Retirement System of Louisiana, and the Louisiana State Employees' Retirement System (LASERS). The retirement eligibility (D.R.O.P. entry) provisions of these systems are similar and since we did not have the identity of the system in which each active employee participates, we have assumed a composite retirement (D.R.O.P. entry) eligibility as follows: 25 years of service at any age; or, age 60 and 15 years of service.

Employees covered by benefit terms – At June 30, 2018, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	48
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	217
	<hr/>
	265

Total OPEB Liability

The City’s total OPEB liability of \$15,137,260 was measured as of June 30, 2018 and was determined by an actuarial valuation as of that date.

City of Pineville

Notes To Financial Statements

June 30, 2018

Actuarial Assumptions and other inputs – The total OPEB liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.5%
Salary increases	3.0%, including inflation
Prior Discount rate	3.52%
Discount Rate	3.87% annually
Healthcare cost trend rates	Flat 5.5% annually

The discount rate was based on the average of the Bond Buyers' 20 Year General Obligation municipal bond index as of June 30, 2018, the end of the applicable measurement period. Mortality rates were based on the RP-2000 Table without projection with 50%/50% unisex blend. The actuarial assumptions used in the June 30, 2018 valuation were based on the results of ongoing evaluations of the assumptions from July 1, 2009 to June 30, 2018.

Changes in Total OPEB Liability

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Balances at June 30, 2017	\$ 12,204,862	\$ 2,245,448	\$ 14,450,310
Changes for the year:			
Service Cost	355,026	66,211	421,237
Interest	485,066	90,463	575,529
Differences between expected and actual experience	649,997	121,222	771,219
Changes in Assumptions	(590,095)	(110,051)	(700,146)
Benefit payments and net transfers	(321,021)	(59,868)	(380,889)
Net Changes	<u>578,973</u>	<u>107,977</u>	<u>686,950</u>
Balance at June 30, 2018	<u>\$ 12,783,835</u>	<u>\$ 2,353,425</u>	<u>\$ 15,137,260</u>

Sensitivity of the total OPEB liability to changes in the discount rate – The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.87%) or 1-percentage-point higher (4.87%) than the current discount rate:

	1.0% Decrease (2.87%)	Current Discount Rate (3.87%)	1.0% Increase (4.87%)
Total OPEB liability	\$ 17,383,501	\$ 15,137,260	\$ 13,309,082

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates – The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (4.5%) or 1-percentage-point higher (6.5%) than the current healthcare trend rates:

	1.0% Decrease (4.5%)	Current Trend (5.5%)	1.0% Increase (6.5%)
Total OPEB liability	\$ 12,703,747	\$ 15,137,260	\$ 16,596,485

OPEB Expense and Deferred Outflows and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2018, the City recognized OPEB expense of \$1,000,714. At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

City of Pineville

Notes To Financial Statements

June 30, 2018

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 728,374	\$ —
Changes in assumptions		(661,249)
Total	<u>\$ 728,374</u>	<u>\$ (661,249)</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>For the Year Ending:</u>	
June 30, 2019	\$ 3,949
June 30, 2020	3,949
June 30, 2021	3,949
June 30, 2022	3,949
June 30, 2023	3,949
Thereafter	<u>47,380</u>
Total	<u>\$ 67,125</u>

NOTE 15 – ECONOMIC DEVELOPMENT

In order to enhance the local economy, the City has entered into a cooperative endeavor agreement with a major retailer. Under the terms of this arrangement, the retailer has established a facility in the City of Pineville. In exchange for the benefits accruing to the City as a result of the facility, the City has agreed to reimburse a portion of the sales taxes generated by the facility; however, reimbursements are required only if certain conditions are fulfilled. The potential reimbursement is limited to forty percent (40%) of the sales taxes generated by the facility over a period of ten (10) years. Furthermore, the total amount that may be reimbursed under this arrangement is limited to \$2,000,000, with installments scheduled to begin 13 months after the opening of the facility.

NOTE 16 – ON BEHALF PAYMENTS

The State of Louisiana provides supplemental pay for public safety employees that meet certain requirements. Amounts reported as revenue and expenditures in connection with State Supplemental Pay are presented as follows:

Police Department	\$ 351,693
Fire Department	310,386
Total	<u>\$ 662,079</u>

NOTE 17 – CHANGE IN ACCOUNTING PRINCIPLE

The Governmental Accounting Standards Board (GASB) has adopted new standards for Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. The new standards require the City adopt changes retroactively by recording the cumulative effect on beginning net position. The impact on change in net position from adopting the new standards is summarized as follows:

City of Pineville

Notes To Financial Statements

June 30, 2018

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Change in Net Position, Prior to Adopting GASB 75	\$ 807,836	\$ (1,840,403)	\$ (1,032,567)
Effect of Adopting GASB 75	<u>(522,399)</u>	<u>(97,426)</u>	<u>(619,825)</u>
Change in Net Position	<u>\$ 285,437</u>	<u>\$ (1,937,829)</u>	<u>\$ (1,652,392)</u>

It was not possible to present pro forma amounts for the previous year because information necessary to determine the impact of the change in net position for the previous year was not available.

City of Pineville

General Fund

Statement of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual - Year Ended June 30, 2018

	Budget Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues:				
Taxes:				
Ad Valorem	\$ 580,000	\$ 567,600	\$ 569,999	\$ 2,399
Sales	6,915,000	6,845,100	6,863,561	18,461
Licenses & Permits:				
Franchise Fees	957,000	1,031,600	976,399	(55,201)
Occupational Licenses	629,500	632,200	650,581	18,381
Other	24,900	26,000	22,674	(3,326)
Intergovernmental	908,000	771,800	1,068,331	296,531
Fines and Forfeitures	504,100	527,400	483,575	(43,825)
Other	311,900	371,800	345,502	(26,298)
Total revenues	10,830,400	10,773,500	10,980,622	207,122
General Government:				
Current:				
General Government				
Judicial				
City Court	308,400	310,700	317,730	(7,030)
City Marshal	416,900	400,700	383,691	17,009
Executive	318,800	336,600	332,683	3,917
Finance & Administrative	1,140,700	1,165,900	1,317,471	(151,571)
Public Safety				
Police Department	5,970,160	6,200,200	6,213,331	(13,131)
Fire Department	4,579,200	4,685,100	4,680,055	5,045
Public Works				
Administration	649,250	718,600	685,984	32,616
City Shop	246,650	243,200	238,663	4,537
Street Maintenance	601,800	611,500	614,293	(2,793)
Drainage Maintenance	497,220	529,300	517,996	11,304
Building Maintenance	219,350	221,900	220,871	1,029
Beautification	276,350	273,800	264,229	9,571
Health & Welfare (Impounding)	169,950	179,800	178,233	1,567
Economic Development	-	-	-	-
Culture & Recreation				
Recreation Department	413,100	642,100	630,780	11,320
Community Services	633,750	744,300	743,464	836
Special Events	89,550	141,000	62,250	78,750
Debt Service	-	-	-	-
Total expenditures	16,531,130	17,404,700	17,401,724	2,976

City of Pineville

General Fund

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

Budget and Actual - Year Ended June 30, 2018

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Excess (Deficiency) of				
Revenues Over Expenditures	(5,700,730)	(6,631,200)	(6,421,102)	210,098
<u>Other Financing Sources (Uses):</u>				
Operating Transfers In	5,514,000	5,639,500	6,431,616	792,116
Operating Transfers Out	-	-	-	-
Excess (Deficiency) of				
Revenues and Other Sources				
Over Expenditures and Other				
Uses	(186,730)	(991,700)	10,514	1,002,214
Fund Balance (Deficit) -				
Beginning of Year	<u>726,140</u>	<u>726,140</u>	<u>726,140</u>	<u>-</u>
Fund Balance (Deficit) -				
End of Year	<u>\$ 539,410</u>	<u>\$ (265,560)</u>	<u>\$ 736,654</u>	<u>\$ 1,002,214</u>

City of Pineville

Dedicated 1% Sales Tax Fund

Statement of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual - Year Ended June 30, 2018

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>Revenues:</u>				
Sales Taxes	\$ 4,422,000	\$ 4,131,400	\$ 4,135,132	\$ 3,732
Other	-	-	-	-
Total revenues	<u>4,422,000</u>	<u>4,131,400</u>	<u>4,135,132</u>	<u>3,732</u>
<u>General Government:</u>				
Current	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over Expenditures	4,422,000	4,131,400	4,135,132	3,732
<u>Other Financing Sources (Uses):</u>				
Operating Transfers Out	<u>(4,422,000)</u>	<u>(4,131,400)</u>	<u>(4,135,132)</u>	<u>(3,732)</u>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	-	-	-	-
Fund Balance (Deficit) - Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance (Deficit) - End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

City of Pineville

Schedule of Changes in Net OPEB Liability Retiree Healthcare Plan

	For the Year Ended June 30, 2018
<u>Total OPEB Liability</u>	
Beginning Balance	\$ 14,450,310
Service Cost	421,237
Interest	575,529
Differences Between expected and actual experience	771,219
Changes in Assumptions	(700,146)
Benefit Payments	<u>(380,889)</u>
Ending Balance	<u><u>15,137,260</u></u>
<u>Fiduciary Net Position</u>	
Beginning Balance	-
Employer Contributions	380,889
Benefit Payments	<u>(380,889)</u>
Ending Balance	<u>-</u>
Net OPEB Liability	<u><u>\$ 15,137,260</u></u>
Fiduciary Net Position as a Percentage of the Total OPEB Liability	0.0%
Covered Payroll	7,626,986
Net OPEB Liability as a Percentage of Covered Payroll	198.5%

This schedule is intended to fulfill requirements to present information for a period of 10 years. However, until a full 10 year trend has been compiled, information is presented only for the years for which the required information is available.

There are no assets accumulated in a trust that meets criteria established by Governmental Accounting Standards to pay related benefits. In addition, there are no known factors that can be expected to significantly effect the amounts reported.

City of Pineville

Schedule of Net Pension Liability Data Cost Sharing Retirement Systems

Retirement System / Measurement Date	Share of Collective		Covered Payroll	Net Pension Liability as a Percentage of Covered Payroll	Pension Plans Fiduciary Net Position as a Percentage of Total Pension Liability
	Net Pension Liability				
	Percent	Amount			
Municipal Employees' Retirement System					
June 30, 2014	5.13%	2,408,581	3,213,600	74.9%	76.9%
June 30, 2015	4.95%	3,361,045	3,948,863	85.1%	68.7%
June 30, 2016	4.96%	4,111,470	3,485,307	118.0%	63.3%
June 30, 2017	5.05%	4,365,525	3,943,859	110.7%	63.5%
Firefighters's Retirement System					
June 30, 2014	1.17%	5,227,669	2,430,602	215.1%	76.0%
June 30, 2015	1.14%	6,135,852	2,312,995	265.3%	72.4%
June 30, 2016	1.10%	7,202,065	2,578,258	279.3%	68.2%
June 30, 2017	1.06%	6,070,785	2,514,975	241.4%	73.5%
Municipal Police Employees' Retirement System					
June 30, 2014	0.99%	6,192,420	2,726,632	227.1%	75.1%
June 30, 2015	0.95%	7,413,585	2,722,695	272.3%	70.7%
June 30, 2016	0.97%	9,108,298	2,797,770	325.6%	66.0%
June 30, 2017	0.93%	8,157,271	3,192,983	255.5%	70.1%

Notes to Schedule:

At the present time, management has not identified any factors that are expected to significantly affect trends in the amounts reported above.

City of Pineville

Schedule of Employer Contributions Cost Sharing Retirement Systems

Retirement System / Fiscal Year Ending	Statutorily Required Employer Contributions	Contributions Recognized By the Pension Plan	Difference Between Required and Recognized Contributions	Covered Payroll	Contributions Recognized as a Percentage of Covered Payroll
Municipal Employees' Retirement System					
June 30, 2014	305,292	314,657	(9,365)	3,213,600	9.79%
June 30, 2015	375,142	325,892	49,250	3,948,863	8.25%
June 30, 2016	419,984	346,199	73,785	3,485,307	9.93%
June 30, 2017	411,955	413,092	(1,137)	3,943,859	10.47%
Firefighters's Retirement System					
June 30, 2014	678,774	686,645	(7,871)	2,430,602	28.25%
June 30, 2015	676,551	707,739	(31,188)	2,312,995	30.60%
June 30, 2016	653,455	677,577	(24,122)	2,578,258	26.28%
June 30, 2017	624,671	625,857	(1,186)	2,514,975	24.89%
Municipal Police Employees' Retirement System					
June 30, 2014	814,226	845,256	(31,030)	2,726,632	31.00%
June 30, 2015	803,195	797,993	5,202	2,722,695	29.31%
June 30, 2016	918,003	803,861	114,142	2,797,770	28.73%
June 30, 2017	885,613	886,204	(591)	3,192,983	27.75%

Notes to Schedule:

At the present time, management has not identified any factors that are expected to significantly affect trends in the amounts reported above.

City of Pineville

Combining Balance Sheet Non Major Governmental Funds June 30, 2018

	<u>Economic Development</u>		<u>Dedicated 10</u>	<u>Cemetery</u>	<u>Court</u>	<u>Series 2001 A</u>	<u>Asset</u>	<u>LCDBG</u>	<u>Total</u>
	<u>Hotel</u>	<u>Utility</u>	<u>Mill Ad</u>		<u>Witness Fees</u>		<u>Forfeiture</u>		<u>Non Major</u>
	<u>Motel Tax</u>	<u>Franchise</u>	<u>Valorem Tax</u>	<u>Fund</u>					<u>Funds</u>
Assets									
Cash and Cash Equivalents	\$ 474,657	\$ -	\$ 11,215	\$ 73,232	\$ -	\$ -	\$ -	\$ 111,019	\$ 670,123
Receivables (net)	-	-	-	-	-	-	-	-	-
Interfund Receivables	-	155,000	17,403	-	28,786	-	5,586	-	206,775
Restricted cash	-	-	-	-	-	-	-	-	-
Other Assets	-	-	-	-	-	-	-	-	-
Total assets	<u>\$ 474,657</u>	<u>\$ 155,000</u>	<u>\$ 28,618</u>	<u>\$ 73,232</u>	<u>\$ 28,786</u>	<u>\$ -</u>	<u>\$ 5,586</u>	<u>\$ 111,019</u>	<u>\$ 876,898</u>
Liabilities and Fund Balance									
<u>Liabilities</u>									
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
Interfund Payables	262,265	-	-	238	-	-	-	122,972	385,475
Total liabilities	<u>262,265</u>	<u>-</u>	<u>-</u>	<u>238</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>122,972</u>	<u>385,475</u>
<u>Fund Balance</u>									
Restricted For:									
Economic Development	212,392	155,000	-	-	-	-	-	-	367,392
Other Special Purposes	-	-	28,618	72,994	28,786	-	5,586	(11,953)	124,031
Unassigned	-	-	-	-	-	-	-	-	-
Total Fund Balances	<u>212,392</u>	<u>155,000</u>	<u>28,618</u>	<u>72,994</u>	<u>28,786</u>	<u>-</u>	<u>5,586</u>	<u>(11,953)</u>	<u>491,423</u>
Total Liabilities and Fund Balance									
Balance	<u>\$ 474,657</u>	<u>\$ 155,000</u>	<u>\$ 28,618</u>	<u>\$ 73,232</u>	<u>\$ 28,786</u>	<u>\$ -</u>	<u>\$ 5,586</u>	<u>\$ 111,019</u>	<u>\$ 876,898</u>

City of Pineville

Combining Statement of Revenues, Expenditures and Changes in Fund Balance Non Major Governmental Funds - Year Ended June 30, 2018

	Economic Development		Dedicated 10				Asset		Total
	Hotel	Utility	Mill Ad	Cemetery	Court		Forfeiture	LCDBG	Non Major
	Motel Tax	Franchise	Valorem Tax	Fund	Witness Fees	Series 2001 A			Funds
Revenues:									
Ad Valorem Taxes	\$ -	\$ -	\$ 974,325	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 974,325
Intergovernmental	222,535	-	-	-	-	-	-	-	222,535
Licenses & Permits:									
Franchise Fees	-	-	-	-	-	-	-	-	-
Other	5,760	-	6,786	359	10,957	-	-	-	23,862
Total Revenues	228,295	-	981,111	359	10,957	-	-	-	1,220,722
Expenditures:									
Current:									
Economic Development	196,385	45,000	-	-	-	-	-	-	241,385
City Court	-	-	-	-	50	-	-	-	50
Health & Welfare	-	-	-	-	-	-	-	-	-
Administrative Expenditures	-	-	-	-	-	-	-	7,342	7,342
Capital Expenditures	-	-	-	-	-	-	-	-	-
Debt Service	-	-	-	-	-	53,908	-	-	53,908
Total Expenditures	196,385	45,000	-	-	50	53,908	-	7,342	302,685
Excess (Deficiency) of									
Revenues Over Expenditures	31,910	(45,000)	981,111	359	10,907	(53,908)	-	(7,342)	918,037
Other Financing Sources (Uses):									
Operating Transfers In	-	-	-	-	-	53,908	-	-	53,908
Operating Transfers Out	-	-	(964,050)	-	-	-	-	-	(964,050)
Excess (Deficiency) of									
Revenues and Other Sources									
Over Expenditures and Other									
Uses	31,910	(45,000)	17,061	359	10,907	-	-	(7,342)	7,895
Fund Balance (Deficit)									
Beginning of Year	180,482	200,000	11,557	72,635	17,879	-	5,586	(4,611)	483,528
End of Year	\$ 212,392	\$ 155,000	\$ 28,618	\$ 72,994	\$ 28,786	\$ -	\$ 5,586	\$ (11,953)	\$ 491,423

CITY OF PINEVILLE

Schedule of Compensation Paid to Board Members For the year ended June 30, 2018

Clarence Fields	83,486
Mary Galloway	8,400
Kevin Dorn	8,400
Nathan Martin	8,400
Tom Bouchie	8,400
Christy Frederic	<u>8,400</u>
Total Compensation	<u>\$ 125,486</u>

CITY OF PINEVILLE

***Schedule of Compensation, Benefits and Other Payments
to Agency Head or Chief Executive Officer
For the year ended June 30, 2018***

Agency Head (Mayor) - Clarence Fields

Purpose:

Compensation \$ 83,486

Benefits

Health Insurance 4,718

Payroll Taxes 6,190

Retirement 10,640 21,548

Reimbursements 266

CITY OF PINEVILLE

Summary of Findings and Questioned Response

June 30, 2018

PART I - SUMMARY OF AUDITOR'S RESULTS:

- The Independent Auditor's Report on the financial statements for the City of Pineville as of June 30, 2018 and for the year then ended expressed an unmodified opinion.
- Two acts of noncompliance material to the financial statements of the City of Pineville were disclosed during the audit as listed below.

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

2018-1: Bond Covenant

The City is obligated by agreements with its utility revenue bond holders to charge rates for utility service that are sufficient to fund operations, debt service and transfers out to other funds. Rates in place during the year ended June 30, 2018 were not sufficient to meet these obligations. As a result, the unrestricted net position for the City's utility fund was at a deficit at year end.

2018-2 Credit Card Purchasing

An analysis of credit card charges revealed some questionable transactions described as follows:

- Hotel charges occurred more than a day after the event that necessitated an employee's out of town travel was completed. In addition, based on fuel purchases, it appears that the employee authorized to occupy the hotel room was traveling back to Louisiana at the time the hotel provided services charged to the credit card.
- Charges billed to hotel rooms were approved by individuals that are not employed by the City of Pineville and the business purpose associated with these charges cannot be verified. These charges also included the purchase of alcoholic beverages, which is not considered an appropriate use of public funds.

CITY OF PINEVILLE

Management's Corrective Action Plan

June 30, 2018

SECTION I

INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS.

<u>FINDINGS</u>	<u>RESPONSE</u>
<p><u>2018-1: Bond Covenant</u> The City is obligated by agreements with its utility revenue bond holders to charge rates for utility service that are sufficient to fund operations, debt service and transfers out to other funds. Rates in place during the year ended June 30, 2018 were not sufficient to meet these obligations. As a result, the unrestricted net position for the City's utility fund was at a deficit at year end.</p> <p><u>2018-2 Credit Card Purchases</u> An analysis of credit card charges revealed some questionable transactions described as follows: Hotel charges occurred more than a day after the event that necessitated an employee's out of town travel was completed. In addition, based on fuel purchases, it appears that the employee authorized to occupy the hotel room was traveling back to Louisiana at the time the hotel provided services charged to the credit card. Charges billed to hotel rooms were approved by individuals that are not employed by the City of Pineville and the business purpose associated with these charges cannot be verified. These chares also included the purchase of alcoholic beverages, which is not considered an appropriate use of public funds.</p>	<p><u>2018-1: Response</u> The City is evaluating the necessity of a rate increase in the Utility department. Such an increase is expected to be in effect before the end of the current fiscal year.</p> <p><u>2018-2: Response</u> For employees with access to credit cards, the City will clearly communicate the nature and types of purchases that are appropriate for credit card charges. Documentation supporting credit card charges will be evaluated, and questionable charges will be resolved prior to remitting payment. Whenever charges are found to be inappropriate, the City will implement disciplinary action and collect restitution.</p>

SECTION II

INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS

<u>FINDINGS</u>	<u>RESPONSE</u>
<p>No Findings of this nature.</p>	<p>No response necessary</p>

SECTION III

MANAGEMENT LETTER

<u>FINDINGS</u>	<u>RESPONSE</u>
<p>No Findings of this nature.</p>	<p>No response necessary</p>

CITY OF PINEVILLE

Summary of Prior Year Findings and Questioned Response June 30, 2018

SECTION I INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS.	
<u>FINDINGS</u>	<u>RESPONSE</u>
<p><u>2017-1: Bond Covenant</u> The City is obligated by agreements with its utility revenue bond holders to charge rates for utility service that are sufficient to fund operations, debt service and transfers out to other funds. Rates in place during the year ended June 30, 2017 were not sufficient to meet these obligations. As a result, the unrestricted net position for the City's utility fund was at a deficit at year end.</p> <p><u>2017-2 Recreation Activities</u> In connection with operating its facilities, the City's Recreation Department conducts certain recreation leagues and concession stand activities. Since these operations are conducted in remote locations, the transactions are not subject to the centralized accounting policies and procedures that apply to the City's typical financial activity. In order to resolve this weakness, the City should implement corrective action.</p> <p><u>2017-3: Budget Variances</u> Challenges associated with forecasting sales tax collections resulted in a budget variance of more than 5%. This is a technical matter that is not expected to result in any unfavorable consequences or require detailed corrective action.</p>	<p><u>Unresolved</u> The finding has been repeated as 2018-1. However, a rate crease is expected in the near future, which should resolve this issue.</p> <p><u>2017-2: Resolved</u> Management has implemented corrective action by arranging to transfer responsibility for concession activity to other organizations.</p> <p><u>2017-3: Resolved:</u> All adopted budgets were within required variances in the current year.</p>
SECTION II INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS	
<u>FINDINGS</u>	<u>RESPONSE</u>
<u>No Findings of this nature.</u>	<u>No response necessary</u>
SECTION III MANAGEMENT LETTER	
<u>FINDINGS</u>	<u>RESPONSE</u>
<u>No Findings of this nature.</u>	<u>No response necessary</u>

APPENDIX A
Statewide Agreed-Upon Procedures



**Rozier Harrington
& McKay** | CERTIFIED PUBLIC
ACCOUNTANTS |

Independent Accountant's Report
On Applying Agreed-Upon Procedures

To the City of Pineville and
the Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by the City of Pineville (Entity) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2017 through June 30, 2018. The Entity's management is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated results are presented in the accompanying Schedule of Procedures, Results and Managements' Response.

We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

The purpose of this report is solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

Rozier, Harrington and McKay
Certified Public Accountants
Alexandria, Louisiana
December 21, 2018

City of Pineville

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response

Written Policies and Procedures		
Agreed-Upon Procedure	Results	Managements' Response
<p>1 Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories.</p> <ul style="list-style-type: none"> • Budgeting • Purchasing • Disbursements • Receipts • Payroll/Personnel • Contracting • Credit Cards • Travel and expense reimbursements • Ethics • Debt 	<p>The City has written procedures that cover all of the required components in the areas listed below.</p> <ul style="list-style-type: none"> • Payroll/Personnel <p>The Town does not have written procedures regarding the following functions:</p> <ul style="list-style-type: none"> • Budgeting • Purchasing • Disbursements • Receipts • Contracting • Credit Cards • Travel and expense reimbursements • Ethics • Debt 	<p><i>The Town will examine their written procedures and the Legislative Auditor's "Best Practices" and develop written policies for the specified functions.</i></p>

City of Pineville

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response

Board (or Finance Committee)		
Agreed-Upon Procedure	Results	Managements' Response
<p>2 Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:</p> <p>a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.</p> <p>b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds. <i>Alternately, for those entities reporting on the non-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.</i></p>	<p>In the prior year, the Entity's AUP report contained no exceptions in this category. As such, RHM has excluded it from testing in the current year.</p> <p>See Comments Above</p> <p>See Comments Above</p>	<p><i>The results did not contain any critical comments.</i></p> <p><i>The results did not include findings or criticisms.</i></p> <p><i>The results did not include findings or criticisms.</i></p>

City of Pineville

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response (Continued)

Board (or Finance Committee)		
Agreed-Upon Procedure	Results	Managements' Response
c) For governmental entities, obtain the prior year audit report and observe the unrestricted fund balance in the general fund. If the general fund had a negative ending unrestricted fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unrestricted fund balance in the general fund.	See Comments Above	<i>The results did not include findings or criticisms.</i>

City of Pineville

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response

Bank Reconciliations		
Agreed-Upon Procedure	Results	Managements' Response
<p>3 Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for selected each account, and observe that:</p> <p>a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);</p> <p>b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and</p> <p>c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.</p>	<p>RHM has obtained a listing of the City's bank accounts and selected five for testing.</p> <p>There is no evidence that the bank reconciliations were prepared within 2 months of the related statement closing date.</p> <p>There is no evidence that a member of management reviewed each bank reconciliation.</p> <p>It is normally City policy to void checks that have been outstanding for a lengthy period. However, the City could not locate any documentation reflecting research on any outstanding checks, or recently voided checks that have been outstanding for six months.</p>	<p><i>The results did not include findings or criticisms.</i></p> <p><i>The Finance Director will begin to sign and date the reconciliations when performed.</i></p> <p><i>The City will have a board member review and approve all reconciliations.</i></p> <p><i>The City will begin to document and retain research pertaining to checks outstanding longer than six months.</i></p>

City of Pineville

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response

Collections		
Agreed-Upon Procedure	Results	Managements' Response
<p>4 Obtain a listing of <u>deposit sites</u> for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).</p> <p>5 For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:</p> <p>a) Employees that are responsible for cash collections do not share cash drawers/registers.</p>	<p>All collections are processed by one centralized bookkeeping operation at City Hall, and all testing will be done at this central location. The Town participated in concession sales for a portion of the year, but terminated all such activities in January of 2018.</p> <p>No employees are required to share cash drawers or registers.</p>	<p><i>The results did not include findings or criticisms.</i></p> <p><i>The results did not include findings or criticisms.</i></p>

City of Pineville

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response (Continued)

Collections		
Agreed-Upon Procedure	Results	Managements' Response
<p>b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.</p>	<p>Employees responsible for collecting cash are not responsible for preparing or making deposits.</p>	<p><i>The results did not include findings or criticisms.</i></p>
<p>c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.</p>	<p>Employees responsible for cash collection are not responsible for posting collection entries to the general ledger. In addition, the City's Finance Director reviews all general ledger transactions.</p>	<p><i>The results did not include findings or criticisms.</i></p>
<p>d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.</p>	<p>Employees responsible for reconciling cash collections are not responsible for collecting cash.</p>	<p><i>The results did not include findings or criticisms.</i></p>
<p>6 Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.</p>	<p>Only the Mayor and Town Clerk are bonded, but employees are covered under an employee dishonest insurance policy with the City's insurance carrier.</p>	<p><i>The results did not include findings or criticisms.</i></p>
<p>7 Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day) . Alternately, the practitioner may use a source document other than bank statements when</p>	<p>RHM randomly selected two deposit dates for each of the five accounts selected.</p>	<p><i>The results did not include findings or criticisms.</i></p>

City of Pineville

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response (Continued)

Collections		
Agreed-Upon Procedure	Results	Managements' Response
<p>selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc. Obtain supporting documentation for each of the 10 deposits and:</p> <p>a. Observe that receipts are sequentially pre-numbered.</p> <p>b. Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.</p> <p>c. Trace the deposit slip total to the actual deposit per the bank statement.</p> <p>d. Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).</p> <p>e. Trace the actual deposit per the bank statement to the general ledger.</p>	<p>The City keeps sequentially numbered receipts.</p> <p>The receipt totals matched the totals on deposit slips.</p> <p>The deposit slip totals matched the actual deposits per the bank statement.</p> <p>Deposits were made within one business day of receipt.</p> <p>RHM traced the actual deposit per the bank statement to the general ledger, and found no discrepancies.</p>	<p><i>The results did not include findings or criticisms.</i></p>

City of Pineville

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response

Non-Payroll Disbursements – General (excluding credit card/debit card/fuel card/P-Card purchases or payments)		
Agreed-Upon Procedure	Results	Managements' Response
<p>8 Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).</p>	<p>All disbursements are processed at City Hall.</p>	<p><i>The results did not include findings or criticisms.</i></p>
<p>9 For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:</p>		
<p>a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.</p>	<p>At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order.</p>	<p><i>The results did not include findings or criticisms.</i></p>
<p>b) At least two employees are involved in processing and approving payments to vendors.</p>	<p>Checks require dual signatures.</p>	<p><i>The results did not include findings or criticisms.</i></p>
<p>c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.</p>	<p>The Accounts Payable Clerk both processes payments and is able to add or modify vendor files; however the City's Finance Director periodically reviews the Vendor List for changes.</p>	<p><i>The results did not include findings or criticisms.</i></p>
<p>d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.</p>	<p>Difference employees sign and mail payments.</p>	<p><i>The results did not include findings or criticisms.</i></p>

City of Pineville

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response (Continued)

Non-Payroll Disbursements – General (excluding credit card/debit card/fuel card/P-Card purchases or payments)		
Agreed-Upon Procedure	Results	Managements' Response
<p>10 For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:</p> <p>a. Observe that the disbursement matched the related original invoice/billing statement.</p> <p>b. Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.</p>	<p>The disbursements selected were supported by documentation.</p> <p>Segregation of duties was observed on disbursement documentation.</p>	<p><i>The results did not include findings or criticisms.</i></p> <p><i>The results did not include findings or criticisms.</i></p>

City of Pineville

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response

Credit Cards/Debit Cards/Fuel Cards/P-Cards		
Agreed-Upon Procedure	Results	Managements' Response
<p>11 Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.</p>	<p>In the prior year, the Entity's AUP report contained no exceptions in this AUP category. As such, RHM has excluded this category from testing in the current year.</p>	<p><i>The results did not include findings or criticisms.</i></p>
<p>12 Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:</p> <p>a. Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing, by someone other than the authorized card holder.</p>	<p>See Comments Above.</p>	<p><i>The results did not include findings or criticisms.</i></p>
<p>b. Observe that finance charges and late fees were not assessed on the selected statements.</p>	<p>See Comments Above.</p>	<p><i>The results did not include findings or criticisms.</i></p>

City of Pineville

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response (Continued)

Credit Cards/Debit Cards/Fuel Cards/P-Cards		
Agreed-Upon Procedure	Results	Managements' Response
13 Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only).	See Comments Above.	<i>The results did not include findings or criticisms.</i>

City of Pineville

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response

Travel and Expense Reimbursement		
Agreed-Upon Procedure	Results	Managements' Response
<p>14 Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:</p> <p>a. If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).</p> <p>b. If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.</p> <p>c. Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).</p> <p>d. Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.</p>	<p>In the prior year, the Entity's AUP report contained no exceptions in this AUP category. As such, RHM has excluded this category from testing in the current year.</p> <p>See Comments Above.</p> <p>See Comments Above.</p> <p>See Comments Above.</p> <p>See Comments Above.</p>	<p><i>The results did not include findings or criticisms.</i></p>

City of Pineville

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response (Continued)

Contracts		
Agreed-Upon Procedure	Results	Managements' Response
<p>15 Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. Alternately, the practitioner may use an equivalent selection source, such as an active vendor list. Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:</p> <p>a. Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.</p> <p>b. Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).</p> <p>c. If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.</p> <p>d. Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.</p>	<p>In the prior year, the Entity's AUP report contained no exceptions in this AUP category. As such, RHM has excluded this category from testing in the current year.</p> <p>See Comments Above.</p> <p>See Comments Above.</p> <p>See Comments Above.</p> <p>See Comments Above.</p>	<p><i>The results did not include findings or criticisms.</i></p>

City of Pineville

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response

Payroll and Personnel		
Agreed-Upon Procedure	Results	Managements' Response
<p>16 Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.</p>	<p>The Town Clerk provided a listing of all employees and represented that the listing was complete. Five employees were randomly selected.</p>	<p><i>The results did not include findings or criticisms.</i></p>
<p>17 Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:</p> <p>a. Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory).</p> <p>b. Observe that supervisors approved the attendance and leave of the selected employees/officials.</p> <p>c. Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.</p>	<p>All employees documented their daily attendance and leave.</p> <p>A supervisor approved the attendance and leave of the selected employees.</p> <p>Leave accrued or taken during the time period was reflected in the City's leave records.</p>	<p><i>The results did not include findings or criticisms.</i></p> <p><i>The Town will begin to have a supervisor sign on all time cards and attendance sheets.</i></p> <p><i>The results did not include findings or criticisms.</i></p>
<p>18 Obtain a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours to the employee/officials' cumulate leave records,</p>	<p>RHM obtained a list, and recalculated the pay for two employees that left employment with the City in the current year. Pay Rates and cumulative leave records agreed to the payments made.</p>	<p><i>The results did not include findings or criticisms.</i></p>

City of Pineville

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response (Continued)

Payroll and Personnel		
Agreed-Upon Procedure	Results	Managements' Response
and agree the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files. 19 Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.	Management has represented that all payments were made and all associated forms were filed by required deadlines.	<i>The results did not include findings or criticisms.</i>

City of Pineville

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response

Ethics		
Agreed-Upon Procedure	Results	Managements' Response
<p>20 Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain ethics documentation from management, and:</p> <p>a. Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.</p> <p>b. Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.</p>	<p>In the prior year, the Entity's AUP report contained no exceptions in this AUP category. As such, RHM has excluded this category from testing in the current year.</p> <p>See Comments Above.</p>	<p><i>The results did not include findings or criticisms.</i></p> <p><i>The results did not include findings or criticisms.</i></p>

City of Pineville

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response

Debt Service		
Agreed-Upon Procedure	Results	Managements' Response
21 Obtain a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. Select all bonds/notes on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each bond/note issued.	In the prior year, the Entity's AUP report contained no exceptions in this AUP category. As such, RHM has excluded this category from testing in the current year.	<i>The results did not include findings or criticisms.</i>
22 Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants.	See Comments Above.	<i>The results did not include findings or criticisms.</i>

City of Pineville

Statewide Agreed-Upon Procedures

Schedule of Procedures, Results and Managements' Response

Other		
Agreed-Upon Procedure	Results	Managements' Response
23 Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.	Management represented that there were no misappropriations of public funds or assets during the period.	<i>The results did not include findings or criticisms.</i>
24 Observe that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.	The notice was visibly posted on a bulletin board at Town Hall.	<i>The results did not include findings or criticisms.</i>