



***ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2020***



TABLE OF CONTENTS

	<u>PAGE</u>
Independent Auditors' Report.....	1 - 3
<u>Required Supplemental Information (Part I)</u>	
Management's Discussion and Analysis.....	4 - 7
<u>Government-Wide Financial Statements</u>	
Statement of Net Position.....	8
Statement of Activities.....	9 - 10
<u>Fund Financial Statements</u>	
<u>Governmental Funds</u>	
Balance Sheet.....	11
Reconciliation of Fund Balances on the Balance Sheet for Governmental Funds to Net Position of Governmental Activities on the Statement of Net Position.....	12
Statement of Revenues, Expenditures and Changes in Fund Balance.....	13 - 14
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities.....	15
<u>Proprietary Funds</u>	
Statement of Net Position.....	16
Statement of Revenues, Expenditures and Changes in Fund Net Position.....	17
Statement of Cash Flows.....	18 - 19
Notes to Financial Statements.....	20 - 42
<u>Required Supplemental Information (Part II)</u>	
Statement of Revenues, Expenditures and Changes in Fund Balances (Budget and Actual) General Fund.....	43 - 44
Dedicated 1% Sales Tax.....	45
Schedule of Changes in Net OPEB Liability.....	46
Schedule of Net Pension Liability Data.....	47
Schedule of Employer Contributions.....	48
<u>Other Supplemental Information</u>	
Combining Balance Sheet – Non-Major Governmental Funds.....	49
Combining Statement of Revenues, Expenditures and Changes in Fund Balance – Non-Major Governmental Funds.....	50
Schedule of Expenditures of Federal Awards.....	51
Schedule of Per Diem Paid to Board Members.....	52
Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer.....	53
Louisiana Community Development Block Grant Supplemental Schedule.....	54
<u>Additional Information</u>	
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>	55 - 56
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance.....	57 - 58
Schedule of Findings and Questioned Cost.....	59
Management's Corrective Action Plan.....	60
Summary of Prior Year Findings and Response.....	61



December 23, 2020

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, 2020, 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, 2020, 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
- Louisiana Community Development Block Grant Supplemental Schedule

The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

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 23, 2020, 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, MCKAY & WILLIS
Certified Public Accountant

City of Pineville

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2020

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, 2020.

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.

City of Pineville

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2020

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:

	For the Year Ended June 30, 2020			For the Year Ended June 30, 2019
	Govern- mental Activities	Business- Type Activities	Total	
<u>Assets:</u>				
Current and Other Assets	\$ 5,815,003	\$ 7,072,772	\$ 12,887,775	\$ 10,401,229
Internal Balances	9,302,625	(9,302,625)	----	----
Capital Assets	24,387,087	28,585,903	52,972,990	53,516,795
Total Assets	39,504,715	26,356,050	65,860,765	63,918,024
Deferred Outflow of Resources	7,795,888	956,613	8,752,501	7,577,082
<u>Liabilities:</u>				
Current and Other Liabilities	889,376	776,655	1,666,031	1,262,701
Long-term Liabilities	33,098,098	8,494,502	41,592,600	41,109,095
Total Liabilities	33,987,474	9,271,157	43,258,631	42,371,796
Deferred Inflow of Resources	5,451,227	819,442	6,270,669	4,215,980
<u>Net Position:</u>				
Invested in Capital Assets (Net)	23,484,993	24,437,334	47,922,327	48,457,672
Restricted	12,270,487	173,480	12,443,967	10,960,498
Unrestricted	(27,893,578)	(7,388,750)	(35,282,328)	(34,510,840)
Total Net Position	\$ 7,861,902	\$ 17,222,064	\$ 25,083,966	\$ 24,907,330

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, 2020

	For the Year Ended June 30, 2020			For the
	Govern- mental Activities	Business- Type Activities	Total	Year Ended June 30, 2019
Revenues:				
Program Revenue:				
Charges for Services	\$ 1,062,989	\$ 8,156,698	\$ 9,219,687	\$ 9,220,036
Operating Grants and Contributions	2,977,785	----	2,977,785	1,045,790
Capital Grants and Contributions	404,276	428,856	833,132	998,490
General Revenue:				
Property Taxes	1,580,370	----	1,580,370	1,559,886
Sales Taxes	12,830,846	----	12,830,846	11,400,733
Franchise Fees	908,199	----	908,199	992,970
Occupational Licenses	728,932	----	728,932	695,057
Intergovernmental	----	----	----	----
Other	48,477	28,504	76,981	110,091
Total Revenue	20,541,874	8,614,058	29,155,932	26,023,053
Program Expenses:				
General Government	2,688,638	----	2,688,638	2,636,983
Public Safety				
Police Department	7,879,114	----	7,879,114	7,485,393
Fire Department	5,407,952	----	5,407,952	5,301,498
Public Works	3,774,144	----	3,774,144	3,847,876
Health & Welfare	168,073	----	168,073	193,749
Economic Development	320,028	----	320,028	200,384
Culture and Recreation	1,596,777	----	1,596,777	1,786,782
Utility Service	----	5,087,245	5,087,245	4,926,727
Sanitation	----	1,907,914	1,907,914	1,840,614
Other	37,310	112,101	149,411	189,815
Total Expenses	21,872,036	7,107,260	28,979,296	28,409,821
Increase in Net Position Before				
Transfers	(1,330,162)	1,506,798	176,636	(2,386,768)
Transfers	2,631,257	(2,631,257)	----	----
Change in Net Position	1,301,095	(1,124,459)	176,636	(2,386,768)
Net Position Beginning	6,560,807	18,346,523	24,907,330	27,294,098
Net Position Ending	\$ 7,861,902	\$ 17,222,064	\$ 25,083,966	\$ 24,907,330

Governmental activities increased the City's net position by \$1,301,095. This increase is primarily due to an increase in operating grants in the current year.

Business-type activities decreased the City's net position by \$1,124,459, due primarily to transferring resources to governmental funds to enhance governmental services.

City of Pineville

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2020

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 \$14,229,933 which represents an increase of \$3,453,889 in comparison to the previous balance. This is primarily due to an increase in operating grants and sales tax collections during the current year.
- The City's general fund, which is available for spending at the City's discretion, reported a fund balance of \$1,959,446. The general fund balance increased by \$1,715,148 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 completed on the Urban Gateway Project, the DEQ Sewer Improvement Phase IV, and the Sewer Rehabilitation Project.

DEBT ADMINISTRATION

In addition to paying installments due on existing obligations, the City engaged in the following borrowing activities:

- Collected \$934,618 in proceeds from the line of credit available under the Series 2010 Bond Issue
- Issued Revenue Bond Series 2019, totaling \$2,610,000 to refund the outstanding Series 2006 Utility Revenue, which will result in a substantial cost savings for the City.

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, 2020

	Governmental Activities	Business-Type Activities	Total
<u>ASSETS</u>			
Cash and cash equivalents	\$ 2,488,968	\$ 5,072,810	\$ 7,561,778
Receivables (net)	3,312,144	1,226,448	4,538,592
Restricted asset			
Cash	-	773,514	773,514
Other assets	13,891	-	13,891
Internal balances	9,302,625	(9,302,625)	-
Capital assets			
Non depreciable capital assets	2,569,673	795,645	3,365,318
Depreciable capital assets, net	21,817,414	27,790,258	49,607,672
Total assets	39,504,715	26,356,050	65,860,765
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Pension funding deferrals	5,476,599	521,511	5,998,110
OPEB funding deferrals	2,319,289	435,102	2,754,391
Total deferred outflows	7,795,888	956,613	8,752,501
<u>LIABILITIES</u>			
Accounts and other payables	887,696	265,678	1,153,374
Accrued interest	1,680	-	1,680
Accrued interest payable from restricted assets	-	13,034	13,034
Deposits due others	-	447,862	447,862
Other Current Liabilities	-	50,081	50,081
Long-term liabilities			
Compensated Absences	1,057,021	67,521	1,124,542
Net Other Post Employment Benefits	11,886,304	2,186,798	14,073,102
Net Pension Liability	19,252,679	1,504,614	20,757,293
Long-term Debt			
Due within one year	206,772	587,000	793,772
Due in more than one year	695,322	4,148,569	4,843,891
Total liabilities	33,987,474	9,271,157	43,258,631
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Pension funding deferrals	1,558,647	89,189	1,647,836
OPEB funding deferrals	3,892,580	730,253	4,622,833
Total deferred inflows	5,451,227	819,442	6,270,669
<u>NET POSITION</u>			
Invested in capital assets, net of related debt	23,484,993	24,437,334	47,922,327
Restricted:			
Debt service	-	173,480	173,480
Capital projects and equipment acquisition	11,761,782	-	11,761,782
Economic Development	335,551	-	335,551
Other purposes	173,154	-	173,154
Unrestricted	(27,893,578)	(7,388,750)	(35,282,328)
Total net position	\$ 7,861,902	\$ 17,222,064	\$ 25,083,966

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

City of Pineville

STATEMENT OF ACTIVITIES **Year Ended June 30, 2020**

	Expenses	Program Revenues			Net (Expenses) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants & Contributions	
<u>Governmental Activities:</u>					
General Government					
Judicial	\$ 757,541	\$ 188,056	\$ -	\$ -	\$ (569,485)
Executive	342,563	-	-	-	(342,563)
Finance & Administrative	1,588,534	251,570	67,536	-	(1,269,428)
Public Safety					
Police Department	7,879,114	471,136	1,586,158	-	(5,821,820)
Fire Department	5,407,952	57,913	1,071,680	-	(4,278,359)
Public Works					
Administration	756,413	3,417	-	-	(752,996)
City Shop	238,255	-	-	-	(238,255)
Street Maintenance	1,540,970	42,979	-	404,276	(1,093,715)
Drainage Maintenance	718,986	-	-	-	(718,986)
Building Maintenance	205,971	30,200	-	-	(175,771)
Beautification	313,549	-	-	-	(313,549)
Health & Welfare (Impounding)	168,073	10,350	-	-	(157,723)
Economic Development	320,028	2,400	252,411	-	(65,217)
Culture & Recreation					
Recreation Department	973,257	850	-	-	(972,407)
Community Services	526,532	-	-	-	(526,532)
Special Events	96,988	4,118	-	-	(92,870)
Interest on Long-Term Debt	37,310	-	-	-	(37,310)
Total Governmental Activities	<u>21,872,036</u>	<u>1,062,989</u>	<u>2,977,785</u>	<u>404,276</u>	<u>(17,426,986)</u>
<u>Business-Type Activities:</u>					
Utility System	5,087,245	6,402,757	-	422,703	1,738,215
Sanitation	1,907,914	1,750,141	-	-	(157,773)
Airport	112,101	3,800	-	6,153	(102,148)
Total Business-Type Activities	<u>7,107,260</u>	<u>8,156,698</u>	<u>-</u>	<u>428,856</u>	<u>1,478,294</u>
Total	<u>\$ 28,979,296</u>	<u>\$ 9,219,687</u>	<u>\$ 2,977,785</u>	<u>\$ 833,132</u>	<u>\$ (15,948,692)</u>

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

City of Pineville

STATEMENT OF ACTIVITIES (Continued) **Year Ended June 30, 2020**

	Governmental Activities	Business- Type Activities	Total
Net (Expense) Revenue (Continued From Previous Page)	\$ (17,426,986)	\$ 1,478,294	\$ (15,948,692)
<u>General Revenues:</u>			
Taxes:			
Ad Valorem	1,580,370	-	1,580,370
Sales	12,830,846	-	12,830,846
Licenses & Permits			
Franchise Fees	908,199	-	908,199
Occupational Licenses	728,932	-	728,932
Other	48,477	-	48,477
Intergovernmental			
Other	-	28,504	28,504
Transfers	2,631,257	(2,631,257)	-
Total General Revenues, Special Items and Transfers	<u>18,728,081</u>	<u>(2,602,753)</u>	<u>16,125,328</u>
Change in Net Position	1,301,095	(1,124,459)	176,636
Net Position - Beginning	<u>6,560,807</u>	<u>18,346,523</u>	<u>24,907,330</u>
Net Position Ending	<u>\$ 7,861,902</u>	<u>\$ 17,222,064</u>	<u>\$ 25,083,966</u>

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

City of Pineville

Balance Sheet

Governmental Funds - June 30, 2020

	General Fund	Dedicated 1% Sales Tax	Capital Improvements	Other Governmental Funds	Total Governmental Funds
Assets					
Cash and Cash Equivalents	\$ 1,003,931	\$ -	\$ 692,809	\$ 792,228	\$ 2,488,968
Receivables (net)	2,762,017	463,715	79,156	7,256	3,312,144
Interfund Receivables	-	-	10,991,498	165,496	11,156,994
Restricted Cash	-	-	-	-	-
Other Assets	13,891	-	-	-	13,891
Total assets	\$ 3,779,839	\$ 463,715	\$ 11,763,463	\$ 964,980	\$ 16,971,997
Liabilities and Fund Balance					
Liabilities					
Accounts Payable	\$ 886,015	\$ -	\$ 1,681	\$ -	\$ 887,696
Interfund Payables	934,378	463,715	-	456,275	1,854,368
Total liabilities	1,820,393	463,715	1,681	456,275	2,742,064
Fund Balance					
Restricted For:					
Capital Improvements	-	-	11,761,782	-	11,761,782
Economic Development	-	-	-	335,551	335,551
Other Special Purposes	-	-	-	173,154	173,154
Unassigned	1,959,446	-	-	-	1,959,446
Total Fund Balances	1,959,446	-	11,761,782	508,705	14,229,933
Total Liabilities and Fund Balance	\$ 3,779,839	\$ 463,715	\$ 11,763,463	\$ 964,980	\$ 16,971,997

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, 2020

Total Fund Balances - Governmental Funds	\$ 14,229,933
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	(33,099,778)
Deferred inflows of resources that do not meet criteria for inclusion in the Governmental Fund Balance Sheet	(5,451,227)
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	24,387,086
Deferred outflows of resources that do not meet criteria for inclusion in the Governmental Fund Balance Sheet	<u>7,795,888</u>
Net Position of Governmental Activities	<u>\$ 7,861,902</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, 2020

	General Fund	Dedicated 1% Sales Tax	Capital Improvements	Other Governmental Funds	Total Governmental Funds
Revenues:					
Taxes:					
Ad Valorem	\$ 582,426	\$ -	\$ -	\$ 997,944	\$ 1,580,370
Sales	7,545,242	4,596,177	689,427	-	12,830,846
Licenses & Permits:					
Franchise Fees	908,199	-	-	-	908,199
Occupational Licenses	728,932	-	-	-	728,932
Other	26,909	-	-	-	26,909
Intergovernmental	3,068,729	-	-	222,535	3,291,264
Fines and Forfeitures	359,841	-	-	-	359,841
Other	358,168	-	1,073	52,989	412,230
Total Revenues	13,578,446	4,596,177	690,500	1,273,468	20,138,591
Expenditures:					
Current:					
General Government					
Judicial					
City Court	293,592	-	-	-	293,592
City Marshal	383,915	-	230	-	384,145
Executive	325,071	-	192	-	325,263
Finance & Administrative	1,494,996	-	12,094	13,815	1,520,905
Public Safety					
Police Department	6,842,988	-	119,603	-	6,962,591
Fire Department	4,956,052	-	23,614	-	4,979,666
Public Works					
Administration	704,452	-	33,953	-	738,405
City Shop	219,227	-	-	-	219,227
Street Maintenance	618,553	-	5,504	-	624,057
Drainage Maintenance	550,905	-	-	-	550,905
Building Maintenance	121,005	-	20,712	-	141,717
Beautification	263,737	-	10,231	-	273,968
Health & Welfare	146,946	-	6,813	-	153,759
Economic Development	-	-	-	320,028	320,028
Culture & Recreation					
Recreation Department	529,607	-	35,858	-	565,465
Community Services	481,136	-	9,944	-	491,080
Special Events & Projects	90,912	-	3,204	-	94,116
Youth Activities	225,883	-	2,008	-	227,891
Capital Expenditures	-	-	214,192	-	214,192
Debt Service	-	-	181,801	53,185	234,986
Total Expenditures	18,248,977	-	679,953	387,028	19,315,958
Excess (Deficiency) of Revenues Over Expenditures	(4,670,531)	4,596,177	10,547	886,440	822,633

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

**Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds - Year Ended June 30, 2020**

	General Fund	Dedicated 1% Sales Tax	Capital Improvements	Other Governmental Funds	Total Governmental Funds
Excess (Deficiency) of Revenues Over Expenditures	(4,670,531)	4,596,177	10,547	886,440	822,633
<u>Other Financing Sources (Uses):</u>					
Proceeds From Long-Term Debt	-	-	-	-	-
Operating Transfers In	6,385,679	-	2,298,088	53,185	8,736,952
Operating Transfers Out	-	(4,596,177)	(521,928)	(987,591)	(6,105,696)
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	1,715,148	-	1,786,707	(47,966)	3,453,889
Fund Balance (Deficit) - Beginning of Year	244,298	-	9,975,075	556,671	10,776,044
Fund Balance (Deficit) - End of Year	<u>\$ 1,959,446</u>	<u>\$ -</u>	<u>\$ 11,761,782</u>	<u>\$ 508,705</u>	<u>\$ 14,229,933</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, 2020

Net change in fund balances of Governmental Funds \$ 3,453,889

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	617,475
Depreciation	(1,748,926)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction however, has any effect on net position.

Proceeds on Long-Term Debt	-
Repayment of Long-Term Debt	196,627
Change in Interest Payable	1,048

Compensated absences are recorded in the governmental funds when paid, but are recorded in the statement of activities when earned. This represents the amount compensated absences earned exceed amounts paid in the current period.

57,438

Changes in total OPEB Liability and deferred inflows and outflows in accordance with GASB 75 (301,929)

Changes in net pension liability and deferred inflows and outflows in accordance with GASB 68 (974,527)

Change in net position of governmental activities \$ 1,301,095

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

City of Pineville

Statement of Net Position Proprietary Funds - June 30, 2020

	Business-Type Activities - Enterprise Funds			
	Utility System	Sanitation	Nonmajor Funds	Total
<u>ASSETS:</u>				
Current Assets:				
Cash and cash equivalents	\$ 3,448,770	\$ 1,624,040	\$ -	\$ 5,072,810
Receivables (net)	925,782	285,787	14,879	1,226,448
Other	-	-	-	-
Interfund receivables	-	-	308,697	308,697
Total current assets	4,374,552	1,909,827	323,576	6,607,955
Restricted Assets:				
Cash and cash equivalents	773,514	-	-	773,514
Noncurrent Assets:				
Construction in process	711,764	-	83,881	795,645
Depreciable capital assets, net	25,611,602	251,419	1,927,237	27,790,258
Total assets	31,471,432	2,161,246	2,334,694	35,967,372
<u>DEFERRED OUTFLOWS OF RESOURCES:</u>				
Pension and OPEB funding deferrals	656,749	299,864	-	956,613
<u>LIABILITIES:</u>				
Current Liabilities:				
Accounts and other payables	223,883	40,959	836	265,678
Interfund payables	6,994,332	2,320,892	296,098	9,611,322
Compensated absences	51,394	16,127	-	67,521
Deposits due others	447,862	-	-	447,862
Other	50,081	-	-	50,081
Total current liabilities	7,767,552	2,377,978	296,934	10,442,464
Liabilities Payable From Restricted Assets:				
Accrued interest payable from restricted assets	13,034	-	-	13,034
Current portion of long-term debt	587,000	-	-	587,000
Noncurrent Liabilities:				
Other Post Employment Benefits	1,609,129	577,669	-	2,186,798
Net Pension Liability	1,035,539	469,075	-	1,504,614
Long-term debt	4,148,569	-	-	4,148,569
Total liabilities	15,160,823	3,424,722	296,934	18,882,479
<u>DEFERRED INFLOWS OF RESOURCES:</u>				
Pension and OPEB funding deferrals	579,989	239,453	-	819,442
<u>NET POSITION:</u>				
Invested in capital assets, net of related debt	22,174,797	251,419	2,011,118	24,437,334
Restricted for debt service	173,480	-	-	173,480
Unrestricted	(5,960,908)	(1,454,484)	26,642	(7,388,750)
Total net position	\$ 16,387,369	\$ (1,203,065)	\$ 2,037,760	\$ 17,222,064

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, 2020

	Business-Type Activities - Enterprise Funds			
	Utility System	Sanitation	Nonmajor Funds	Total
<u>Operating Revenues:</u>				
Service Fees	\$ 5,999,399	\$ 1,694,416	\$ 3,800	\$ 7,697,615
Other	403,358	55,725	-	459,083
Total Operating Revenues	6,402,757	1,750,141	3,800	8,156,698
<u>Operating Expenses:</u>				
Salaries	1,096,273	602,496	-	1,698,769
Contract Labor	29,497	76,677	-	106,174
Legal and Professional	84,994	-	3,068	88,062
Insurance	24,960	24,700	1,386	51,046
Repairs & Maintenance	452,730	217,896	1,372	671,998
Supplies & Chemicals	328,694	86,799	-	415,493
Employee Benefits	649,001	316,494	-	965,495
Landfill Disposal Cost	-	477,173	-	477,173
Utilities	757,209	-	12,754	769,963
Permits and Testing	106,939	4,046	-	110,985
Depreciation	1,315,337	63,810	92,421	1,471,568
Bad Debts	35,000	35,000	-	70,000
Other	44,193	2,823	1,100	48,116
Total Operating Expenses	4,924,827	1,907,914	112,101	6,944,842
Operating Income (Loss)	1,477,930	(157,773)	(108,301)	1,211,856
<u>Nonoperating Revenues (Expenses):</u>				
Interest Revenue	20,075	8,429	-	28,504
Interest Expense	(162,418)	-	-	(162,418)
Change in Net Position Before Contributions and Transfers	1,335,587	(149,344)	(108,301)	1,077,942
<u>Contributions and Transfers:</u>				
Capital Contributions	422,703	-	6,153	428,856
Operating Transfers In	321,420	144,188	3,135	468,743
Operating Transfers Out	(2,800,000)	(300,000)	-	(3,100,000)
Change in Net Position	(720,290)	(305,156)	(99,013)	(1,124,459)
Total Net Position - Beginning	17,107,659	(897,909)	2,136,773	18,346,523
Total Net Position - Ending	\$ 16,387,369	\$ (1,203,065)	\$ 2,037,760	\$ 17,222,064

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

City of Pineville

Statement of Cash Flows

Proprietary Funds - Year Ended June 30, 2020

	Business-Type Activities - Enterprise Funds			
	Utility		Nonmajor	
	System	Sanitation	Funds	Total
<u>Cash flow from operating activities:</u>				
Cash received from customers	\$ 6,349,046	\$ 1,743,132	\$ 3,800	\$ 8,095,978
Cash payments to suppliers of goods and services	(2,202,930)	(1,177,787)	(19,680)	(3,400,397)
Cash payments to employees for services	(1,098,279)	(603,728)	-	(1,702,007)
Net cash provided (used) by operating activities	<u>3,047,837</u>	<u>(38,383)</u>	<u>(15,880)</u>	<u>2,993,574</u>
<u>Cash flows from non-capital financing activities:</u>				
Change in interfund balances	682,203	823,490	26,609	1,532,302
Operating transfers in	321,420	144,188	3,135	468,743
Operating transfers out	(2,800,000)	(300,000)	-	(3,100,000)
Net cash provided (used) by non-capital financing activities	<u>(1,796,377)</u>	<u>667,678</u>	<u>29,744</u>	<u>(1,098,955)</u>
<u>Cash flows from capital and related financing activities:</u>				
Capital expenditures	(1,709,974)	(144,188)	(20,017)	(1,874,179)
Proceeds from capital grants	237,669	-	6,153	243,822
Proceeds from issuing revenue bonds	3,544,618	-	-	3,544,618
Principle paid on revenue bonds	(3,349,451)	-	-	(3,349,451)
Interest paid on debt instruments	(170,884)	-	-	(170,884)
Net cash provided (used) by capital and related financing activities	<u>(1,448,022)</u>	<u>(144,188)</u>	<u>(13,864)</u>	<u>(1,606,074)</u>
<u>Cash flows from investing activities:</u>				
Interest and other income	20,075	8,429	-	28,504
Net cash provided (used) by investing activities	<u>20,075</u>	<u>8,429</u>	<u>-</u>	<u>28,504</u>
Net increase (decrease) in cash	<u>(176,487)</u>	<u>493,536</u>	<u>-</u>	<u>317,049</u>
Beginning cash balance	<u>4,398,771</u>	<u>1,130,504</u>	<u>-</u>	<u>5,529,275</u>
Ending cash balance	<u>4,222,284</u>	<u>1,624,040</u>	<u>-</u>	<u>5,846,324</u>
Restricted cash and cash equivalents	<u>773,514</u>	<u>-</u>	<u>-</u>	<u>773,514</u>
Cash and cash equivalents	<u>\$ 3,448,770</u>	<u>\$ 1,624,040</u>	<u>\$ -</u>	<u>\$ 5,072,810</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, 2020**

	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)	\$ 1,477,930	\$ (157,773)	\$ (108,301)	\$ 1,211,856
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	1,315,337	63,810	92,421	1,471,568
(Increase) decrease in accounts receivable	(63,036)	(7,009)	-	(70,045)
(Increase) decrease in other assets	(16,613)	-	-	(16,613)
(Decrease) increase in accounts and other payables	209,242	33,024	-	242,266
(Decrease) increase in compensated absences	(2,006)	(1,232)	-	(3,238)
(Decrease) increase in Other Post Employment Benefits	42,314	13,465	-	55,779
Change in net pension liabilities and deferrals	75,344	17,332	-	92,676
(Decrease) increase in meter deposits	9,325	-	-	9,325
Net cash provided (used) by operating activities	<u>\$ 3,047,837</u>	<u>\$ (38,383)</u>	<u>\$ (15,880)</u>	<u>\$ 2,993,574</u>

Supplemental disclosures of cash flow information:

During the year ended June 30, 2020 various developers dedicated utility and street improvements to the City. The improvements dedicated to the City were valued at \$588,317. There were no further operating, financing, or investing activities during the year that did not result in cash receipts or payments.

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

City of Pineville

Notes to Financial Statements

June 30, 2020

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 and the Pineville Downtown Development District were considered; however, it was determined that neither met the necessary criteria for classification as a component unit.

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.

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:

City of Pineville

Notes to Financial Statements

June 30, 2020

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

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.

City of Pineville

Notes to Financial Statements

June 30, 2020

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.

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

City of Pineville

Notes to Financial Statements

June 30, 2020

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, 2020 are summarized as follows:

	Governmental Activities	Business-Type Activities	Total
<u>Accounts Receivable</u>			
Charges for Services	\$ ---	\$ 2,847,955	\$ 2,847,955
Franchise Taxes	91,541	---	91,541
Other	11,611	18,614	30,225
<u>Total Accounts Receivable</u>	<u>103,152</u>	<u>2,866,569</u>	<u>2,969,721</u>
<u>Due From Other Governmental Units</u>			
Occupational Licenses	60,435	---	60,435
Grant Reimbursements	9,599	14,879	24,478
Sales Taxes	1,275,446	---	1,275,446
Coronavirus Relief Fund	1,863,512	---	1,863,512
<u>Total Due From Other Governments</u>	<u>3,208,992</u>	<u>14,879</u>	<u>3,223,871</u>
Total Receivables	3,312,144	2,881,448	6,193,592
Allowance for Doubtful Accounts	---	(1,655,000)	(1,655,000)
<u>Receivables (Net)</u>	<u>\$ 3,312,144</u>	<u>\$ 1,226,448</u>	<u>\$ 4,538,592</u>

City of Pineville

Notes to Financial Statements

June 30, 2020

NOTE 3 - CASH AND CASH EQUIVALENTS

At June 30, 2020, cash and cash equivalents included the following amounts:

	Governmental Activities	Business-Type Activities	Total
Cash Deposited in Banks	\$ 2,488,358	\$ 5,844,824	\$ 8,333,182
Petty Cash	610	1,500	2,110
Total Cash	2,488,968	5,846,324	8,335,292
Restricted Cash	----	773,514	773,514
Cash and Cash Equivalents	\$ 2,488,968	\$ 5,072,810	\$ 7,561,778

Cash deposited in banks is stated at cost, which approximates market. At June 30, 2020, the City had \$8,333,182 in deposits (\$8,507,258 collected bank balance). These deposits are secured from risk by \$250,000 of federal deposit insurance, \$1,063,110 of pledged securities held by the custodial bank in the name of the fiscal agent bank, and an irrevocable standby letter of credit from the Federal Home Loan Bank of Dallas in the amount of \$8,500,000.

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	\$ 100,000	\$ ----	\$ 100,000
Installment Purchase Agreement	802,094	----	802,094
Revenue Bonds	----	4,754,584	4,754,584
Total Obligations	902,094	4,754,584	5,656,678
Deferred Issue Cost	----	(19,015)	(19,015)
Total Long-term Debt	902,094	4,735,569	5,637,663
Due Within One Year	206,772	587,000	793,772
Due in More Than One Year	\$ 695,322	\$ 4,148,569	\$ 4,843,891

	Beginning Balance	Additions	Reductions	Ending Balance
<u>Governmental Activities</u>				
Certificates of Indebtedness	\$ 145,000	\$ ----	\$ 45,000	\$ 100,000
Installment Purchase Agreements	953,721	----	151,627	802,094
Total Governmental Activities	1,098,721	----	196,627	902,094

City of Pineville

Notes to Financial Statements

June 30, 2020

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
<u>Business-Type Activities</u>				
Revenue Bonds	4,572,966	3,544,618	3,363,000	4,754,584
Total Business-Type Activities	4,572,966	3,544,618	3,363,000	4,754,584
Total Long-term Debts	\$ 5,671,687	\$ 3,544,618	\$ 3,559,627	\$ 5,656,678

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, 2019 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. \$ 100,000

Installment Purchase Agreements

The City has executed installment purchase agreements to finance the acquisition of firefighting equipment. Terms of the agreements 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. \$ 219,265

\$785,246 Installment Purchase Agreement payable in 10 yearly installments of \$93,254 including interest based on a rate of 3.25%, with the final installment due in August 16, 2027. \$ 582,829

Total Installment Agreements \$ 802,094

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, 2020 are described as follows:

\$2,610,000 Utility Revenue Bonds Series 2019, bearing interest at 2.10%. The bonds mature serially on May 1st of each year in amounts ranging from \$318,000 to \$424,000. Final maturity is scheduled for May 1, 2026, unless the City elects to redeem the bonds prior to maturity. \$ 2,292,000

City of Pineville

Notes to Financial Statements

June 30, 2020

\$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, 2020 \$4,082,574 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.

	2,462,584
Total Revenue Bonds	\$ 4,754,584

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>
2021	206,772	30,066	587,000	78,205
2022	212,092	21,396	601,000	69,199
2023	130,502	14,405	605,000	59,690
2024	82,220	11,035	624,000	50,029
2025	85,144	8,111	631,000	39,921
2026 - 2030	185,364	7,046	1,624,000	64,884
2031	---	---	82,584	785
Total Governmental	\$ 902,094	\$ 92,059	\$ 4,754,584	\$ 362,713

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, 2020, 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 2030 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.	<u>10.00</u>
	15.85

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.

City of Pineville

Notes to Financial Statements

June 30, 2020

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, 2020 the City has levied sales taxes as follows:

<u>Description</u>	<u>Percentage Levied</u>
Levied per proposition approved the citizens of Pineville authorizing a tax for the operation of the General Fund. Revenue generated by this tax is reported by the General fund.	1%
Levied per proposition approved by the citizens of Pineville authorizing a tax "with the avails or proceeds of said tax to be dedicated and pledged to the payment of principle and interest and other amounts required on any sales tax revenue bonds issued by the City for any lawful public purpose; provided, however, that the avails or proceeds of said tax not required in each month for principle, interest and other payments on any sales tax revenue bonds, shall be allocated in an amount equal to 50% of the proceeds of the tax for paying salaries of municipal employees of said City and the remaining proceeds of the tax for capital acquisitions for said City including equipment, furnishings and improvements to municipal property that may include but are not limited to streets, sidewalks, bridges, waterworks, sewers, drains and recreation and fire protection facilities. Since revenue from this source is subject to various restrictions, it is reported in a special revenue fund.	1%
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	436,449	2,246	378,540	60,155
Total	<u>2,945,967</u>	<u>2,246</u>	<u>378,540</u>	<u>2,569,673</u>
Depreciable Capital Assets				
Buildings and Improvements	7,011,180	32,535	----	7,043,715
Furniture, Fixtures and Equipment	8,335,982	179,410	----	8,515,392
Infrastructure	27,361,584	781,824	----	28,143,408
Accumulated Depreciation	(20,136,175)	(1,748,926)	----	(21,885,101)
Total	<u>22,572,571</u>	<u>(755,157)</u>	<u>----</u>	<u>21,817,414</u>
Total Governmental Activities	<u>\$ 25,518,538</u>	<u>\$ (752,911)</u>	<u>\$ 378,540</u>	<u>\$ 24,387,087</u>

City of Pineville

Notes to Financial Statements

June 30, 2020

	Beginning Balance	Additions	Disposals	Ending Balance
<u>Business-Type Activities</u>				
Non Depreciable Capital Assets				
Airport Construction in Process	\$ 77,729	\$ 20,018	\$ (13,865)	\$ 83,882
Utility Construction in Process	2,008,563	1,662,161	(2,958,961)	711,763
Total Construction in Process	2,086,292	1,682,179	(2,972,826)	795,645
Depreciable Capital Assets				
Sanitation Equipment	1,292,795	144,188	---	1,436,983
Utility Equipment	1,103,184	47,813	---	1,150,997
Utility System	47,344,551	3,143,995	---	50,488,546
Airport Improvements	2,966,578	13,865	---	2,980,443
Accumulated Depreciation	(26,795,143)	(1,471,568)	---	(28,266,711)
Total	25,911,965	1,878,293	---	27,790,258
Total Business-Type Activities	\$ 27,998,257	\$ 3,560,472	(2,972,826)	\$ 28,585,903

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

	Governmental Activities	Business-Type Activities	Total
Judicial	\$ 17,912	\$ ---	\$ 17,912
Finance & Administrative	4,980	---	4,980
Police Department	230,466	---	230,466
Fire Department	212,400	---	212,400
Public Works Administration	4,459	---	4,459
City Shop	3,487	---	3,487
Street Maintenance	899,921	---	899,921
Drainage Maintenance	149,319	---	149,319
Building Maintenance	37,488	---	37,488
Health & Welfare (Impounding)	1,268	---	1,268
Recreation Department	156,673	---	156,673
Community Services	4,986	---	4,986
Beautification	25,567	---	25,567
Utility System	---	1,315,337	1,315,337
Sanitation	---	63,810	63,810
Airport	---	94,421	94,421
Total Depreciation Expense	\$ 1,748,926	\$ 1,471,568	\$ 3,220,494

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, 2020

	Governmental Activities			
	General Fund	Capital Improvements	Other	Total
Payable to Vendors	\$ 357,710	\$ 1,681	\$ ----	\$ 359,391
Construction Contract Retainage	----	----	----	----
Accrued Wages	231,824	----	----	231,824
Economic Development Cooperative Endeavor (See Note 15)	296,481	----	----	296,481
Total	<u>\$ 886,015</u>	<u>\$ 1,681</u>	<u>\$ ----</u>	<u>\$ 887,696</u>

	Business-Type Activities			
	Utility System	Sanitation	Other	Total
Payable to Vendors	\$ 141,731	\$ 26,152	\$ 836	\$ 168,719
Construction Contract Retainage	56,040	----	----	56,040
Accrued Wages	26,112	14,807	----	40,919
Total	<u>\$ 223,883</u>	<u>\$ 40,959</u>	<u>\$ 836</u>	<u>\$ 265,678</u>

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, 2020

	<u>Net Pension Liability</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Municipal Employees' Retirement System	\$ 4,595,380	\$ 1,415,256	\$ 242,038
Firefighters' Retirement System of Louisiana	6,460,932	1,693,503	917,848
Municipal Police Employees' Retirement System of Louisiana	9,700,981	2,889,351	487,950
Total	20,757,293	5,998,110	1,647,836
Portion Applicable to Business Type Activities	1,504,614	521,511	89,189
Portion Applicable to Government Type Activities	<u>\$ 19,252,679</u>	<u>\$ 5,476,599</u>	<u>\$ 1,558,647</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, 2019 (measurement date and actuarial valuation date) and details are provided as follows:

City of Pineville

Notes to Financial Statements

June 30, 2020

Net Pension Liability	\$ 87,481,335
City's Proportionate Share (Percentage)	5.253 %
City's Proportionate Share (Amount)	<u>\$ 4,595,380</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, 2019 are provided as follows:

Beginning Net Pension Liability	\$ 4,511,181
Employer Contributions	(562,050)
<u>Pension Expense</u>	
Proportionate Share of Plan Pension Expense	1,051,406
Changes in Benefit Terms	----
Employee Contributions	<u>(138,497)</u>
Change in Deferred Outflows of Resources	(227,805)
Change in Deferred Inflows of Resources	<u>(38,855)</u>
Ending Net Pension Liability	<u>\$ 4,595,380</u>

There were no changes between June 30, 2020 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	\$ ----	\$ 203,825	\$ (203,825)
Net Difference Between Projected and Actual Investment			
Earnings on Pension Plan Investments	484,006	----	484,006
Changes of Assumptions	280,134	----	280,134
Changes in Proportion	75,845	38,213	37,632
Employer Contributions Made After the Measurement Date	<u>575,271</u>	<u>----</u>	<u>575,271</u>
Total Deferrals	1,415,256	242,038	1,173,218
Deferrals That Will be Recorded as a Reduction in Net Pension Liability in the Subsequent Reporting Period	<u>575,271</u>	<u>----</u>	<u>575,271</u>
Deferrals Subject to Amortization	<u>\$ 839,985</u>	<u>\$ 242,038</u>	<u>\$ 597,947</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, 2020	\$ 356,414
June 30, 2021	135,038
June 30, 2022	64,448
June 30, 2023	42,047
Total	<u>\$ 597,947</u>

City of Pineville

Notes to Financial Statements

June 30, 2020

Valuation Date	June 30, 2019
Actuarial Cost Method	Entry Age Normal Cost
Actuarial Assumptions: Investment Rate of Return	7.0%, net of pension plan investment expense, including inflation
Projected Salary Increases	1 to 4 years of service – 7.4% More than 4 years of service – 4.9%
Mortality Rates	PubG-2010(B) Healthy Retiree Table set equal to 120% for males and females, each adjusted using their respective male and female MP2018 scales. PubG-2010(B) Employee Table set equal to 120% for males and females, each adjusted using their respective male and female MP2018 scales. PubNS-2010(B) Disabled Retiree Table set equal to 120% for males and females with the full generational MP2018 scales.
Expected Remaining Service Lives	3 years
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, 2019 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%	2.15%
Public Fixed Income	35%	1.51%
Alternatives	15%	0.64%
Totals	100%	4.30%
Inflation		2.70%
Expected Arithmetic Nominal Return		7.00%

The discount rate used to measure the total pension liability was 7.00%. 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.

City of Pineville

Notes to Financial Statements

June 30, 2020

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 6.00% Discount Rate	Current Discount Rate 7.00%	1% Increase 8.00% Discount
Net Pension Liability	\$ 6,124,458	\$ 4,595,380	\$ 3,302,192

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, 2019 (measurement date and actuarial valuation date) and details are provided as follows:

Net Pension Liability	\$ 626,191,010
City's Proportionate Share (Percentage)	1.032%
City's Proportionate Share (Amount)	<u>\$ 6,460,932</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, 2019 are provided as follows:

City of Pineville

Notes to Financial Statements

June 30, 2020

Beginning Net Pension Liability		\$ 6,056,236
Employer Contributions		(662,464)
<u>Pension Expense</u>		
Proportionate Share of Plan Pension Expense	1,076,901	
Changes in Benefit Terms	----	
Employee Contributions	(276,597)	800,304
Change in Deferred Outflows of Resources		205,979
Change in Deferred Inflows of Resources		60,877
Ending Net Pension Liability		<u>\$ 6,460,932</u>

There were no changes between June 30, 2020 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	\$ ----	\$ 466,055	\$ (466,055)
Net Difference Between Projected and Actual Investment			
Earnings on Pension Plan Investments	434,480	----	434,480
Changes of Assumptions	587,788	470	587,318
Changes in Proportion	----	451,323	(451,323)
Employer Contributions Made After the Measurement Date	671,235	----	671,235
Total Deferrals	1,693,503	917,848	775,655
Deferrals That Will be Recorded as a Reduction in Net Pension Liability in the Subsequent Reporting Period	671,235	----	671,235
Deferrals Subject to Amortization	<u>\$ 1,022,268</u>	<u>\$ 917,848</u>	<u>\$ 104,420</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, 2020	\$ 57,764
June 30, 2021	(134,916)
June 30, 2022	82,650
June 30, 2023	89,771
June 30, 2024	3,446
Thereafter	5,705
Total	<u>\$ 104,420</u>

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

City of Pineville

Notes to Financial Statements

June 30, 2020

Valuation Date	June 30, 2019
Actuarial Cost Method	Entry Age Normal Cost
Expected Remaining Service Lives	7 Years
Investment Rate of Return	7.15% per annum
Inflation Rate	2.50% per annum
Projected Salary Increases	Vary from 14.75% in the first two years of service to 4.50% 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-estimate 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 percentage and by adding expected inflation. The long term expected nominal rate of return was 7.94% as of June 30, 2019.

Best estimates of real rates of return for each major asset class included in the System's target asset allocation as of June 30, 2019 are summarized in the following table:

Asset Class	Long-Term Target Asset Allocation	Expected Portfolio Real Rate of Return
U.S. Equity	21.50%	5.98%
Non-U.S. Equity	17.50%	7.52%
Global Equity	10.00%	6.59%
Fixed Income	31.00%	2.17%
Real Estate	6.00%	4.14%
Private Equity	4.00%	10.52%
Global Tactical Asset Allocation	5.00%	4.37%
Risk Parity	5.00%	4.67%
Totals	100.00%	

The discount rate used to measure the total pension liability was 7.15%. 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:

City of Pineville

Notes to Financial Statements

June 30, 2020

	1% Decrease 6.15% Discount Rate	Current Discount Rate 7.15%	1% Increase 8.15% Discount
Net Pension Liability	\$ 9,355,867	\$ 6,460,932	\$ 4,031,144

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 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, 2019 (measurement date and actuarial valuation date) and details are provided as follows:

Net Pension Liability	\$ 908,167,473
City's Proportionate Share (Percentage)	1.068%
City's Proportionate Share (Amount)	<u>\$ 9,700,981</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, 2019 are provided as follows:

Beginning Net Pension Liability	\$ 9,199,363
Employer Contributions	(1,076,936)
<u>Pension Expense</u>	
Proportionate Share of Plan Pension Expense	1,907,872
Changes in Benefit Terms	----
Employee Contributions	<u>(219,911)</u>
Change in Deferred Outflows of Resources	(234,248)
Change in Deferred Inflows of Resources	<u>124,841</u>
Ending Net Pension Liability	<u>\$ 9,700,981</u>

There were no changes between June 30, 2020 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, 2020

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net
Differences Between Expected and Actual Experience	\$ 20,355	\$ 298,456	\$ (278,101)
Net Difference Between Projected and Actual Investment			
Earnings on Pension Plan Investments	630,257	----	630,257
Changes of Assumptions	543,625	----	543,625
Changes in Proportion	595,006	189,494	405,512
Employer Contributions Made After the Measurement Date	1,100,108	----	1,100,108
Total Deferrals	2,889,351	487,950	2,401,401
Deferrals That Will be Recorded as a Reduction in Net Pension Liability in the Subsequent Reporting Period	1,100,108	----	1,100,108
Deferrals Subject to Amortization	\$ 1,789,243	\$ 487,950	\$ 1,301,293

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, 2020	\$ 713,558
June 30, 2021	233,172
June 30, 2022	197,215
June 30, 2023	<u>157,348</u>
Total	\$ 1,301,293

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, 2019	
Actuarial Cost Method	Entry Age Normal Cost	
Investment Rate of Return	7.125% per annum	
Expected Remaining Service Lives	4 Years	
Inflation Rate	2.50% 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, 2019 are summarized in the following table:

City of Pineville

Notes to Financial Statements

June 30, 2020

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Portfolio Real Rate of Return</u>
Equity	48.50%	3.28%
Fixed Income	33.50%	0.80%
Alternatives	18.00%	1.06%
Other	0.00%	0.00%
Totals	<u>100.00%</u>	<u>5.14%</u>
Inflation		<u>2.75%</u>
Expected Arithmetic Nominal Return		<u>7.89%</u>

The discount rate used to measure the total pension liability was 7.125%. 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:

	1% Decrease 6.125%	Current Discount	1% Increase 8.125%
	<u>Discount Rate</u>	<u>Rate 7.125%</u>	<u>Discount Rate</u>
Net Pension Liability	\$ 13,516,663	\$ 9,700,981	\$ 6,500,006

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	\$ (934,378)	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	10,991,498	
1% Dedicated Sales Tax	(463,715)	
Non-major Governmental Funds	(290,780)	
	<u>\$ 9,302,625</u>	

City of Pineville

Notes to Financial Statements

June 30, 2020

<u>Business-Type Activities</u>	<u>Receivable (Payable)</u>	<u>Purpose</u>
Utility	(6,994,332)	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	(2,320,892)	
Non-major	12,599	
	<u>(9,302,625)</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 Improvements</u>	<u>Other</u>	
<u>Transfers In</u>					
Transfers of resources from restricted funds to reimburse other funds for expenditures satisfying the restrictions.	\$ 3,285,679	\$ ----	\$ 2,298,088	\$ 53,185	\$ 5,636,952
Transfer excess utility revenues to the general fund.	3,100,000	----	----	----	3,100,000
Total Transfers In	<u>6,385,679</u>	<u>----</u>	<u>2,298,088</u>	<u>53,185</u>	<u>8,736,952</u>
<u>Transfers Out</u>					
Transfers of resources from restricted funds to reimburse other funds for expenditures satisfying the restrictions.	----	4,596,177	521,928	987,590	6,105,695
Net Transfers	<u>\$ 6,385,679</u>	<u>\$ (4,596,177)</u>	<u>\$ 1,776,160</u>	<u>\$ (934,405)</u>	<u>\$ 2,631,257</u>

	<u>Business-Type Activities</u>			<u>Total</u>
	<u>Utility System</u>	<u>Sanitation</u>	<u>Other</u>	
<u>Transfers In</u>				
Transfers of resources from restricted funds to reimburse other funds for expenditures satisfying the restrictions.	\$ 321,420	\$ 144,188	\$ 3,135	\$ 468,753
<u>Transfers Out</u>				
Transfer excess utility revenues to the general fund.	2,800,000	300,000	----	3,100,000
Net Transfers	<u>\$ (2,478,580)</u>	<u>\$ (155,812)</u>	<u>\$ 3,135</u>	<u>\$ (2,631,257)</u>

City of Pineville

Notes to Financial Statements

June 30, 2020

NOTE 13 – CONTINGENCIES:

Existing conditions that may have financial consequences are referred to as contingencies. Contingencies existing at June 30, 2020 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.

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, 2020, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	40
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	226
	<u>266</u>

Total OPEB Liability

The City’s total OPEB liability of \$14,073,102 was measured as of June 30, 2020 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and other inputs – The total OPEB liability in the June 30, 2020 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%
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City of Pineville

Notes to Financial Statements

June 30, 2020

Salary increases	3.0%, including inflation
Prior Discount rate	3.50%
Discount Rate	2.21% annually
Healthcare cost trend rates	5.5% annually until year 2030, then 4.5%
Mortality	SOA RP-2014 Table

The discount rate was based on the Bond Buyers' 20 Year General Obligation municipal bond index as of June 30, 2020, the end of the applicable measurement period. The actuarial assumptions used in the June 30, 2020 valuation were based on the results of ongoing evaluations of the assumptions from July 1, 2009 to June 30, 2020.

Changes in Total OPEB Liability

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Balances at June 30, 2019	\$ 12,260,900	\$ 2,257,073	\$ 14,517,973
Changes for the year:			
Service Cost	340,211	63,824	404,035
Interest	433,815	81,385	515,200
Differences between expected and actual experience	(2,228,856)	(418,137)	(2,646,993)
Changes in Assumptions	1,402,043	263,025	1,665,068
Benefit payments and net transfers	(321,809)	(60,372)	(382,181)
Net Changes	<u>(374,596)</u>	<u>(70,275)</u>	<u>(444,871)</u>
Balance at June 30, 2020	<u>\$ 11,886,304</u>	<u>\$ 2,186,798</u>	<u>\$ 14,073,102</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 (1.21%) or 1-percentage-point higher (3.21%) than the current discount rate:

	1.0% Decrease (1.21 %)	Current Discount Rate (2.21%)	1.0% Increase (3.21%)
Total OPEB liability	\$ 16,519,843	\$ 14,073,102	\$ 12,132,381

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	\$ 12,049,378	\$ 14,073,102	\$ 16,627,135

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

For the year ended June 30, 2020, the City recognized OPEB expense of \$743,757. At June 30, 2020, 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, 2020

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 642,683	\$ (4,039,378)
Changes in assumptions	2,111,707	(583,455)
Total	<u>\$ 2,754,390</u>	<u>\$ (4,622,833)</u>

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

For the Year Ending:

June 30, 2021	\$ (175,478)
June 30, 2022	(175,478)
June 30, 2023	(175,478)
June 30, 2024	(175,478)
June 30, 2025	(175,478)
Thereafter	<u>(991,053)</u>
Total	<u>\$ (1,868,443)</u>

NOTE 15 – ECONOMIC DEVELOPMENT

In order to enhance the local economy, the City entered into a cooperative endeavor agreement with a major retailer. Under the terms of this arrangement, the retailer 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 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. In the current year, the City fulfilled its obligations under this agreement, which is no longer in effect.

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	\$ 427,386
Fire Department	288,924
Total	<u>\$ 716,310</u>

City of Pineville

General Fund

Statement of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual - Year Ended June 30, 2020

	Budget Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
<u>Revenues:</u>				
Taxes:				
Ad Valorem	\$ 575,000	\$ 579,600	\$ 582,426	\$ 2,826
Sales	7,200,000	7,373,100	7,545,242	172,142
Licenses & Permits:				
Franchise Fees	998,800	961,000	908,199	(52,801)
Occupational Licenses	734,000	692,750	728,932	36,182
Other	50,000	51,050	26,909	(24,141)
Intergovernmental	993,500	949,700	3,068,729	2,119,029
Fines and Forfeitures	404,000	225,900	359,841	133,941
Other	818,300	1,013,930	358,168	(655,762)
Total revenues	11,773,600	11,847,030	13,578,446	1,731,416
<u>General Government:</u>				
Current:				
General Government				
Judicial				
City Court	340,800	298,100	293,592	4,508
City Marshal	461,300	403,800	383,915	19,885
Executive	331,700	324,100	325,071	(971)
Finance & Administrative	1,278,000	1,461,300	1,494,996	(33,696)
Public Safety				
Police Department	6,441,300	6,887,400	6,842,988	44,412
Fire Department	4,941,100	4,736,200	4,956,052	(219,852)
Public Works				
Administration	597,500	708,400	704,452	3,948
City Shop	251,400	217,600	219,227	(1,627)
Street Maintenance	650,700	626,000	618,553	7,447
Drainage Maintenance	515,000	536,000	550,905	(14,905)
Building Maintenance	153,600	120,400	121,005	(605)
Beautification	270,900	259,900	263,737	(3,837)
Health & Welfare (Impounding)	172,400	145,200	146,946	(1,746)
Economic Development	-	-	-	-
Culture & Recreation				
Recreation Department	560,600	527,400	529,607	(2,207)
Community Services	540,800	484,100	481,136	2,964
Special Events	112,500	109,000	90,912	18,088
Youth Activities	261,300	226,700	225,883	817
Debt Service	-	-	-	-
Total expenditures	17,880,900	18,071,600	18,248,977	(177,377)

City of Pineville

General Fund

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

Budget and Actual - Year Ended June 30, 2020

	Budget Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
Excess (Deficiency) of				
Revenues Over Expenditures	(6,107,300)	(6,224,570)	(4,670,531)	1,554,039
<u>Other Financing Sources (Uses):</u>				
Operating Transfers In	6,135,200	6,286,100	6,385,679	99,579
Operating Transfers Out	-	-	-	-
Excess (Deficiency) of				
Revenues and Other Sources				
Over Expenditures and Other				
Uses	27,900	61,530	1,715,148	1,653,618
Fund Balance (Deficit) -				
Beginning of Year	434,929	244,298	244,298	-
Fund Balance (Deficit) -				
End of Year	<u>\$ 462,829</u>	<u>\$ 305,828</u>	<u>\$ 1,959,446</u>	<u>\$ 1,653,618</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, 2020

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		<u>Positive (Negative)</u>
<u>Revenues:</u>				
Sales Taxes	\$ 4,300,000	\$ 4,468,100	\$ 4,596,177	\$ 128,077
Other	-	-	-	-
Total revenues	<u>4,300,000</u>	<u>4,468,100</u>	<u>4,596,177</u>	<u>128,077</u>
<u>General Government:</u>				
Current	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of				
Revenues Over Expenditures	4,300,000	4,468,100	4,596,177	128,077
<u>Other Financing Sources (Uses):</u>				
Operating Transfers Out	<u>(4,300,000)</u>	<u>(4,468,100)</u>	<u>(4,596,177)</u>	<u>(128,077)</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	For the Year Ended June 30, 2019	For the Year Ended June 30, 2020
<u>Total OPEB Liability</u>			
Beginning Balance	\$ 14,450,310	15,137,260	14,517,973
Service Cost	421,237	384,789	404,035
Interest	575,529	593,258	515,200
Differences Between expected and actual experience	771,219	(1,911,362)	(2,646,993)
Changes in Assumptions	(700,146)	715,866	1,665,068
Benefit Payments	(380,889)	(401,838)	(382,181)
Ending Balance	<u>15,137,260</u>	<u>14,517,973</u>	<u>14,073,102</u>
<u>Fiduciary Net Position</u>			
Beginning Balance	-	-	-
Employer Contributions	380,889	401,838	382,181
Benefit Payments	<u>(380,889)</u>	<u>(401,838)</u>	<u>(382,181)</u>
Ending Balance	<u>-</u>	<u>-</u>	<u>-</u>
Net OPEB Liability	<u>\$ 15,137,260</u>	<u>\$ 14,517,973</u>	<u>\$ 14,073,102</u>
Fiduciary Net Position as a Percentage of the Total OPEB Liability	0.0%	0.0%	0.0%
Covered Payroll	7,626,986	7,855,796	8,398,021
Net OPEB Liability as a Percentage of Covered Payroll	198.47%	184.81%	167.58%
Notes to Schedule:			
Benefit Change:	None	None	None
Changes of Assumptions Discount Rate:	3.87%	3.50%	2.21%

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	4,420,884	93.0%	63.3%
June 30, 2017	5.05%	4,365,525	4,336,368	100.7%	63.5%
June 30, 2018	5.33%	4,511,181	3,952,483	114.1%	65.6%
June 30, 2019	5.25%	4,595,380	4,025,429	114.2%	66.1%
Firefighters's Retirement System					
June 30, 2014	1.17%	5,227,669	2,320,595	225.3%	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	2,234,034	322.4%	68.2%
June 30, 2017	1.06%	6,070,785	2,135,627	284.3%	73.5%
June 30, 2018	1.05%	6,056,236	2,506,732	241.6%	74.8%
June 30, 2019	1.03%	6,460,932	2,499,094	258.5%	74.0%
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%
June 30, 2018	1.09%	9,199,363	3,211,301	286.5%	71.9%
June 30, 2019	1.07%	9,700,981	3,325,904	291.7%	71.0%

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	Covered Payroll	Contributions Recognized as a Percentage of Covered Payroll
			Between Required and Recognized Contributions		
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	4,420,884	7.83%
June 30, 2017	411,955	413,092	(1,137)	4,336,368	9.53%
June 30, 2018	523,704	526,783	(3,079)	3,952,483	13.33%
June 30, 2019	563,560	562,050	1,510	4,025,429	13.96%
Firefighters's Retirement System					
June 30, 2014	678,774	686,645	(7,871)	2,320,595	29.59%
June 30, 2015	676,551	707,739	(31,188)	2,312,995	30.60%
June 30, 2016	653,455	677,577	(24,122)	2,234,034	30.33%
June 30, 2017	624,671	625,857	(1,186)	2,135,627	29.31%
June 30, 2018	664,284	665,881	(1,597)	2,506,732	26.56%
June 30, 2019	662,260	662,464	(204)	2,499,094	26.51%
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%
June 30, 2018	987,475	988,436	(961)	3,211,301	30.78%
June 30, 2019	1,072,604	1,076,936	(4,332)	3,325,904	32.38%

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, 2020

	<u>Economic Development</u>		<u>Dedicated 10</u>		<u>Court</u>	<u>Asset</u>	<u>LCDBG</u>	<u>Total</u>	
	<u>Hotel</u>	<u>Utility</u>	<u>Mill Ad</u>	<u>Cemetery</u>					<u>Non Major</u>
	<u>Motel Tax</u>	<u>Franchise</u>	<u>Valorem Tax</u>	<u>Fund</u>	<u>Witness Fees</u>	<u>Series 2001 A</u>	<u>Forfeiture</u>	<u>Funds</u>	
Assets									
Cash and Cash Equivalents	\$ 710,442	\$ -	\$ 12,505	\$ 69,201	\$ -	\$ -	\$ -	\$ 80	\$ 792,228
Receivables (net)	-	-	7,256	-	-	-	-	-	7,256
Interfund Receivables	-	69,472	18,371	4,652	43,997	-	29,004	-	165,496
Restricted cash	-	-	-	-	-	-	-	-	-
Other Assets	-	-	-	-	-	-	-	-	-
Total assets	<u>\$ 710,442</u>	<u>\$ 69,472</u>	<u>\$ 38,132</u>	<u>\$ 73,853</u>	<u>\$ 43,997</u>	<u>\$ -</u>	<u>\$ 29,004</u>	<u>\$ 80</u>	<u>\$ 964,980</u>
Liabilities and Fund Balance									
Liabilities									
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
Interfund Payables	444,363	-	-	-	-	-	-	11,912	456,275
Total liabilities	<u>444,363</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,912</u>	<u>456,275</u>
Fund Balance									
Restricted For:									
Economic Development	266,079	69,472	-	-	-	-	-	-	335,551
Other Special Purposes	-	-	38,132	73,853	43,997	-	29,004	(11,832)	173,154
Unassigned	-	-	-	-	-	-	-	-	-
Total Fund Balances	<u>266,079</u>	<u>69,472</u>	<u>38,132</u>	<u>73,853</u>	<u>43,997</u>	<u>-</u>	<u>29,004</u>	<u>(11,832)</u>	<u>508,705</u>
Total Liabilities and Fund									
Balance	<u>\$ 710,442</u>	<u>\$ 69,472</u>	<u>\$ 38,132</u>	<u>\$ 73,853</u>	<u>\$ 43,997</u>	<u>\$ -</u>	<u>\$ 29,004</u>	<u>\$ 80</u>	<u>\$ 964,980</u>

City of Pineville

Combining Statement of Revenues, Expenditures and Changes in Fund Balance Non Major Governmental Funds - Year Ended June 30, 2020

	Economic Development		Dedicated 10				Asset		Total
	Hotel	Utility	Mill Ad	Cemetery	Court	Series 2001 A	Forfeiture	LCDBG	Non Major
	Motel Tax	Franchise	Valorem Tax	Fund	Witness Fees				Funds
Revenues:									
Ad Valorem Taxes	\$ -	\$ -	\$ 997,944	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 997,944
Intergovernmental	222,535	-	-	-	-	-	-	-	222,535
Licenses & Permits:									
Franchise Fees	-	-	-	-	-	-	-	-	-
Other	34,452	-	7,262	445	6,485	-	4,345	-	52,989
Total Revenues	256,987	-	1,005,206	445	6,485	-	4,345	-	1,273,468
Expenditures:									
Current:									
Economic Development	274,500	45,528	-	-	-	-	-	-	320,028
City Court	-	-	-	-	-	-	-	-	-
Health & Welfare	-	-	-	-	-	-	-	-	-
Administrative Expenditures	-	-	13,815	-	-	-	-	-	13,815
Capital Expenditures	-	-	-	-	-	-	-	-	-
Debt Service	-	-	-	-	-	53,185	-	-	53,185
Total Expenditures	274,500	45,528	13,815	-	-	53,185	-	-	387,028
Excess (Deficiency) of									
Revenues Over Expenditures	(17,513)	(45,528)	991,391	445	6,485	(53,185)	4,345	-	886,440
Other Financing Sources (Uses):									
Operating Transfers In	-	-	-	-	-	53,185	-	-	53,185
Operating Transfers Out	-	-	(987,591)	-	-	-	-	-	(987,591)
Excess (Deficiency) of									
Revenues and Other Sources Over Expenditures and Other Uses	(17,513)	(45,528)	3,800	445	6,485	-	4,345	-	(47,966)
Fund Balance (Deficit)									
Beginning of Year	283,592	115,000	34,332	73,408	37,512	-	24,659	(11,832)	556,671
End of Year	\$ 266,079	\$ 69,472	\$ 38,132	\$ 73,853	\$ 43,997	\$ -	\$ 29,004	\$ (11,832)	\$ 508,705

City of Pineville

Schedule of Expenditures of Federal Awards For the year ended June 30, 2020

<u>Federal Grantor / Pass-through Grantor / Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
Environmental Protection Agency		
Passed Through Louisiana Department of Environmental Quality		
Capitalization Grants for Clean Water State Revolving Funds	66.458	\$ 934,618
Total Environmental Protection Agency		<u>934,618</u>
Total Clean Water State Revolving Fund Cluster		<u>934,618</u>
Department of Transportation		
Passed Through Louisiana Department of Transportation and Development		
Surface Transportation Discretionary Grants for Capital Investment	20.932	<u>86,900</u>
Passed Through Louisiana Highway Safety Commission		
National Priority Safety Programs	20.616	<u>15,004</u>
Total Highway Safety Cluster		<u>15,004</u>
Total Department of Transportation		<u>101,904</u>
Department of Justice		
Passed Through Louisiana Commission on Law Enforcement		
Crime Victim Assistance	16.575	22,965
Law Enforcement Assistance FBI Advanced Police Training	16.300	<u>11,315</u>
Total Department of Justice		<u>34,280</u>
Department of Housing and Urban Development		
Passed Through the Louisiana Division of Administration		
Community Development Block Grant/ State's Program	14.228	<u>122,671</u>
Total Department of Housing and Urban Development		<u>122,671</u>
Department of the Treasury		
Passed Through the Louisiana Division of Administration		
"COVID-19" - Coronavirus Relief Fund	21.019	<u>1,863,512</u>
Total Department of the Treasury		<u>1,863,512</u>
Total Expenditure of Federal Awards		<u>\$ 3,056,985</u>

Note

The schedule of expenditures of federal awards was prepared in conformity with generally accepted accounting principles. See Note 1 of the accompanying financial statements for further details. Furthermore, the City of Pineville has not used the 10% de minimus indirect cost rate.

CITY OF PINEVILLE

Schedule of Compensation Paid to Board Members For the year ended June 30, 2020

Clarence Fields	87,516
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>\$ 129,516</u>

CITY OF PINEVILLE

***Schedule of Compensation, Benefits and Other Payments
to Agency Head or Chief Executive Officer
For the year ended June 30, 2020***

Agency Head (Mayor) - Clarence Fields

Purpose:

Compensation \$ 87,516

Benefits

Health Insurance 5,720

Payroll Taxes 6,502

Retirement 11,807

Reimbursements 75

City of Pineville

Louisiana Community Development Block Grant Supplemental Schedule

Statement of Net Position	
June 30, 2020	
<u>ASSETS:</u>	
Current Assets:	
Cash	\$ -
Grant Revenue Receivable	-
Due from Other Funds	-
Total assets	-
<u>LIABILITIES:</u>	
Current Liabilities:	
Accounts Payable	-
Contracts Payable	-
Due to Other Funds	-
Retainage Payable	-
Total liabilities	-
<u>NET POSITION:</u>	
Unrestricted	-
Total net position	\$ -

Statement of Revenues, Expenses and Changes in Net Position	
For the Year Ended June 30, 2020	
<u>REVENUES:</u>	
Intergovernmental Revenues	
LCDBG Program Revenue	\$ 122,671
Local Revenue	-
Total Revenues	122,671
<u>EXPENDITURES:</u>	
Administration	-
Acquisition	-
Engineering	-
Construction	122,671
Clearance/Demolition	-
Planning	-
Total Expenditures	122,671
Excess (Deficiency) of Revenues over Expenditures	\$ -

The schedules appearing above are presented to comply with the Division of Administration's requirements for the Louisiana Community Development Block Grant Program. The figures are presented on a regulatory basis of accounting prescribed by the Division of Administration for this program.



December 23, 2020

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, 2020, 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 23, 2020.

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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 did not disclose any instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

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, MCKAY & WILLIS
Certified Public Accountants



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE

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

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM

We have audited the City of Pineville's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City of Pineville's major federal programs for the year ended June 30, 2020. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

MANAGEMENT'S RESPONSIBILITY

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

OPINION ON EACH MAJOR FEDERAL PROGRAM

In our opinion, the City of Pineville complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

REPORT ON INTERNAL CONTROL OVER COMPLIANCE

Management of the City of Pineville is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the

circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Rozier, McKay & Willis
Alexandria, Louisiana
December 23, 2020

CITY OF PINEVILLE

Summary of Findings and Questioned Cost June 30, 2020

PART I - SUMMARY OF AUDITOR'S RESULTS:

Financial Statements

- The Independent Auditor's Report on the financial statements for the City of Pineville as of June 30, 2020 and for the year then ended expressed an unmodified opinion.
- No material weaknesses in internal control were reported in connection with the audit.
- No significant deficiency(ies) that are not considered to be material weaknesses were identified.
- No instances of noncompliance material to the financial statements of the City of Pineville were disclosed during the audit.

Federal Awards

- No deficiencies in internal control over major federal award programs were disclosed during the audit. Accordingly, there were no material weaknesses applicable to major federal award programs.
- The Independent Auditor's Report on Compliance for each Major Program and on Internal Control over Compliance required by the Uniform Guidance expressed an unmodified opinion on compliance for major programs.
- The audit did not disclose any audit findings which are required to be reported as findings and questioned cost in connection with Federal Programs.
- Major Programs for the year ended June 30, 2020 are presented as follows:
 - Department of the Treasury
CFDA No. 21.019– Coronavirus Relief Fund
- A threshold of \$750,000 was used for distinguishing between type A and Type B Programs for purposes of identifying major programs
- The City of Pineville was not considered to be a low risk auditee as defined by the Uniform Guidance

PART II

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

None

PART III

FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS WHICH SHALL INCLUDE AUDIT FINDINGS AS DEFINED BY THE UNIFORM GUIDANCE:

None

CITY OF PINEVILLE

Management's Corrective Action Plan

June 30, 2020

SECTION I INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS.	
<u>FINDINGS</u>	<u>RESPONSE</u>
No Findings of this nature.	No response necessary
SECTION II INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS	
<u>FINDINGS</u>	<u>RESPONSE</u>
No Findings of this nature.	No response necessary
SECTION III MANAGEMENT LETTER	
<u>FINDINGS</u>	<u>RESPONSE</u>
No Findings of this nature.	No response necessary

CITY OF PINEVILLE

Summary of Prior Year Findings and Questioned Response June 30, 2020

SECTION I INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS.	
<u>FINDINGS</u>	<u>RESPONSE</u>
<p><u>2019-1: Financial Reporting Deficiencies</u> Audit procedures revealed a variety of financial reporting deficiencies. The various deficiencies identified are listed as follow:</p> <ul style="list-style-type: none"> • Bank reconciliation reports generated from the City’s computer system included numerous errors and unresolved matters. • The City has a clearing account that was established to report collections from the State and distribute the collections to the appropriate funds. When the clearing account is administered properly, it should report a zero balance. However, a substantial balance was reported at year end. A substantial balance was reported because receipts were not distributed to funds that were entitled to the collections. • An account established to report fuel inventories reported a large deficit balance. 	<p><u>2018 -1: Resolved</u> The City has retained a new finance director, who has the skills, knowledge, and experience to properly perform bank reconciliations and other related tasks.</p>
SECTION II INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS	
<u>FINDINGS</u>	<u>RESPONSE</u>
No Findings of this nature.	No response necessary
SECTION III MANAGEMENT LETTER	
<u>FINDINGS</u>	<u>RESPONSE</u>
No Findings of this nature.	No response necessary