



***ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED JUNE 30, 2019***



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

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

December 20, 2019

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, 2019, 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, 2019, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**OTHER MATTERS**

**Required Supplementary Information**

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

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

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

**Other Supplemental Information**

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

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

The 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 20, 2019, 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.

*Rozer, McKay, & Willis*

ROZIER, MCKAY & WILLIS  
Certified Public Accountant

# **City of Pineville**

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

**June 30, 2019**

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This section of the City of Pineville's annual financial report presents our discussion and analysis of the City's financial performance during the fiscal year ended June 30, 2019.

### **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, 2019**

### **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:

	<u>For the Year Ended June 30, 2019</u>			<u>For the</u>
	<u>Govern-</u>	<u>Business-</u>		<u>Year Ended</u>
	<u>mental</u>	<u>Type</u>		<u>June 30,</u>
	<u>Activities</u>	<u>Activities</u>	<u>Total</u>	<u>2018</u>
<b><u>Assets:</u></b>				
Current and Other Assets	\$ 3,682,239	\$ 6,718,990	\$ 10,401,229	\$ 11,131,665
Internal Balances	7,770,323	(7,770,323)	---	---
Capital Assets	25,518,538	27,998,257	53,516,795	53,335,970
<b>Total Assets</b>	<b>36,971,100</b>	<b>26,946,924</b>	<b>63,918,024</b>	<b>64,467,635</b>
<b>Deferred Outflow of Resources</b>	<b>6,805,761</b>	<b>771,321</b>	<b>7,577,082</b>	<b>5,950,244</b>
<b><u>Liabilities:</u></b>				
Current and Other Liabilities	679,247	583,454	1,262,701	1,193,290
Long-term Liabilities	32,767,274	8,341,821	41,109,095	39,802,008
<b>Total Liabilities</b>	<b>33,446,521</b>	<b>8,925,275</b>	<b>42,371,796</b>	<b>40,995,298</b>
<b>Deferred Inflow of Resources</b>	<b>3,769,533</b>	<b>446,447</b>	<b>4,215,980</b>	<b>2,128,483</b>
<b><u>Net Position:</u></b>				
Invested in Capital Assets (Net)	24,419,817	24,037,855	48,457,672	49,009,010
Restricted	10,531,745	428,753	10,960,498	9,580,766
Unrestricted	(28,390,755)	(6,120,085)	(34,510,840)	(31,295,678)
<b>Total Net Position</b>	<b>\$ 6,560,807</b>	<b>\$ 18,346,523</b>	<b>\$ 24,907,330</b>	<b>\$ 27,294,098</b>

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, 2019**

	For the Year Ended June 30, 2019			For the Year Ended June 30, 2018
	Govern- mental Activities	Business- Type Activities	Total	
<b>Revenues:</b>				
<b>Program Revenue:</b>				
Charges for Services	\$ 1,283,416	\$ 7,936,620	\$ 9,220,036	\$ 8,742,888
Operating Grants and Contributions	1,045,790	----	1,045,790	998,708
Capital Grants and Contributions	98,185	900,305	998,490	587,259
<b>General Revenue:</b>				
Property Taxes	1,559,886	----	1,559,886	1,544,324
Sales Taxes	11,400,733	----	11,400,733	11,618,962
Franchise Fees	992,970	----	992,970	976,399
Occupational Licenses	695,057	----	695,057	650,581
Intergovernmental	----	----	----	----
Other	88,019	22,072	110,091	61,067
<b>Total Revenue</b>	<b>17,164,056</b>	<b>8,858,997</b>	<b>26,023,053</b>	<b>25,180,188</b>
<b>Program Expenses:</b>				
General Government	2,636,983	----	2,636,983	2,517,689
Public Safety				
Police Department	7,485,393	----	7,485,393	6,511,187
Fire Department	5,301,498	----	5,301,498	4,970,366
Public Works	3,847,876	----	3,847,876	3,994,110
Health & Welfare	193,749	----	193,749	210,493
Economic Development	200,384	----	200,384	241,385
Culture and Recreation	1,786,782	----	1,786,782	1,698,439
Utility Service	----	4,926,727	4,926,727	4,961,497
Sanitation	----	1,840,614	1,840,614	1,581,278
Other	68,723	121,092	189,815	146,136
<b>Total Expenses</b>	<b>21,521,388</b>	<b>6,888,433</b>	<b>28,409,821</b>	<b>26,832,580</b>
<b>Increase in Net Position Before</b>				
Transfers	(4,357,332)	1,970,564	(2,386,768)	(1,652,392)
Transfers	3,457,366	(3,457,366)	----	----
<b>Change in Net Position</b>	<b>(899,966)</b>	<b>(1,486,802)</b>	<b>(2,386,768)</b>	<b>(1,652,392)</b>
<b>As Restated</b>	<b>7,460,773</b>	<b>19,833,325</b>	<b>27,294,098</b>	<b>28,946,490</b>
<b>Net Position Ending</b>	<b>\$ 6,560,807</b>	<b>\$ 18,346,523</b>	<b>\$ 24,907,330</b>	<b>\$ 27,294,098</b>

Governmental activities decreased the City's net position by \$899,966. This decrease is primarily due to an increase in Public Safety expenditures in the current year.

Business-type activities decreased the City's net position by \$1,486,802, due primarily to transferring resources to governmental funds to enhance governmental services.

# **City of Pineville**

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

**June 30, 2019**

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### **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 \$10,776,043 which represents an increase of \$901,216 in comparison to the previous balance. This is primarily due to transfers from the City's business-type funds.
- The City's general fund, which is available for spending at the City's discretion, reported a fund balance of \$244,298. The general fund balance decreased by \$492,356 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 continued on the Urban Gateway and Sewer Rehabilitation projects.
- Work was completed on the Runway Rehabilitation Project.

### **DEBT ADMINISTRATION**

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

- Collected \$774,351 in proceeds from the line of credit available under the Series 2010 Bond Issue
- Executed an installment purchase agreement in the amount of \$785,426 to finance the acquisition of a new fire truck

### **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, 2019**

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 2,355,549	\$ 4,499,023	\$ 6,854,572
Receivables (net)	1,141,793	1,189,715	2,331,508
Restricted asset			
Cash	-	1,030,252	1,030,252
Other assets	184,897	-	184,897
Internal balances	7,770,323	(7,770,323)	-
Capital assets			
Non depreciable capital assets	2,945,967	2,086,292	5,032,259
Depreciable capital assets, net	22,572,571	25,911,965	48,484,536
<b>Total assets</b>	<u>36,971,100</u>	<u>26,946,924</u>	<u>63,918,024</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension funding deferrals	5,657,961	559,836	6,217,797
OPEB funding deferrals	1,147,800	211,485	1,359,285
<b>Total deferred outflows</b>	<u>6,805,761</u>	<u>771,321</u>	<u>7,577,082</u>
<b>LIABILITIES</b>			
Accounts and other payables	676,519	56,724	733,243
Accrued interest	2,728	-	2,728
Accrued interest payable from restricted assets	-	21,499	21,499
Deposits due others	-	438,537	438,537
Other Current Liabilities	-	66,694	66,694
Long-term liabilities			
Compensated Absences	1,114,459	70,759	1,185,218
Net Other Post Employment Benefits	12,260,900	2,257,073	14,517,973
Net Pension Liability	18,293,194	1,473,587	19,766,781
Long-term Debt			
Due within one year	196,627	580,000	776,627
Due in more than one year	902,094	3,960,402	4,862,496
<b>Total liabilities</b>	<u>33,446,521</u>	<u>8,925,275</u>	<u>42,371,796</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension funding deferrals	1,724,967	69,732	1,794,699
OPEB funding deferrals	2,044,566	376,715	2,421,281
<b>Total deferred inflows</b>	<u>3,769,533</u>	<u>446,447</u>	<u>4,215,980</u>
<b>NET POSITION</b>			
Invested in capital assets, net of related debt	24,419,817	24,037,855	48,457,672
Restricted:			
Debt service	-	428,753	428,753
Capital projects and equipment acquisition	9,975,075	-	9,975,075
Economic Development	398,592	-	398,592
Other purposes	158,078	-	158,078
Unrestricted	(28,390,755)	(6,120,085)	(34,510,840)
<b>Total net position</b>	<u>\$ 6,560,807</u>	<u>\$ 18,346,523</u>	<u>\$ 24,907,330</u>

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

# **City of Pineville**

## **STATEMENT OF ACTIVITIES** **Year Ended June 30, 2019**

	Expenses	Program Revenues			Net (Expenses) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants & Contributions	
<b><u>Governmental Activities:</u></b>					
General Government					
Judicial	\$ 834,166	\$ 199,861	\$ -	\$ -	\$ (634,305)
Executive	349,015	-	-	-	(349,015)
Finance & Administrative	1,453,802	342,421	-	-	(1,111,381)
Public Safety					
Police Department	7,485,393	569,689	497,313	-	(6,418,391)
Fire Department	5,301,498	85,582	296,078	-	(4,919,838)
Public Works					
Administration	639,296	-	-	-	(639,296)
City Shop	257,533	-	-	-	(257,533)
Street Maintenance	1,637,415	30,221	-	98,185	(1,509,009)
Drainage Maintenance	745,362	-	-	-	(745,362)
Building Maintenance	277,435	32,365	-	-	(245,070)
Beautification	290,835	-	-	-	(290,835)
Health & Welfare (Impounding)	193,749	17,157	-	-	(176,592)
Economic Development	200,384	-	252,399	-	52,015
Culture & Recreation					
Recreation Department	1,032,984	6,120	-	-	(1,026,864)
Community Services	655,486	-	-	-	(655,486)
Special Events	98,312	-	-	-	(98,312)
Interest on Long-Term Debt	68,723	-	-	-	(68,723)
Total Governmental Activities	<u>21,521,388</u>	<u>1,283,416</u>	<u>1,045,790</u>	<u>98,185</u>	<u>(19,093,997)</u>
<b><u>Business-Type Activities:</u></b>					
Utility System	4,926,727	6,206,292	-	353,042	1,632,607
Sanitation	1,840,614	1,726,403	-	-	(114,211)
Airport	121,092	3,925	-	547,263	430,096
Total Business-Type Activities	<u>6,888,433</u>	<u>7,936,620</u>	<u>-</u>	<u>900,305</u>	<u>1,948,492</u>
Total	<u>\$ 28,409,821</u>	<u>\$ 9,220,036</u>	<u>\$ 1,045,790</u>	<u>\$ 998,490</u>	<u>\$ (17,145,505)</u>

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

# **City of Pineville**

## **STATEMENT OF ACTIVITIES (Continued)** **Year Ended June 30, 2019**

	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>
Net (Expense) Revenue (Continued From Previous Page)	<u>\$ (19,093,997)</u>	<u>\$ 1,948,492</u>	<u>\$ (17,145,505)</u>
<b><u>General Revenues:</u></b>			
Taxes:			
Ad Valorem	1,559,886	-	1,559,886
Sales	11,400,733	-	11,400,733
Licenses & Permits			
Franchise Fees	992,970	-	992,970
Occupational Licenses	695,057	-	695,057
Other	88,019	-	88,019
Intergovernmental			
Other	-	22,072	22,072
Transfers	<u>3,457,366</u>	<u>(3,457,366)</u>	<u>-</u>
Total General Revenues, Special Items and Transfers	<u>18,194,031</u>	<u>(3,435,294)</u>	<u>14,758,737</u>
Change in Net Position	(899,966)	(1,486,802)	(2,386,768)
Net Position - Beginning	<u>7,460,773</u>	<u>19,833,325</u>	<u>27,294,098</u>
Net Position Ending	<u>\$ 6,560,807</u>	<u>\$ 18,346,523</u>	<u>\$ 24,907,330</u>

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

# **City of Pineville**

## **Balance Sheet**

**Governmental Funds - June 30, 2019**

	General Fund	Dedicated 1% Sales Tax	Capital Improvements	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>					
Cash and Cash Equivalents	\$ 830,813	\$ -	\$ 964,852	\$ 559,884	\$ 2,355,549
Receivables (net)	725,841	353,351	62,601	-	1,141,793
Interfund Receivables	-	-	8,949,303	204,469	9,153,772
Restricted Cash	-	-	-	-	-
Other Assets	184,897	-	-	-	184,897
<b>Total assets</b>	<b>\$ 1,741,551</b>	<b>\$ 353,351</b>	<b>\$ 9,976,756</b>	<b>\$ 764,353</b>	<b>\$ 12,836,011</b>
<b>Liabilities and Fund Balance</b>					
<b>Liabilities</b>					
Accounts Payable	\$ 674,838	\$ -	\$ 1,681	\$ -	\$ 676,519
Interfund Payables	822,415	353,351	-	207,683	1,383,449
<b>Total liabilities</b>	<b>1,497,253</b>	<b>353,351</b>	<b>1,681</b>	<b>207,683</b>	<b>2,059,968</b>
<b>Fund Balance</b>					
Restricted For:					
Capital Improvements	-	-	9,975,075	-	9,975,075
Economic Development	-	-	-	398,592	398,592
Other Special Purposes	-	-	-	158,078	158,078
Unassigned	244,298	-	-	-	244,298
<b>Total Fund Balances</b>	<b>244,298</b>	<b>-</b>	<b>9,975,075</b>	<b>556,670</b>	<b>10,776,043</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 1,741,551</b>	<b>\$ 353,351</b>	<b>\$ 9,976,756</b>	<b>\$ 764,353</b>	<b>\$ 12,836,011</b>

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

# **City of Pineville**

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

**Year Ended June 30, 2019**

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Total Fund Balances - Governmental Funds	\$ 10,776,043
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	(32,770,002)
Deferred inflows of resources that do not meet criteria for inclusion in the Governmental Fund Balance Sheet	(3,769,533)
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	25,518,538
Deferred outflows of resources that do not meet criteria for inclusion in the Governmental Fund Balance Sheet	<u>6,805,761</u>
Net Position of Governmental Activities	<u>\$ 6,560,807</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, 2019**

	General Fund	Dedicated 1% Sales Tax	Capital Improvements	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>					
Taxes:					
Ad Valorem	\$ 571,687	\$ -	\$ -	\$ 988,199	\$ 1,559,886
Sales	6,755,857	4,039,021	605,855	-	11,400,733
Licenses & Permits:					
Franchise Fees	992,970	-	-	-	992,970
Occupational Licenses	695,057	-	-	-	695,057
Other	43,505	-	-	-	43,505
Intergovernmental	1,084,476	-	98,185	222,535	1,405,196
Fines and Forfeitures	438,092	-	-	-	438,092
Other	572,728	-	10,937	44,952	628,617
<b>Total Revenues</b>	<b>11,154,372</b>	<b>4,039,021</b>	<b>714,977</b>	<b>1,255,686</b>	<b>17,164,056</b>
<b>Expenditures:</b>					
Current:					
General Government					
Judicial					
City Court	356,643	-	5,244	-	361,887
City Marshal	397,344	-	-	-	397,344
Executive	321,914	-	100	-	322,014
Finance & Administrative	1,359,413	-	17,829	13,688	1,390,930
Public Safety					
Police Department	6,659,700	-	101,790	-	6,761,490
Fire Department	5,032,568	-	21,546	-	5,054,114
Public Works					
Administration	567,256	-	28,715	-	595,971
City Shop	233,244	-	239	-	233,483
Street Maintenance	668,866	-	43,712	-	712,578
Drainage Maintenance	560,599	-	12,868	-	573,467
Building Maintenance	195,339	-	20,887	-	216,226
Beautification	260,852	-	-	-	260,852
Health & Welfare	176,292	-	-	-	176,292
Economic Development	-	-	-	200,384	200,384
Culture & Recreation					
Recreation Department	592,058	-	46,800	-	638,858
Community Services	598,290	-	450	-	598,740
Special Events & Projects	112,150	-	495	-	112,655
Youth Activities	210,158	-	14,154	-	224,322
Capital Expenditures	-	-	1,350,597	-	1,350,597
Debt Service	-	-	267,284	56,144	323,428
<b>Total Expenditures</b>	<b>18,302,706</b>	<b>-</b>	<b>1,932,710</b>	<b>270,216</b>	<b>20,505,632</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>(7,148,334)</b>	<b>4,039,021</b>	<b>(1,217,733)</b>	<b>985,470</b>	<b>(3,341,576)</b>

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

# City of Pineville

Continued

## **Statement of Revenues, Expenditures and Changes in Fund Balance Governmental Funds - Year Ended June 30, 2019**

	General Fund	Dedicated 1% Sales Tax	Capital Improvements	Other Governmental Funds	Total Governmental Funds
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	(7,148,334)	4,039,021	(1,217,733)	985,470	(3,341,576)
<b><u>Other Financing Sources (Uses):</u></b>					
Proceeds From Long-Term Debt	-	-	785,426	-	785,426
Operating Transfers In	6,655,978	-	2,019,511	56,144	8,731,633
Operating Transfers Out	-	(4,039,021)	(258,879)	(976,367)	(5,274,267)
<b>Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses</b>	(492,356)	-	1,328,325	65,247	901,216
<b>Fund Balance (Deficit) - Beginning of Year</b>	<u>736,654</u>	<u>-</u>	<u>8,646,750</u>	<u>491,423</u>	<u>9,874,827</u>
<b>Fund Balance (Deficit) - End of Year</b>	<u>\$ 244,298</u>	<u>\$ -</u>	<u>\$ 9,975,075</u>	<u>\$ 556,670</u>	<u>\$ 10,776,043</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, 2019**

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Net change in fund balances of Governmental Funds	\$ 901,216
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	1,350,597
Depreciation	(1,777,530)
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	(785,426)
Repayment of Long-Term Debt	253,718
Change in Interest Payable	987
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.	4,696
Changes in total OPEB Liability and deferred inflows and outflows in accordance with GASB 75	(430,405)
Changes in net pension liability and deferred inflows and outflows in accordance with GASB 68	(417,819)
Change in net position of governmental activities	<u>\$ (899,966)</u>

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

# **City of Pineville**

## **Statement of Net Position**

**Proprietary Funds - June 30, 2019**

	Business-Type Activities - Enterprise Funds			
	Utility		Nonmajor	
	System	Sanitation	Funds	Total
<b>ASSETS:</b>				
Current Assets:				
Cash and cash equivalents	\$ 3,368,519	\$ 1,130,504	\$ -	\$ 4,499,023
Receivables (net)	862,746	278,778	48,191	1,189,715
Other	-	-	-	-
Interfund receivables	-	-	308,697	308,697
<b>Total current assets</b>	<b>4,231,265</b>	<b>1,409,282</b>	<b>356,888</b>	<b>5,997,435</b>
Restricted Assets:				
Cash and cash equivalents	1,030,252	-	-	1,030,252
Noncurrent Assets:				
Construction in process	2,008,563	-	77,729	2,086,292
Depreciable capital assets, net	23,735,131	171,041	2,005,793	25,911,965
<b>Total assets</b>	<b>31,005,211</b>	<b>1,580,323</b>	<b>2,440,410</b>	<b>35,025,944</b>
<b>DEFERRED OUTFLOWS OF RESOURCES:</b>				
Pension and OPEB funding deferrals	541,699	229,622	-	771,321
<b>LIABILITIES:</b>				
Current Liabilities:				
Accounts and other payables	14,641	7,935	34,148	56,724
Interfund payables	6,312,129	1,497,402	269,489	8,079,020
Compensated absences	53,400	17,359	-	70,759
Deposits due others	438,537	-	-	438,537
Other	66,694	-	-	66,694
<b>Total current liabilities</b>	<b>6,885,401</b>	<b>1,522,696</b>	<b>303,637</b>	<b>8,711,734</b>
Liabilities Payable From Restricted Assets:				
Accrued interest payable from restricted assets	21,499	-	-	21,499
Current portion of long-term debt	580,000	-	-	580,000
Noncurrent Liabilities:				
Other Post Employment Benefits	1,659,241	597,832	-	2,257,073
Net Pension Liability	1,014,925	458,662	-	1,473,587
Long-term debt	3,960,402	-	-	3,960,402
<b>Total liabilities</b>	<b>14,121,468</b>	<b>2,579,190</b>	<b>303,637</b>	<b>17,004,295</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>				
Pension and OPEB funding deferrals	317,783	128,664	-	446,447
<b>NET POSITION:</b>				
Invested in capital assets, net of related debt	21,783,292	171,041	2,083,522	24,037,855
Restricted for debt service	428,753	-	-	428,753
Unrestricted	(5,104,386)	(1,068,950)	53,251	(6,120,085)
<b>Total net position</b>	<b>\$ 17,107,659</b>	<b>\$ (897,909)</b>	<b>\$ 2,136,773</b>	<b>\$ 18,346,523</b>

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, 2019***

	Business-Type Activities - Enterprise Funds			
	Utility	Sanitation	Nonmajor	Total
	System		Funds	
<b><u>Operating Revenues:</u></b>				
Service Fees	\$ 5,892,424	\$ 1,667,496	\$ 3,925	\$ 7,563,845
Other	313,868	58,907	-	372,775
<b>Total Operating Revenues</b>	<b>6,206,292</b>	<b>1,726,403</b>	<b>3,925</b>	<b>7,936,620</b>
<b><u>Operating Expenses:</u></b>				
Salaries	1,049,633	541,950	-	1,591,583
Contract Labor	39,375	136,882	-	176,257
Legal and Professional	106,586	4,862	5,800	117,248
Insurance	95,121	16,103	1,386	112,610
Repairs & Maintenance	335,456	186,659	3,839	525,954
Supplies & Chemicals	327,040	109,514	-	436,554
Employee Benefits	634,373	310,593	-	944,966
Landfill Disposal Cost	-	390,908	-	390,908
Utilities	660,755	-	13,047	673,802
Permits and Testing	65,245	1,551	30	66,826
Depreciation	1,333,643	88,524	96,990	1,519,157
Bad Debts	80,000	50,000	-	130,000
Other	55,496	3,068	-	58,564
<b>Total Operating Expenses</b>	<b>4,782,723</b>	<b>1,840,614</b>	<b>121,092</b>	<b>6,744,429</b>
<b>Operating Income (Loss)</b>	<b>1,423,569</b>	<b>(114,211)</b>	<b>(117,167)</b>	<b>1,192,191</b>
<b><u>Nonoperating Revenues (Expenses):</u></b>				
Interest Revenue	22,071	-	-	22,071
Interest Expense	(144,004)	-	-	(144,004)
<b>Change in Net Position Before Contributions and Transfers</b>	<b>1,301,636</b>	<b>(114,211)</b>	<b>(117,167)</b>	<b>1,070,258</b>
<b><u>Contributions and Transfers:</u></b>				
Capital Contributions	353,042	-	547,263	900,305
Operating Transfers In	110,343	12,179	80,213	202,735
Operating Transfers Out	(3,100,000)	(560,100)	-	(3,660,100)
<b>Change in Net Position</b>	<b>(1,334,979)</b>	<b>(662,132)</b>	<b>510,309</b>	<b>(1,486,802)</b>
<b>Total Net Position - Beginning</b>	<b>18,442,638</b>	<b>(235,777)</b>	<b>1,626,464</b>	<b>19,833,325</b>
<b>Total Net Position - Ending</b>	<b>\$ 17,107,659</b>	<b>\$ (897,909)</b>	<b>\$ 2,136,773</b>	<b>\$ 18,346,523</b>

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

# **City of Pineville**

## **Statement of Cash Flows**

### **Proprietary Funds - Year Ended June 30, 2019**

	Business-Type Activities - Enterprise Funds			
	Utility		Nonmajor	
	System	Sanitation	Funds	Total
<b><u>Cash flow from operating activities:</u></b>				
Cash received from customers	\$ 6,248,666	\$ 1,721,175	\$ 3,925	\$ 7,973,766
Cash payments to suppliers of goods and services	(2,351,611)	(1,180,655)	(24,102)	(3,556,368)
Cash payments to employees for services	(1,042,638)	(543,237)	-	(1,585,875)
Net cash provided (used) by operating activities	<u>2,854,417</u>	<u>(2,717)</u>	<u>(20,177)</u>	<u>2,831,523</u>
<b><u>Cash flows from non-capital financing activities:</u></b>				
Change in interfund balances	1,684,214	500,837	75,494	2,260,545
Operating transfers in	110,343	12,178	80,213	202,734
Operating transfers out	(3,100,000)	(560,100)	-	(3,660,100)
Net cash provided (used) by non-capital financing activities	<u>(1,305,443)</u>	<u>(47,085)</u>	<u>155,707</u>	<u>(1,196,821)</u>
<b><u>Cash flows from capital and related financing activities:</u></b>				
Capital expenditures	(1,582,935)	-	(649,481)	(2,232,416)
Proceeds from capital grants	353,042	-	513,951	866,993
Proceeds from issuing revenue bonds	774,351	-	-	774,351
Principle paid on revenue bonds	(553,896)	-	-	(553,896)
Interest paid on debt instruments	(145,097)	-	-	(145,097)
Net cash provided (used) by capital and related financing activities	<u>(1,154,535)</u>	<u>-</u>	<u>(135,530)</u>	<u>(1,290,065)</u>
<b><u>Cash flows from investing activities:</u></b>				
Interest and other income	22,071	-	-	22,071
Net cash provided (used) by investing activities	<u>22,071</u>	<u>-</u>	<u>-</u>	<u>22,071</u>
Net increase (decrease) in cash	416,510	(49,802)	-	366,708
Beginning cash balance	3,982,261	1,180,306	-	5,162,567
Ending cash balance	4,398,771	1,130,504	-	5,529,275
Restricted cash and cash equivalents	1,030,252	-	-	1,030,252
Cash and cash equivalents	<u>\$ 3,368,519</u>	<u>\$ 1,130,504</u>	<u>\$ -</u>	<u>\$ 4,499,023</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, 2019**

	Business-Type Activities - Enterprise Funds			
	Utility	Nonmajor		Total
	System	Sanitation	Funds	
<b><u>Reconciliation of operating income (loss)</u></b>				
<b><u>to net cash provided (used) by operating</u></b>				
<b><u>activities</u></b>				
Operating income (loss)	\$ 1,423,569	\$ (114,211)	\$ (117,167)	\$ 1,192,191
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	1,333,643	88,524	96,990	1,519,157
(Increase) decrease in accounts receivable	35,234	(5,228)	-	30,006
(Increase) decrease in other assets	73,935	-	-	73,935
(Decrease) increase in accounts and other payables	(149,083)	(13,879)	-	(162,962)
(Decrease) increase in compensated absences	6,995	(1,287)	-	5,708
(Decrease) increase in Other Post Employment Benefits	57,275	21,209	-	78,484
Change in net pension liabilities and deferrals	65,709	22,155	-	87,864
(Decrease) increase in meter deposits	7,140	-	-	7,140
Net cash provided (used) by operating activities	<u>\$ 2,854,417</u>	<u>\$ (2,717)</u>	<u>\$ (20,177)</u>	<u>\$ 2,831,523</u>

#### **Supplemental disclosures of cash flow information:**

During the year ended June 30, 2019 there were no operating, financing, or investing activities during the year that did not result in cash receipts or payments.

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

# ***City of Pineville***

## ***Notes to Financial Statements***

***June 30, 2019***

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### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

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

### **Financial Reporting Entity**

As the municipal governing authority, for reporting purposes, the City is considered a separate financial reporting entity. The financial reporting entity consists of (a) the primary government (the City), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which 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, 2019**

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### **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:

<b><u>Financial Statement Presentation</u></b>	<b><u>Basis of Accounting</u></b>	<b><u>Measurement Focus</u></b>
Government-Wide Financial Statements	Accrual Basis	Economic Resources
Fund Financial Statements:		
Governmental Funds	Modified Accrual Basis	Current Financial Resources
Proprietary Funds	Accrual Basis	Economic Resources
Fiduciary Funds	Accrual Basis	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, 2019***

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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, 2019**

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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, 2019 are summarized as follows:

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b><u>Accounts Receivable</u></b>			
Charges for Services	\$ ---	\$ 2,723,646	\$ 2,723,646
Franchise Taxes	103,197	---	103,197
Other	16,286	2,878	19,164
<b>Total Accounts Receivable</b>	<b>119,483</b>	<b>2,726,524</b>	<b>2,846,007</b>
<b><u>Due From Other Governmental Units</u></b>			
Occupational Licenses	18,558	---	18,558
Grant Reimbursements	9,599	48,191	57,790
Sales Taxes	994,153	---	994,153
Other	---	---	---
<b>Total Due From Other Governments</b>	<b>1,022,310</b>	<b>48,191</b>	<b>1,070,501</b>
<b>Total Receivables</b>	<b>1,141,793</b>	<b>2,774,715</b>	<b>3,916,508</b>
Allowance for Doubtful Accounts	---	(1,585,000)	(1,585,000)
<b>Receivables (Net)</b>	<b>\$ 1,141,793</b>	<b>\$ 1,189,715</b>	<b>\$ 2,331,508</b>

# ***City of Pineville***

## **Notes to Financial Statements**

**June 30, 2019**

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

At June 30, 2019, cash and cash equivalents included the following amounts:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Cash Deposited in Banks	\$ 2,354,939	\$ 5,527,775	\$ 7,882,714
Petty Cash	610	1,500	2,110
<b>Total Cash</b>	<b>2,355,549</b>	<b>5,529,275</b>	<b>7,884,824</b>
Restricted Cash	----	1,030,252	1,030,252
<b>Cash and Cash Equivalents</b>	<b>\$ 2,355,549</b>	<b>\$ 4,499,023</b>	<b>\$ 6,854,572</b>

Cash deposited in banks is stated at cost, which approximates market. At June 30, 2019, the City has \$7,882,714 in deposits (\$8,116,719 collected bank balance). These deposits are secured from risk by \$250,000 of federal deposit insurance and an irrevocable standby letter of credit from the Federal Home Loan Bank of Dallas in the amount of \$9,000,000.

### **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:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Certificates of Indebtedness	\$ 145,000	\$ ----	\$ 145,000
Installment Purchase Agreement	953,721	----	953,721
Revenue Bonds	----	4,572,966	4,572,966
<b>Total Obligations</b>	<b>1,098,721</b>	<b>4,572,966</b>	<b>5,671,687</b>
Deferred Issue Cost	----	(32,564)	(32,564)
<b>Total Long-term Debt</b>	<b>1,098,721</b>	<b>4,540,402</b>	<b>5,639,123</b>
Due Within One Year	196,627	580,000	776,627
Due in More Than One Year	\$ 902,094	\$ 3,960,402	\$ 4,862,496

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
<b>Governmental Activities</b>				
Certificates of Indebtedness	\$ 190,000	\$ ----	\$ 45,000	\$ 145,000
Installment Purchase Agreements	377,013	785,426	208,718	953,721
<b>Total Governmental Activities</b>	<b>567,013</b>	<b>785,426</b>	<b>253,718</b>	<b>1,098,721</b>

# ***City of Pineville***

## **Notes to Financial Statements**

**June 30, 2019**

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
<b>Business-Type Activities</b>				
Revenue Bonds	4,358,615	774,351	560,000	4,572,966
Total Business-Type Activities	4,358,615	774,351	560,000	4,572,966
Total Long-term Debts	\$ 4,925,628	\$ 1,559,777	\$ 813,718	\$ 5,671,687

### **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. \$ 145,000

### **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. \$ 299,399

\$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. \$ 654,322

---

Total Installment Agreements \$ 953,721

### **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, 2019 are described as follows:

\$5,680,000 Utility Revenue Bonds Series 2006, bearing interest at rates ranging from 4.0% to 5.0%. The bonds mature serially on May 1<sup>st</sup> of each year in amounts ranging from \$175,000 to \$470,000. Final maturity is scheduled for May 1, 2026, unless the City elects to redeem the bonds prior to maturity. Bonds become eligible for redemption on May 1, 2016. \$ 2,805,000

# **City of Pineville**

## **Notes to Financial Statements**

**June 30, 2019**

\$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, 2019 \$3,147,956 has been collected. The bonds mature serially on May 1<sup>st</sup> of each year, and if the entire \$4,500,000 is utilized, the amounts will range from \$155,000 to \$250,000. Final maturity is scheduled for May 1, 2032, unless the City elects to redeem the bonds prior to maturity.

	1,767,966
<b>Total Revenue Bonds</b>	<b>\$ 4,572,966</b>

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

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

<b><u>Year Ended June 30<sup>th</sup></u></b>	<b><u>Governmental Activities</u></b>		<b><u>Business-Type Activities</u></b>	
	<b><u>Principal Installments</u></b>	<b><u>Interest</u></b>	<b><u>Principal Installments</u></b>	<b><u>Interest</u></b>
2020	196,627	38,359	580,000	128,996
2021	206,772	30,066	600,000	113,116
2022	212,092	21,396	620,000	96,588
2023	130,502	14,405	630,000	79,261
2024	82,220	11,035	655,000	61,076
2025 – 2029	270,509	15,156	1,487,966	65,317
<b>Total Governmental</b>	<b>\$ 1,098,721</b>	<b>\$ 130,417</b>	<b>\$ 4,572,966</b>	<b>\$ 544,353</b>

### **NOTE 5 – TAXES:**

#### **Ad Valorem Taxes:**

The City bills and collects its own property taxes using the assessed values determined by the Tax Assessor of Rapides Parish. For the year ended June 30, 2019, the City has levied ad valorem taxes as follows:

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

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

# **City of Pineville**

## **Notes to Financial Statements**

**June 30, 2019**

### **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, 2019 the City has levied sales taxes as follows:

<b><u>Description</u></b>	<b><u>Percentage Levied</u></b>
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:

	<b><u>Beginning Balance</u></b>	<b><u>Additions</u></b>	<b><u>Disposals</u></b>	<b><u>Ending Balance</u></b>
<b><u>Governmental Activities</u></b>				
<b>Non-Depreciable Capital Assets</b>				
Land	\$ 2,509,518	\$ ----	\$ ----	\$ 2,509,518
Construction in Process	810,609	111,216	485,376	436,449
Total	<u>3,320,127</u>	<u>111,216</u>	<u>485,376</u>	<u>2,945,967</u>
<b>Depreciable Capital Assets</b>				
Buildings and Improvements	7,011,180	----	----	7,011,180
Furniture, Fixtures and Equipment	7,096,601	1,239,381	----	8,335,982
Infrastructure	26,876,208	485,376	----	27,361,584
Accumulated Depreciation	(18,358,647)	(1,777,528)	----	(20,136,175)
Total	<u>22,625,342</u>	<u>(52,771)</u>	<u>----</u>	<u>22,572,571</u>
Total Governmental Activities	<u>\$ 25,945,469</u>	<u>\$ 58,445</u>	<u>\$ 485,376</u>	<u>\$ 25,518,538</u>

# ***City of Pineville***

## **Notes to Financial Statements**

**June 30, 2019**

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
<b><u>Business-Type Activities</u></b>				
<b>Non Depreciable Capital Assets</b>				
Airport Construction in Process	\$ 260,856	\$ 543,976	\$ 727,103	\$ 77,729
Utility Construction in Process	487,955	1,520,608	----	2,008,563
Total Construction in Process	<u>748,811</u>	<u>2,064,584</u>	<u>727,103</u>	<u>2,086,292</u>
<b>Depreciable Capital Assets</b>				
Sanitation Equipment	1,292,795	----	----	1,292,795
Utility Equipment	1,103,184	----	----	1,103,184
Utility System	47,282,223	62,328	----	47,344,551
Airport Improvements	2,239,475	727,103	----	2,966,578
Accumulated Depreciation	<u>(25,275,986)</u>	<u>(1,519,157)</u>	----	<u>(26,795,143)</u>
Total	<u>26,641,691</u>	<u>(729,726)</u>	----	<u>25,911,965</u>
<b>Total Business-Type Activities</b>	<b>\$ 27,390,502</b>	<b>\$ 1,334,858</b>	<b>\$ 727,103</b>	<b>\$ 27,998,257</b>

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

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Judicial	\$ 17,912	\$ ----	\$ 17,912
Finance & Administrative	4,904	----	4,904
Police Department	251,321	----	251,321
Fire Department	219,031	----	219,031
Public Works Administration	8,283	----	8,283
City Shop	3,681	----	3,681
Street Maintenance	895,232	----	895,232
Drainage Maintenance	153,734	----	153,734
Building Maintenance	37,488	----	37,488
Health & Welfare (Impounding)	764	----	764
Recreation Department	158,906	----	158,906
Community Services	7,276	----	7,276
Beautification	18,996	----	18,996
Utility System	----	1,333,643	1,333,643
Sanitation	----	88,524	88,524
Airport	----	96,990	96,990
<b>Total Depreciation Expense</b>	<b>\$ 1,777,528</b>	<b>\$ 1,519,157</b>	<b>\$ 3,296,685</b>

### **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, 2019**

	<b>Governmental Activities</b>			
	<b>General Fund</b>	<b>Capital Improvements</b>	<b>Other</b>	<b>Total</b>
Payable to Vendors	\$ 348,328	\$ 1,681	\$ ----	\$ 350,009
Construction Contract Retainage	----	----	----	----
Accrued Wages	200,187	----	----	200,187
Economic Development Cooperative Endeavor (See Note 15)	126,323	----	----	126,323
<b>Total</b>	<b>\$ 674,838</b>	<b>\$ 1,681</b>	<b>\$ ----</b>	<b>\$ 676,519</b>

  

	<b>Business-Type Activities</b>			
	<b>Utility System</b>	<b>Sanitation</b>	<b>Other</b>	<b>Total</b>
Payable to Vendors	\$ ----	\$ ----	\$ 34,148	\$ 34,148
Accrued Wages	14,641	7,935	----	22,576
<b>Total</b>	<b>\$ 14,641</b>	<b>\$ 7,935</b>	<b>\$ 34,148</b>	<b>\$ 56,724</b>

**NOTE 8- RISK MANAGEMENT**

The City is exposed to various risk of loss related to torts; theft, damage or destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City insures against these risks by participation in public entity risk pools that operate as common insurance programs and by purchasing commercial insurance. Settled claims resulting from these 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, 2019**

	<u>Net Pension Liability</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Municipal Employees' Retirement System	\$ 4,511,181	\$ 1,631,238	\$ 203,183
Firefighters' Retirement System of Louisiana	6,056,236	1,483,903	978,725
Municipal Police Employees' Retirement System of Louisiana	9,199,363	3,102,655	612,791
Total	19,766,780	6,217,796	1,794,669
Portion Applicable to Business Type Activities	1,473,587	559,836	69,732
Portion Applicable to Government Type Activities	\$ 18,293,193	\$ 5,657,961	\$ 1,724,967

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](http://mersla.com). The plans net pension liability was determined at June 30, 2018 (measurement date and actuarial valuation date) and details are provided as follows:

# **City of Pineville**

## **Notes to Financial Statements**

**June 30, 2019**

Net Pension Liability	\$ 84,583,179
City's Proportionate Share (Percentage)	5.33 %
City's Proportionate Share (Amount)	<u>\$ 4,511,181</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, 2018 are provided as follows:

Beginning Net Pension Liability		\$ 4,365,524
Employer Contributions		(526,783)
<u>Pension Expense</u>		
Proportionate Share of Plan Pension Expense	999,419	
Changes in Benefit Terms	----	
Employee Contributions	<u>(133,914)</u>	865,505
Change in Deferred Outflows of Resources		(108,816)
Change in Deferred Inflows of Resources		<u>(84,249)</u>
Ending Net Pension Liability		<u>\$ 4,511,181</u>

There were no changes between June 30, 2019 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	\$ 12,087	\$ 203,183	\$ (191,096)
Net Difference Between Projected and Actual Investment			
Earnings on Pension Plan Investments	733,219	----	733,219
Changes of Assumptions	168,814	----	168,814
Changes in Proportion	153,670	----	153,670
Employer Contributions Made After the Measurement Date	<u>563,448</u>	<u>----</u>	<u>563,448</u>
Total Deferrals	1,631,238	203,183	1,428,055
Deferrals That Will be Recorded as a Reduction in Net Pension Liability in the Subsequent Reporting Period	<u>563,448</u>	<u>----</u>	<u>563,448</u>
Deferrals Subject to Amortization:	<u>\$ 1,067,790</u>	<u>\$ 203,183</u>	<u>\$ 864,607</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, 2019	\$ 485,287
June 30, 2020	290,089
June 30, 2021	66,484
June 30, 2022	22,747
Total	<u>\$ 864,607</u>

# ***City of Pineville***

## ***Notes to Financial Statements***

***June 30, 2019***

Valuation Date	June 30, 2018
Actuarial Cost Method	Entry Age Normal Cost
Actuarial Assumptions:	
Investment Rate of Return	7.275%
Projected Salary Increases	5.00% (2.6% Inflation, 5% Inflation and Merit)
Mortality Rates	RP-2000 Employees Sex Distinct Table for employees (set back 2 years for males and set back 2 years for females) RP-2000 Healthy Annuitant Sex Distinct Table for healthy annuitants (set forward 2 years for males and 1 year for females projected to 2028 using scale AA.) RP-2000 Disabled Lives Mortality Tables for disabled annuitants (set back 5 years for males and 3 years for females)
Expected Remaining Service Lives	3 years
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, 2018 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%	2.20%
Public Fixed Income Alternatives	35%	1.50%
Totals	100%	4.30%
Inflation		2.70%
Expected Arithmetic Nominal Return		7.00%

The discount rate used to measure the total pension liability was 7.275%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates approved by PRSAC taking into consideration the recommendation of the System's actuary. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

# **City of Pineville**

## **Notes to Financial Statements**

**June 30, 2019**

	1% Decrease 6.275% Discount Rate	Current Discount Rate 7.275%	1% Increase 8.275% Discount
Net Pension Liability	\$ 5,920,374	\$ 4,511,181	\$ 3,313,245

### **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<sup>1/3</sup> 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](http://lafirefightersret.com). The plans net pension liability was determined at June 30, 2018 (measurement date and actuarial valuation date) and details are provided as follows:

Net Pension Liability	\$ 575,207,799
City's Proportionate Share (Percentage)	1.05%
City's Proportionate Share (Amount)	<u>\$ 6,056,236</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, 2018 are provided as follows:

Beginning Net Pension Liability		\$ 6,070,785
Employer Contributions		(665,881)
<u>Pension Expense</u>		
Proportionate Share of Plan Pension Expense	876,249	
Changes in Benefit Terms	----	
Employee Contributions	(273,264)	602,985
Change in Deferred Outflows of Resources		40,113
Change in Deferred Inflows of Resources		<u>8,234</u>
Ending Net Pension Liability		<u>\$ 6,056,236</u>

# **City of Pineville**

## **Notes to Financial Statements**

**June 30, 2019**

There were no changes between June 30, 2019 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	\$ ----	\$ 460,947	\$ (460,947)
Net Difference Between Projected and Actual Investment			
Earnings on Pension Plan Investments	393,806	----	393,806
Changes of Assumptions	422,483	960	421,523
Changes in Proportion	----	516,818	(516,818)
Employer Contributions Made After the Measurement Date	<u>667,615</u>	<u>-----</u>	<u>667,615</u>
Total Deferrals	1,483,904	978,725	505,179
Deferrals That Will be Recorded as a Reduction in Net Pension Liability in the Subsequent Reporting Period	<u>667,615</u>	<u>----</u>	<u>667,615</u>
Deferrals Subject to Amortization	<u>\$ 816,289</u>	<u>\$ 978,725</u>	<u>\$ (162,436)</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, 2019	\$ 181,188
June 30, 2020	(49,155)
June 30, 2021	(247,312)
June 30, 2022	(25,848)
June 30, 2023	(19,103)
Thereafter	<u>(2,206)</u>
Total	<u>\$ (162,436)</u>

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

Valuation Date	June 30, 2018
Actuarial Cost Method	Entry Age Normal Cost
Expected Remaining Service Lives	7 Years
Investment Rate of Return	7.3% per annum
Inflation Rate	2.700% per annum
Projected Salary Increases	Vary from 15.0% in the first two years of service to 4.75% after 25 years.
Cost of Living Adjustments	Only those previously granted

The estimated long-term expected rate of return on pension plan investments was determined using a building-block method in which best-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

# **City of Pineville**

## **Notes to Financial Statements**

**June 30, 2019**

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percentage and by adding expected inflation. The long term expected nominal rate of return was 8.09% as of June 30, 2018.

Best estimates of real rates of return for each major asset class included in FRS' target asset allocation as of June 30, 2018 are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Target Asset Allocation</u>	<u>Expected Portfolio Real Rate of Return</u>
U.S. Equity	22.00%	6.14%
Non-U.S. Equity	22.00%	7.46%
Global Equity	10.00%	6.74%
Fixed Income	26.00%	1.76%
Real Estate	6.00%	4.38%
Private Equity	4.00%	8.73%
Global Tactical Asset Allocation	5.00%	4.31%
Risk Parity	5.00%	4.89%
Totals	<u>100.00%</u>	

The discount rate used to measure the total pension liability was 7.3%. 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:

	<u>1% Decrease 6.3% Discount Rate</u>	<u>Current Discount Rate 7.3%</u>	<u>1% Increase 8.3 % Discount</u>
Net Pension Liability	\$ 8,837,481	\$ 6,056,236	\$ 3,719,034

### **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.

# **City of Pineville**

## **Notes to Financial Statements**

**June 30, 2019**

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**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](http://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](http://lampers.org). The plans net pension liability was determined at June 30, 2018 (measurement date and actuarial valuation date) and details are provided as follows:

Net Pension Liability	\$ 845,406,112
City's Proportionate Share (Percentage)	1.09%
City's Proportionate Share (Amount)	<u>\$ 9,199,363</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, 2018 are provided as follows:

Beginning Net Pension Liability		\$ 8,157,271
Employer Contributions		(988,436)
<u>Pension Expense</u>		
Proportionate Share of Plan Pension Expense	1,558,844	
Changes in Benefit Terms	----	
Employee Contributions	<u>(214,732)</u>	1,344,112
Change in Deferred Outflows of Resources		937,866
Change in Deferred Inflows of Resources		<u>(251,450)</u>
Ending Net Pension Liability		<u>\$ 9,199,363</u>

There were no changes between June 30, 2019 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, 2019**

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Net</u>
Differences Between Expected and Actual Experience	\$ 41,471	\$ 470,106	\$ (428,635)
Net Difference Between Projected and Actual Investment			
Earnings on Pension Plan Investments	440,997	----	440,997
Changes of Assumptions	601,173	----	601,173
Changes in Proportion	939,850	142,685	797,165
Employer Contributions Made After the Measurement Date	<u>1,079,164</u>	<u>-----</u>	<u>1,079,164</u>
Total Deferrals	3,102,655	612,791	2,489,864
Deferrals That Will be Recorded as a Reduction in Net Pension Liability in the Subsequent Reporting Period	<u>1,079,164</u>	<u>----</u>	<u>1,079,164</u>
Deferrals Subject to Amortization	<u>\$ 2,023,491</u>	<u>\$ 612,791</u>	<u>\$ 1,410,700</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, 2019	\$ 809,804
June 30, 2020	537,788
June 30, 2021	47,089
June 30, 2022	<u>16,019</u>
Total	<u>\$ 1,410,700</u>

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

Valuation Date	June 30, 2018	
Actuarial Cost Method	Entry Age Normal Cost	
Investment Rate of Return	7.20% per annum	
Expected Remaining Service Lives	4 Years	
Inflation Rate	2.60% 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, 2018 are summarized in the following table:

# ***City of Pineville***

## **Notes to Financial Statements**

**June 30, 2019**

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Portfolio Real Rate of Return</u>
Equity	52%	3.58%
Fixed Income	22%	0.46%
Alternatives	20%	1.07%
Other	6%	0.17%
Totals	<u>100%</u>	<u>5.28%</u>
Inflation		<u>2.75%</u>
Expected Arithmetic Nominal Return		<u>8.03%</u>

The discount rate used to measure the total pension liability was 7.20%. 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 6.20% Discount Rate	Current Discount Rate 7.20%	1% Increase 8.20% Discount
Net Pension Liability	\$ 12,927,651	\$ 9,199,363	\$ 6,071,472

### **NOTE II – INTERNAL BALANCES**

Details related to internal balances are presented as follows:

<u>Governmental Activities</u>	<u>Receivable (Payable)</u>	<u>Purpose</u>
General	\$ (822,415)	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	8,949,303	
1% Dedicated Sales Tax	(353,351)	
Non-major Governmental Funds	(3,214)	
	<u>\$ 7,770,323</u>	

# **City of Pineville**

## **Notes to Financial Statements**

**June 30, 2019**

<u>Business-Type Activities</u>	<u>Receivable (Payable)</u>	<u>Purpose</u>
Utility	(6,312,129)	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	(1,497,402)	
Non-major	39,208	
	<u>(7,770,323)</u>	

### **NOTE 12 - TRANSFERS**

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

	<u>Governmental Activities</u>				<u>Total</u>
	<u>General Fund</u>	<u>Dedicated 1% Sales Tax</u>	<u>Capital Improve- ments</u>	<u>Other</u>	
<b><u>Transfers In</u></b>					
Transfers of resources from restricted funds to reimburse other funds for expenditures satisfying the restrictions.	\$ 2,995,877	\$ ----	\$ 2,019,511	\$ 56,144	\$ 5,071,532
Transfer excess utility revenues to the general fund.	3,660,100	----	----	----	3,660,100
<b>Total Transfers In</b>	<u>6,655,977</u>	<u>----</u>	<u>2,019,511</u>	<u>56,144</u>	<u>8,731,632</u>
<b><u>Transfers Out</u></b>					
Transfers of resources from restricted funds to reimburse other funds for expenditures satisfying the restrictions.	----	4,039,021	258,879	976,367	5,274,267
<b>Net Transfers</b>	<u>\$ 6,655,977</u>	<u>\$ (4,039,021)</u>	<u>\$ 1,760,632</u>	<u>\$ (920,223)</u>	<u>\$ 3,457,365</u>

	<u>Business-Type Activities</u>			<u>Total</u>
	<u>Utility System</u>	<u>Sanitation</u>	<u>Other</u>	
<b><u>Transfers In</u></b>				
Transfers of resources from restricted funds to reimburse other funds for expenditures satisfying the restrictions.	\$ 110,343	\$ 12,179	\$ 80,213	\$ 202,735
<b><u>Transfers Out</u></b>				
Transfer excess utility revenues to the general fund.	3,100,000	560,100	----	3,660,100
<b>Net Transfers</b>	<u>\$ (2,989,657)</u>	<u>\$ (547,921)</u>	<u>\$ 80,213</u>	<u>\$ (3,457,365)</u>

# **City of Pineville**

## **Notes to Financial Statements**

**June 30, 2019**

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### **NOTE 13 – CONTINGENCIES:**

Existing conditions that may have financial consequences are referred to as contingencies. Contingencies existing at June 30, 2019 are described as follows:

#### **Litigation:**

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

#### **Grant Compliance:**

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

#### **Economic Development Cooperative Endeavor:**

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

### **NOTE 14 – POSTEMPLOYMENT HEALTH CARE AND LIFE INSURANCE BENEFITS**

#### **General Information about the OPEB Plan**

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

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

*Employees covered by benefit terms* – At June 30, 2019, the following employees were covered by the benefit terms:

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

#### **Total OPEB Liability**

The City's total OPEB liability of \$14,517,973 was measured as of June 30, 2019 and was determined by an actuarial valuation as of that date.

# **City of Pineville**

## **Notes to Financial Statements**

**June 30, 2019**

*Actuarial Assumptions and other inputs* – The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.5%
Salary increases	3.0%, including inflation
Prior Discount rate	3.87%
Discount Rate	3.50% annually
Healthcare cost trend rates	Flat 5.5% annually

The discount rate was based on the average of the Bond Buyers' 20 Year General Obligation municipal bond index as of June 30, 2019, the end of the applicable measurement period. Mortality rates were based on the RP-2000 Table without projection with 50%/50% unisex blend. The actuarial assumptions used in the June 30, 2019 valuation were based on the results of ongoing evaluations of the assumptions from July 1, 2009 to June 30, 2019.

### **Changes in Total OPEB Liability**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Balances at June 30, 2018	\$ 12,783,835	\$ 2,353,425	\$ 15,137,260
Changes for the year:			
Service Cost	324,922	59,867	384,789
Interest	500,956	92,302	593,258
Differences between expected and actual experience	(1,613,983)	(297,379)	(1,911,362)
Changes in Assumptions	604,488	111,378	715,866
Benefit payments and net transfers	(339,318)	(62,520)	(401,838)
Net Changes	<u>(522,935)</u>	<u>(96,352)</u>	<u>(619,287)</u>
Balance at June 30, 2019	<u>\$ 12,260,900</u>	<u>\$ 2,257,073</u>	<u>\$ 14,517,973</u>

*Sensitivity of the total OPEB liability to changes in the discount rate* – The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.50%) or 1-percentage-point higher (4.50%) than the current discount rate:

	<b>1.0% Decrease (2.50%)</b>	<b>Current Discount Rate (3.50%)</b>	<b>1.0% Increase (4.50%)</b>
Total OPEB liability	\$ 16,719,317	\$ 14,517,973	\$ 12,728,639

*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:

	<b>1.0% Decrease (4.5%)</b>	<b>Current Trend (5.5%)</b>	<b>1.0% Increase (6.5%)</b>
Total OPEB liability	\$ 12,662,104	\$ 14,517,973	\$ 16,813,988

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

For the year ended June 30, 2019, the City recognized OPEB expense of \$911,672. At June 30, 2019, 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, 2019**

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	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 685,528	\$ (1,798,929)
Changes in assumptions	673,757	(622,352)
Total	<u>\$ 1,359,285</u>	<u>\$ (2,421,281)</u>

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

<u>For the Year Ending:</u>	
June 30, 2020	\$ (66,375)
June 30, 2021	(66,375)
June 30, 2022	(66,375)
June 30, 2023	(66,375)
June 30, 2024	(66,375)
Thereafter	<u>(730,121)</u>
Total	<u>\$ (1,061,996)</u>

### **NOTE 15 – ECONOMIC DEVELOPMENT**

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

### **NOTE 16 – ON BEHALF PAYMENTS**

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

Police Department	\$ 403,155
Fire Department	296,078
Total	<u>\$ 699,233</u>

# City of Pineville

## General Fund

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

Budget and Actual - Year Ended June 30, 2019

	Budget Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
<b>Revenues:</b>				
Taxes:				
Ad Valorem	\$ 567,000	\$ 568,000	\$ 571,687	\$ 3,687
Sales	7,174,800	6,719,300	6,755,857	36,557
Licenses & Permits:				
Franchise Fees	1,097,000	1,019,300	992,970	(26,330)
Occupational Licenses	618,700	745,500	695,057	(50,443)
Other	-	-	43,505	43,505
Intergovernmental	923,900	896,900	1,084,476	187,576
Fines and Forfeitures	626,100	535,000	438,092	(96,908)
Other	355,400	737,675	572,728	(164,947)
<b>Total revenues</b>	<b>11,362,900</b>	<b>11,221,675</b>	<b>11,154,372</b>	<b>(67,303)</b>
<b>General Government:</b>				
Current:				
General Government				
Judicial				
City Court	315,600	354,300	356,643	(2,343)
City Marshal	443,600	416,950	397,344	19,606
Executive	304,500	333,590	321,914	11,676
Finance & Administrative	1,277,100	1,294,325	1,359,413	(65,088)
Public Safety				
Police Department	6,101,500	6,634,725	6,659,700	(24,975)
Fire Department	4,746,900	5,050,825	5,032,568	18,257
Public Works				
Administration	675,800	559,300	567,256	(7,956)
City Shop	255,400	225,900	233,244	(7,344)
Street Maintenance	611,800	674,150	668,866	5,284
Drainage Maintenance	511,100	532,600	560,599	(27,999)
Building Maintenance	252,500	198,200	195,339	2,861
Beautification	286,700	255,285	260,852	(5,567)
Health & Welfare (Impounding)	176,900	166,900	176,292	(9,392)
Economic Development	-	-	-	-
Culture & Recreation				
Recreation Department	552,700	586,075	592,058	(5,983)
Community Services	562,500	599,925	598,290	1,635
Special Events	106,100	111,400	112,160	(760)
Youth Activities	227,100	217,700	210,168	7,532
Debt Service	-	-	-	-
<b>Total expenditures</b>	<b>17,407,800</b>	<b>18,212,150</b>	<b>18,302,706</b>	<b>(90,556)</b>

# **City of Pineville**

## General Fund

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

Budget and Actual - Year Ended June 30, 2019

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	(6,044,900)	(6,990,475)	(7,148,334)	(157,859)
<b><u>Other Financing Sources (Uses):</u></b>				
Operating Transfers In	5,725,000	6,689,200	6,655,978	(33,222)
Operating Transfers Out	-	-	-	-
<b>Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses</b>	(319,900)	(301,275)	(492,356)	(191,081)
<b>Fund Balance (Deficit) - Beginning of Year</b>	<u>1,026,140</u>	<u>736,654</u>	<u>736,654</u>	<u>-</u>
<b>Fund Balance (Deficit) - End of Year</b>	<u>\$ 706,240</u>	<u>\$ 435,379</u>	<u>\$ 244,298</u>	<u>\$ (191,081)</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, 2019**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b><u>Revenues:</u></b>				
Sales Taxes	\$ 4,235,600	\$ 4,235,600	\$ 4,039,021	\$ (196,579)
Other	-	-	-	-
<b>Total revenues</b>	<u>4,235,600</u>	<u>4,235,600</u>	<u>4,039,021</u>	<u>(196,579)</u>
<b><u>General Government:</u></b>				
Current	-	-	-	-
<b>Total expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Excess (Deficiency) of</b>				
<b>Revenues Over Expenditures</b>	4,235,600	4,235,600	4,039,021	(196,579)
<b><u>Other Financing Sources (Uses):</u></b>				
Operating Transfers Out	<u>(4,235,600)</u>	<u>(4,235,600)</u>	<u>(4,039,021)</u>	<u>196,579</u>
<b>Excess (Deficiency) of</b>				
<b>Revenues and Other Sources</b>				
<b>Over Expenditures and Other</b>				
<b>Uses</b>	-	-	-	-
<b>Fund Balance (Deficit) -</b>				
<b>Beginning of Year</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balance (Deficit) -</b>				
<b>End of Year</b>	<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
<b><u>Total OPEB Liability</u></b>		
Beginning Balance	\$ 14,450,310	15,137,260
Service Cost	421,237	384,789
Interest	575,529	593,258
Differences Between expected and actual experience	771,219	(1,911,362)
Changes in Assumptions	(700,146)	715,866
Benefit Payments	(380,889)	(401,838)
Ending Balance	<u>15,137,260</u>	<u>14,517,973</u>
<b><u>Fiduciary Net Position</u></b>		
Beginning Balance	-	-
Employer Contributions	380,889	401,838
Benefit Payments	(380,889)	(401,838)
Ending Balance	<u>-</u>	<u>-</u>
<b>Net OPEB Liability</b>	<b><u>\$ 15,137,260</u></b>	<b><u>\$ 14,517,973</u></b>
Fiduciary Net Position as a Percentage of the Total OPEB Liability	0.0%	0.0%
Covered Payroll	7,626,986	7,855,796
Net OPEB Liability as a Percentage of Covered Payroll	198.47%	184.81%
<b>Notes to Schedule:</b>		
Benefit Change:	None	None
Changes of Assumptions Discount Rate:	3.87%	3.50%

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			
<b>Municipal Employees' Retirement System</b>					
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%
<b>Firefighters's Retirement System</b>					
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%
<b>Municipal Police Employees' Retirement System</b>					
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%

**Notes to Schedule:**

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

# **City of Pineville**

## **Schedule of Employer Contributions** **Cost Sharing Retirement Systems**

Retirement System / Fiscal Year Ending	Statutorily Required Employer Contributions	Contributions Recognized By the Pension Plan	Difference Between Required and Recognized Contributions	Covered Payroll	Contributions Recognized as a Percentage of Covered Payroll
<b>Municipal Employees' Retirement System</b>					
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%
<b>Firefighters's Retirement System</b>					
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%
<b>Municipal Police Employees' Retirement System</b>					
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%

**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, 2019**

	Economic Development		Dedicated 10	Cemetery Fund	Court Witness Fees	Series 2001 A	Asset Forfeiture	LCDBG	Total Non Major Funds
	Hotel Motel Tax	Utility Franchise	Mill Ad Valorem Tax						
<b>Assets</b>									
Cash and Cash Equivalents	\$ 479,306	\$ -	\$ 11,686	\$ 68,756	\$ -	\$ -	\$ -	\$ 136	\$ 559,884
Receivables (net)	-	-	-	-	-	-	-	-	-
Interfund Receivables	-	115,000	22,646	4,652	37,512	-	24,659	-	204,469
Restricted cash	-	-	-	-	-	-	-	-	-
Other Assets	-	-	-	-	-	-	-	-	-
<b>Total assets</b>	<b>\$ 479,306</b>	<b>\$ 115,000</b>	<b>\$ 34,332</b>	<b>\$ 73,408</b>	<b>\$ 37,512</b>	<b>\$ -</b>	<b>\$ 24,659</b>	<b>\$ 136</b>	<b>\$ 764,353</b>
<b>Liabilities and Fund Balance</b>									
<b>Liabilities</b>									
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interfund Payables	195,714	-	-	-	-	-	-	11,969	207,683
<b>Total liabilities</b>	<b>195,714</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>11,969</b>	<b>207,683</b>
<b>Fund Balance</b>									
Restricted For:									
Economic Development	283,592	115,000	-	-	-	-	-	-	398,592
Other Special Purposes	-	-	34,332	73,408	37,512	-	24,659	(11,833)	158,078
Unassigned	-	-	-	-	-	-	-	-	-
<b>Total Fund Balances</b>	<b>283,592</b>	<b>115,000</b>	<b>34,332</b>	<b>73,408</b>	<b>37,512</b>	<b>-</b>	<b>24,659</b>	<b>(11,833)</b>	<b>556,670</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 479,306</b>	<b>\$ 115,000</b>	<b>\$ 34,332</b>	<b>\$ 73,408</b>	<b>\$ 37,512</b>	<b>\$ -</b>	<b>\$ 24,659</b>	<b>\$ 136</b>	<b>\$ 764,353</b>

# **City of Pineville**

## **Combining Statement of Revenues, Expenditures and Changes in Fund Balance Non Major Governmental Funds - Year Ended June 30, 2019**

	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
<b>Revenues:</b>									
Ad Valorem Taxes	\$ -	\$ -	\$ 988,199	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 988,199
Intergovernmental	222,535	-	-	-	-	-	-	-	222,535
Licenses & Permits									
Franchise Fees	-	-	-	-	-	-	-	-	-
Other	9,049	-	7,436	414	8,726	-	19,073	254	44,952
<b>Total Revenues</b>	<b>231,584</b>	<b>-</b>	<b>995,635</b>	<b>414</b>	<b>8,726</b>	<b>-</b>	<b>19,073</b>	<b>254</b>	<b>1,255,686</b>
<b>Expenditures:</b>									
<b>Current:</b>									
Economic Development	160,384	40,000	-	-	-	-	-	-	200,384
City Court	-	-	-	-	-	-	-	-	-
Health & Welfare	-	-	-	-	-	-	-	-	-
Administrative Expenditures	-	-	13,554	-	-	-	-	134	13,688
Capital Expenditures	-	-	-	-	-	-	-	-	-
Debt Service	-	-	-	-	-	56,144	-	-	56,144
<b>Total Expenditures</b>	<b>160,384</b>	<b>40,000</b>	<b>13,554</b>	<b>-</b>	<b>-</b>	<b>56,144</b>	<b>-</b>	<b>134</b>	<b>270,216</b>
<b>Excess (Deficiency) of</b>									
<b>Revenues Over Expenditures</b>	<b>71,200</b>	<b>(40,000)</b>	<b>982,081</b>	<b>414</b>	<b>8,726</b>	<b>(56,144)</b>	<b>19,073</b>	<b>120</b>	<b>985,470</b>
<b>Other Financing Sources (Uses):</b>									
Operating Transfers In	-	-	-	-	-	56,144	-	-	56,144
Operating Transfers Out	-	-	(976,367)	-	-	-	-	-	(976,367)
<b>Excess (Deficiency) of</b>									
<b>Revenues and Other Sources</b>									
<b>Over Expenditures and Other</b>									
<b>Uses</b>	<b>71,200</b>	<b>(40,000)</b>	<b>5,714</b>	<b>414</b>	<b>8,726</b>	<b>-</b>	<b>19,073</b>	<b>120</b>	<b>65,247</b>
<b>Fund Balance (Deficit)</b>									
Beginning of Year	212,392	155,000	28,618	72,994	28,786	-	5,586	(11,953)	491,423
End of Year	\$ 283,592	\$ 115,000	\$ 34,332	\$ 73,408	\$ 37,512	\$ -	\$ 24,659	\$ (11,833)	\$ 556,670

# **City of Pineville**

## **Schedule of Expenditures of Federal Awards For the year ended June 30, 2019**

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<b><u>Federal Grantor / Pass-through Grantor / Program Title</u></b>	<b><u>Federal CFDA Number</u></b>	<b><u>Federal Expenditures</u></b>
<b>Environmental Protection Agency</b>		
Passed Through Louisiana Department of Environmental Quality Capitalization Grants for Clean Water State Revolving Funds	66.458	\$ 774,351
Total Environmental Protection Agency		<u>774,351</u>
<b>Department of Transportation</b>		
Passed Through Louisiana Department of Transportation and Development Highway Planning and Construction	20.205	\$ 97,191
Passed Through Louisiana Highway Safety Commission National Priority Safety Programs	20.616	\$ 20,523
Total Department of Transportation		<u>117,714</u>
<b>Department of Justice</b>		
Passed Through Louisiana Commission on Law Enforcement Crime Victim Assistance	16.575	\$ 28,503
Total Department of Justice		<u>28,503</u>
<b>Department of Housing and Urban Development</b>		
Passed Through the Louisiana Division of Administration Community Development Block Grant/ State's Program	14.228	<u>366,410</u>
Total Department of Housing and Urban Development		<u>366,410</u>
<b>Total Expenditure of Federal Awards</b>		<b><u>\$ 1,286,978</u></b>

### **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, 2019***

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Clarence Fields	85,707
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><u>\$ 127,707</u></u>

# **CITY OF PINEVILLE**

***Schedule of Compensation, Benefits and Other Payments  
to Agency Head or Chief Executive Officer  
For the year ended June 30, 2019***

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## **Agency Head (Mayor) - Clarence Fields**

**Purpose:**

Compensation \$ 85,707

Benefits

Health Insurance 5,371

Payroll Taxes 6,330

Retirement 11,554 23,255

Reimbursements 28



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

December 20, 2019

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, 2019, 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 20, 2019.

**INTERNAL CONTROL OVER FINANCIAL REPORTING**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we identified one deficiency in internal control described in the accompanying schedule of findings or questioned cost (as 2019-1) that we consider to be material weaknesses.

**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*.

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**CITY OF PINEVILLE'S RESPONSE TO FINDINGS**

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

**PURPOSE OF THIS REPORT**

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

*Rozer, McKay, + Willis*

ROZIER, MCKAY & WILLIS  
Certified Public Accountants



**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, 2019. 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, 2019.

**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*  
Rozier, McKay & Willis  
Alexandria, Louisiana  
December 20, 2019

# **CITY OF PINEVILLE**

## ***Summary of Findings and Questioned Cost June 30, 2019***

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### **PART I - SUMMARY OF AUDITOR'S RESULTS:**

- The Independent Auditor's Report on the financial statements for the City of Pineville as of June 30, 2019 and for the year then ended expressed an unmodified opinion.
- One material weakness in internal control was reported in connection with the audit.
- No instances of noncompliance material to the financial statements of the City of Pineville were disclosed during the audit.
- 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 unqualified 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, 2019 are presented as follows:

#### **Environment Protection Agency**

##### *CFDA No. 66.458 - Capitalization Grants for Clean Water State Revolving Funds*

- 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:**

#### **2019-1: Financial Reporting Deficiencies**

Audit procedures revealed a variety of financial reporting deficiencies. The various deficiencies identified are listed as follow:

- 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.

In order to avoid these issues in the future, procedures should be established to monitor the financial statements for the purpose of detecting and correcting deficiencies. Furthermore, the monitoring process should include the following procedures:

- Review of the financial statements for items that are unreasonable, such as negative balances in inventory accounts or clearing accounts that do not report a zero balance at the end of the reporting period.
- Review of bank reconciliation reports for large or unusual reconciling items. In addition, a process should be in place for evaluating reconciling items that do not clear in a reasonable period of time.

# **CITY OF PINEVILLE**

## ***Summary of Findings and Questioned Cost June 30, 2019***

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- Obtain training from the accounting software vendor to obtain a better working knowledge of the bank reconciliation process utilized by the accounting software.

### **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, 2019**

<b>SECTION I</b>	
<b>INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS.</b>	
<b><u>FINDINGS</u></b>	<b><u>RESPONSE</u></b>
<p><b><u>2019-1: Financial Reporting Deficiencies</u></b></p> <p>Audit procedures revealed a variety of financial reporting deficiencies. The various deficiencies identified are listed as follow:</p> <ul style="list-style-type: none"> <li>• Bank reconciliation reports generated from the City's computer system included numerous errors and unresolved matters.</li> <li>• 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.</li> <li>• An account established to report fuel inventories reported a large deficit balance.</li> </ul>	<p><b><u>2019-1: Response</u></b></p> <p>Management will ensure that personnel responsible for the City's accounting functions review financial statements for items that are unreasonable, perform a thorough review of the bank reconciliations for large or unusual reconciling items, ensure that reconciling items that do not clear in a reasonable period of time are investigated thoroughly, and require staff to obtain the necessary training from our software vendor so that they have a better working knowledge of our accounting software's reconciliation process.</p>
<b>SECTION II</b>	
<b>INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS</b>	
<b><u>FINDINGS</u></b>	<b><u>RESPONSE</u></b>
No Findings of this nature.	No response necessary
<b>SECTION III</b>	
<b>MANAGEMENT LETTER</b>	
<b><u>FINDINGS</u></b>	<b><u>RESPONSE</u></b>
No Findings of this nature.	No response necessary

# **CITY OF PINEVILLE**

## ***Summary of Prior Year Findings and Questioned Response June 30, 2019***

<b>SECTION I INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS.</b>	
<b><u>FINDINGS</u></b>	<b><u>RESPONSE</u></b>
<p><b><u>2018-1: Bond Covenant</u></b> The City is obligated by agreements with its utility revenue bond holders to charge rates for utility service that are sufficient to fund operations, debt service and transfers out to other funds. Rates in place during the year ended June 30, 2018 were not sufficient to meet these obligations. As a result, the unrestricted net position for the City's utility fund was at a deficit at year end.</p> <p><b><u>2018-2 Credit Card Purchases</u></b> An analysis of credit card charges revealed some questionable transactions described as follows:  Hotel charges occurred more than a day after the event that necessitated an employee's out of town travel was completed. In addition, based on fuel purchases, it appears that the employee authorized to occupy the hotel room was traveling back to Louisiana at the time the hotel provided services charged to the credit card.  Charges billed to hotel rooms were approved by individuals that are not employed by the City of Pineville and the business purpose associated with these charges cannot be verified. These charges also included the purchase of alcoholic beverages, which is not considered an appropriate use of public funds.</p>	<p><b><u>2018 -1: Resolved</u></b> The City met all bond covenants in the current year.</p> <p><b><u>2018-2 Resolved</u></b> Management has implemented corrective action by effectively monitoring credit card purchases.</p>
<b>SECTION II INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS</b>	
<b><u>FINDINGS</u></b>	<b><u>RESPONSE</u></b>
No Findings of this nature.	No response necessary
<b>SECTION III MANAGEMENT LETTER</b>	
<b><u>FINDINGS</u></b>	<b><u>RESPONSE</u></b>
No Findings of this nature.	No response necessary

**APPENDIX A**  
**Statewide Agreed-Upon Procedures**



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

Independent Accountant's Report  
On Applying Agreed-Upon Procedures

To the City of Pineville and  
the Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by the City of Pineville (Entity) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2018 through June 30, 2019. The Entity's management is responsible for those C/C areas identified in the SAUPs.

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

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

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

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

*Rozier, McKay, & Willis*

Rozier, McKay & Willis  
Certified Public Accountants  
Alexandria, Louisiana  
December 20, 2019



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**City of Pineville**

**Statewide Agreed-Upon Procedures**

**Schedule of Procedures, Results and Managements' Response**

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

**City of Pineville**

**Statewide Agreed-Upon Procedures**

**Schedule of Procedures, Results and Managements' Response**

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

***City of Pineville***

***Statewide Agreed-Upon Procedures***

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

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

**City of Pineville**

**Statewide Agreed-Upon Procedures**

**Schedule of Procedures, Results and Managements' Response**

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

**City of Pineville**

**Statewide Agreed-Upon Procedures**

**Schedule of Procedures, Results and Managements' Response**

Collections (excluding EFTs)		
Agreed-Upon Procedure	Results	Managements' Response
<p>4 Obtain a listing of <u>deposit sites</u> for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).</p>	<p>In the prior year, the Entity's AUP report contained no exceptions in this AUP category. As such, RMW has excluded this category from testing in the current year.</p>	<p><i>The results did not include findings or criticisms.</i></p>
<p>5 For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:</p>	<p>See Comments Above.</p>	<p><i>The results did not include findings or criticisms.</i></p>
<p>a) Employees that are responsible for cash collections do not share cash drawers/registers.</p>	<p>See Comments Above.</p>	<p><i>The results did not include findings or criticisms.</i></p>

**City of Pineville**

**Statewide Agreed-Upon Procedures**

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

Collections (excluding EFTs)		
Agreed-Upon Procedure	Results	Managements' Response
b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.	See Comments Above.	<i>The results did not include findings or criticisms.</i>
c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.	See Comments Above.	<i>The results did not include findings or criticisms.</i>
d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.	See Comments Above.	<i>The results did not include findings or criticisms.</i>
6 Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.	See Comments Above.	<i>The results did not include findings or criticisms.</i>
7 Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day) . Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily	See Comments Above.	<i>The results did not include findings or criticisms.</i>

**City of Pineville**

**Statewide Agreed-Upon Procedures**

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

Collections (excluding EFTs)		
Agreed-Upon Procedure	Results	Managements' Response
revenue report, receipt book, etc. Obtain supporting documentation for each of the 10 deposits and:		
a. Observe that receipts are sequentially pre-numbered.	See Comments Above.	<i>The results did not include findings or criticisms.</i>
b. Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.	See Comments Above.	<i>The results did not include findings or criticisms.</i>
c. Trace the deposit slip total to the actual deposit per the bank statement.	See Comments Above.	<i>The results did not include findings or criticisms.</i>
d. Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).	See Comments Above.	<i>The results did not include findings or criticisms.</i>
e. Trace the actual deposit per the bank statement to the general ledger.	See Comments Above.	<i>The results did not include findings or criticisms.</i>

**City of Pineville**

**Statewide Agreed-Upon Procedures**

**Schedule of Procedures, Results and Managements' Response**

Non-Payroll Disbursements – General (excluding credit card/debit card/fuel card/P-Card purchases or payments)		
Agreed-Upon Procedure	Results	Managements' Response
8 Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).	In the prior year, the Entity's AUP report contained no exceptions in this AUP category. As such, RMW has excluded this category from testing in the current year.	<i>The results did not include findings or criticisms.</i>
9 For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:	See Comments Above.	<i>The results did not include findings or criticisms.</i>
a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.	See Comments Above.	<i>The results did not include findings or criticisms.</i>
b) At least two employees are involved in processing and approving payments to vendors.	See Comments Above.	<i>The results did not include findings or criticisms.</i>
c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.	See Comments Above.	<i>The results did not include findings or criticisms.</i>
d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.	See Comments Above.	<i>The results did not include findings or criticisms.</i>

**City of Pineville**

**Statewide Agreed-Upon Procedures**

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

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

# **City of Pineville**

## **Statewide Agreed-Upon Procedures**

### **Schedule of Procedures, Results and Managements' Response**

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

**City of Pineville**

**Statewide Agreed-Upon Procedures**

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

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

**City of Pineville**

**Statewide Agreed-Up Procedures**

**Schedule of Procedures, Results and Managements' Response**

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

**City of Pineville**

**Statewide Agreed-Upon Procedures**

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

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

# **City of Pineville**

## **Statewide Agreed-Upon Procedures**

### **Schedule of Procedures, Results and Managements' Response**

<b>Payroll and Personnel</b>		
<b>Agreed-Upon Procedure</b>	<b>Results</b>	<b>Managements' Response</b>
16 Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.	In the prior year, the Entity's AUP report contained no exceptions in this AUP category. As such, RMW has excluded this category from testing in the current year.	<i>The results did not include findings or criticisms.</i>
17 Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:	See Comments Above.	<i>The results did not include findings or criticisms.</i>
a. Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory).	See Comments Above.	<i>The results did not include findings or criticisms.</i>
b. Observe that supervisors approved the attendance and leave of the selected employees/officials.	See Comments Above.	<i>The results did not include findings or criticisms.</i>
c. Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.	See Comments Above.	<i>The results did not include findings or criticisms.</i>
18 Obtain a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours to the employee/officials' cumulate leave records, and agree the pay rates to the employee/officials' authorized pay rates in the employee/officials'	See Comments Above.	<i>The results did not include findings or criticisms.</i>

**City of Pineville**

**Statewide Agreed-Upon Procedures**

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

Payroll and Personnel		
Agreed-Upon Procedure	Results	Managements' Response
personnel files. 19 Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.	See Comments Above.	<b><i>The results did not include findings or criticisms.</i></b>

# **City of Pineville**

## **Statewide Agreed-Upon Procedures**

### **Schedule of Procedures, Results and Managements' Response**

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

**City of Pineville**

**Statewide Agreed-Upon Procedures**

**Schedule of Procedures, Results and Managements' Response**

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

**City of Pineville**

**Statewide Agreed-Upon Procedures**

**Schedule of Procedures, Results and Managements' Response**

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