

PINEVILLE DOWNTOWN DEVELOPMENT DISTRICT

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



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

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March 18, 2020

Accountants' Compilation Report

To the Board of Commissioners
Pineville Downtown Development District

Management is responsible for the accompanying financial statements of the governmental activities and the major fund of the Pineville Downtown Development District (The District), as of and for the year ended September 30, 2019, and related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents, in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, listed in the table of contents, be presented to supplement the basic financial statements. 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. Management has omitted budgetary comparison information that the Governmental Accounting Standards Board requires to be presented to supplement the basic financial statements. Such missing information, although not a required 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 and for placing the basic financial statements in an appropriate operational, economic, or historical context. This information is the representation of management. This information was subject to our compilation engagement; however, we have not audited or reviewed the required supplementary information and, accordingly, do not express an opinion, a conclusion, nor provide any form of assurance on such information.

OTHER SUPPLEMENTAL INFORMATION

The other supplemental information contained in the Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer is presented for purposes of additional analysis and is not a required part of the general fund's financial statements. The supplementary information has been compiled from information that is the representation of management. We have not audited or reviewed the supplementary information and, accordingly, do not express an opinion or provide any assurance on such supplementary information.

Rozier, McKay & Willis

ROZIER, MCKAY & WILLIS
Certified Public Accountants
Alexandria, Louisiana

Pineville Downtown Development District

Management's Discussion And Analysis **September 30, 2019**

This section of the annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year ended September 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 District'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 District 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 District's assets and all of the District's liabilities. All of the District's activities are classified as governmental activities in the government-wide financial statements. The governmental activities are financed primarily by contributions, sales of property and various fees.

Fund Financial Statements

Fund financial statements provide detailed information regarding the District's most significant activities and are not intended to provide information for the District as a whole. Funds are accounting devices that are used to account for specific sources of funds. All of the District's funds are 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 funds use a modified accrual basis of accounting that provides a short-term view of the District'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.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

An analysis of the government-wide Statement of Net Position is presented as follows:

	<u>September 30, 2019</u>
<u>Assets:</u>	
Current and Other Assets	\$ 177,279
<u>Total Assets</u>	<u>177,279</u>
<u>Liabilities:</u>	
Long-term Liabilities	175,600
<u>Total Liabilities</u>	<u>175,600</u>
<u>Net Position:</u>	
Restricted	1,679
<u>Total Net Position</u>	<u>\$ 1,679</u>

Pineville Downtown Development District

Management's Discussion And Analysis **September 30, 2019**

As the presentation appearing above demonstrates, all of the District's net position represents resources that are subject to restrictions that are imposed by legislation.

An analysis of the government-wide Statement of Activities is presented as follows:

	<u>For the Year Ended</u> <u>September 30, 2019</u>
<u>Revenues:</u>	
Program Revenue:	
Charges for Services	\$ ----
Operating Grants and Contributions	1,815
Capital Grants and Contributions	----
General Revenue:	
Property Taxes	----
Other	----
<u>Total Revenue</u>	<u>1,815</u>
<u>Program Expenses:</u>	
Economic Development	136
Building Operations	----
Interest on Long-Term Debt	----
<u>Total Program Expenses</u>	<u>136</u>
Change in Net Position	1,679
<u>Net Position Beginning</u>	<u>----</u>
 <u>Net Position Ending</u>	 <u>\$ 1,679</u>

As the accompanying presentation demonstrates the District's net position increased by \$1,679 as a result of current operations. The increase is attributable to careful management of the District's resources.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

For the year ended September 30, 2019, fund balances increased by \$177,279. Variation between net position and fund balances is due to difference in methods of accounting for issuance of debt and repayment of debt principal.

BUDGET HIGHLIGHTS

The District did not adopt a budget for the year ended September 30, 2019.

CAPITAL ASSET ADMINISTRATION

For the year ended September 30, 2019, there was no capital asset activity. While the District did make a purchase of land, the land is held for resale and reported as an investment.

Pineville Downtown Development District

Management's Discussion And Analysis ***September 30, 2019***

DEBT ADMINISTRATION

For the year ended September 30, 2019, debt activity was limited to receiving loan proceeds and repaying existing obligations resulting from a Cooperative Endeavor Agreement with the City of Pineville.

FACTORS EXPECTED TO AFFECT FUTURE OPERATIONS

At the present time, no known issues are expected to have a significant impact on future operations.

Pineville Downtown Development District

Statement of Net Position

September 30, 2019

	<u>Governmental Activities</u>
<u>ASSETS</u>	
Cash and Cash Equivalents	\$ 1,679
Investments - Land held for Resale	<u>175,600</u>
Total Assets	<u>177,279</u>
<u>LIABILITIES</u>	
Accounts Payable	-
Accrued Interest Payable	-
Long-term Debt	
Due in More than One Year	<u>175,600</u>
Total Liabilities	<u>175,600</u>
<u>NET POSITION</u>	
Invested in capital assets, net of related debt	-
Restricted for:	
Economic Development	1,679
Unrestricted	<u>-</u>
Total Net Position	<u>\$ 1,679</u>

Pineville Downtown Development District

Statement of Activities

For the Year Ended September 30, 2019

	<u>Expenses</u>	<u>Program Revenues</u>			
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Net (Expense) Revenue</u>
<u>Governmental Activities</u>					
Economic Development	\$ 136	\$ -	\$ 1,815	\$ -	\$ 1,679
Interest on Long-Term Debt	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Governmental Activities	<u>136</u>	<u>-</u>	<u>1,815</u>	<u>-</u>	<u>1,679</u>
		<u>General Revenues:</u>			
		Property Taxes			<u>-</u>
		Total General Revenues			<u>-</u>
		Change in Net Position			1,679
		Net Position - Beginning			<u>-</u>
		Net Position - Ending			<u>\$ 1,679</u>

Pineville Downtown Development District

Balance Sheet - Governmental Funds

September 30, 2019

	General	Total Governmental Funds
Assets		
Cash and Cash Equivalents	\$ 1,679	\$ 1,679
Investment - Land Held for Resale	175,600	\$ 175,600
Total assets	\$ 177,279	\$ 177,279
Liabilities and Fund Balance		
<u>Liabilities</u>		
Accounts Payable and Accrued Expenses	\$ -	\$ -
Interfund Payables	-	\$ -
Total liabilities	-	-
<u>Fund Balance</u>		
Restricted For:		
Economic Development	177,279	177,279
Unassigned	-	-
Total Fund Balances	177,279	177,279
Total Liabilities and Fund Balance	\$ 177,279	\$ 177,279

**Reconciliation of the Governmental Funds
Balance Sheets to the Statement of Net Position**

Total Fund Balances - Governmental Funds	\$ 177,279
Amounts reported for governmental activities in the statement of net position are different because:	
Long term liabilities and related accrued interest are not due and payable in the current period and therefore they are not reported in the Governmental Fund Balance Sheet	(175,600)
Net Position of Governmental Activities	\$ 1,679

Pineville Downtown Development District

**Statement of Revenue, Expenditures and Changes in
Fund Balance - Governmental Funds
For the Year Ended September 30, 2019**

	<u>General</u>	<u>Total Governmental Funds</u>
<u>Revenues:</u>		
Contributions	\$ 1,815	\$ 1,815
Fire Insurance Rebates	-	-
Total revenues	<u>1,815</u>	<u>1,815</u>
<u>Expenditures:</u>		
Current		
Economic Development		
Office Supplies	31	31
Recording Fees	105	105
Capital Expenditures	-	-
Debt Service	<u>9,003</u>	<u>9,003</u>
Total expenditures	<u>9,139</u>	<u>9,139</u>
<u>Other Financing Sources:</u>		
Proceeds from Long-Term Debt	<u>184,603</u>	<u>184,603</u>
Total Other Financing Sources	<u>184,603</u>	<u>184,603</u>
Excess (Deficiency) of Revenues Over Expenditures	177,279	177,279
Fund Balance - Beginning of Year	<u>-</u>	<u>-</u>
Fund Balance - End of Year	<u>\$ 177,279</u>	<u>\$ 177,279</u>

Pineville Downtown Development District

***Reconciliation of the Statement of Revenues, Expenditures, and Changes in
Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended September 30, 2019***

Net change in fund balances of Governmental Funds	\$ 177,279
Amounts reported for governmental activities in the statement of activities are different because:	
The issuance of long-term debt provides current financial resources to governmental funds. However, this transaction doesn't have any effect on net position.	(184,603)
Governmental Fund report the principal portion of debt as expenditures. In the statement of activities, the principal portion of the debt payment reduces the debt.	<u>9,003</u>
Change in net position of governmental activities	<u>\$ 1,679</u>

Pineville Downtown Development District

Notes to the Financial Statements

September 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Pineville Downtown Development District (The District) is a special taxing district established by legislation embodied in Louisiana Revised Statute (R.S.) 33:2740.50, as amended, and comprises an area encompassing the Downtown area of the City of Pineville, Louisiana. The District is capable of levying ad valorem taxes and/or sales and use taxes within the boundaries of the District in conjunction with planning, developing, constructing, or acquiring services, improvements, or facilities within the District's territories. The District has been designated as a local redevelopment authority for the City of Pineville's Downtown area, and has been authorized to incur debt, including revenue bonds, from revenue sources for its enumerated purposes. It is governed by a Board consisting of seven members appointed by the City of Pineville, the Rapides Parish Police Jury, the Central Louisiana Economic Development Alliance, the Central Louisiana Chamber of Commerce, and the North Rapides Business and Industry Alliance.

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

Financial Reporting Entity

The Governmental Accounting Standards Board (GASB) established criteria for determining which component units should be considered part of a financial reporting entity. The basic criterion for including a potential component unit within a reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. These criteria include:

1. Appointing a voting majority of an organization's governing body, and
 - a. The ability of the reporting entity 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 reporting entity.
2. Organizations for which the reporting entity does not appoint a voting majority but are fiscally dependent on the reporting entity.
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 previous criteria, the District is not a component unit of the City of Pineville. While in certain circumstances, the City may be able to appoint a voting majority of the District's board, the City does not have the ability to impose its will on the organization, and does not have the ability to provide specific financial benefits or impose specific financial burdens on the District because of this relationship. In addition, the District is not fiscally dependent on the reporting entity, and the City's financial statements would not be misleading if data of the District is not included. The District does not have any component units.

Pineville Downtown Development District

Notes to the Financial Statements

September 30, 2019

Basic Financial Statements

The basic financial statements include both government-wide and fund financial statements. Both government-wide and fund financial statements categorize all of the District's operations as governmental activities. Governmental activities involve government services that are normally supported by taxes and intergovernmental revenues.

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

Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the District as a whole. The effect of most interfund activity is eliminated from these financial statements. Furthermore, government-wide financial statements exclude any 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. Program revenues include any charges for services 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. Major individual funds are reported as separate columns in the fund financial statements. The District's sole major fund is described as follows:

- General Fund – This fund is the primary operating fund of the District is used to account for all resources, except those required to be accounted for in other funds.

Basis of Accounting and Measurement Focus

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

<u>Financial Statement Presentation</u>	<u>Basis of Accounting</u>	<u>Measurement Focus</u>
Government-Wide Financial Statements	Accrual Basis	Economic Resources
Fund Financial Statements	Modified Accrual Basis	Current Financial Resources

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

Under the modified accrual basis of account and the current financial resources measurement 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. Furthermore, when the current financial resources measure focus is used, amounts

Pineville Downtown Development District

Notes to the Financial Statements

September 30, 2019

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 other financing sources 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.

Budget Practices

State Law requires that budgets of the General Fund are prepared on the modified accrual basis of accounting. Unexpended appropriations of this fund lapse at the end of each fiscal year. Budgets of the General Fund and all changes and amendments to these budgets are approved by the Board of Commissioners as a whole.

Capital Assets

Capital assets include significant acquisitions of equipment that are expected to remain in service for a period of years. Capital assets are reported in the government-wide financial statements but are excluded from the fund financial statements. Instead, the funds report the acquisition of capital assets as expenditures rather than asset acquisitions.

The District's policy is to report capital assets at historical cost less accumulated depreciation. Depreciation is computed using the straight-line method and estimated useful lives that are based on the expected durability of the particular asset. Useful lives typically range from five to forty years. There was no capital asset activity in the current year.

Cash

Amounts reported as cash and cash equivalents (restricted and unrestricted) include all cash on hand, cash in bank accounts, certificates of deposit and highly liquid investments.

Internal Balances

Internal balances arise from transactions between funds are provided without expectation of repayment, the transaction is reported as a transfer. Transfers are treated as a source of income by the recipient and as an expense or expenditure by the provider. If repayment is eventually expected to occur, interfund receivables and payables are recorded. Internal balances are eliminated in preparing government-wide financial statements.

NOTE 2 - CASH

Deposits are stated at cost, which approximates market. Under state law, these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

Pineville Downtown Development District

Notes to the Financial Statements

September 30, 2019

At September 30, 2019, deposits were fully secured by FDIC insurance coverage.

NOTE 3 – INVESTMENTS

The District, in its enabling legislation, has the ability to acquire any property or interest therein, necessary for carrying out the objects and purposes of the District. In addition, the District has the power to sell or otherwise dispose of or transfer to public or private persons any residential, commercial, or industrial land, property, improvements, or portions thereof in order to accomplish the objectives and purposes of the District. To this end, the District purchased a parcel of land within its statutorily set boundaries from the State of Louisiana. The District intends to sell this land within a year to an outside party for the purpose of developing the land into a local business, and to use any potential profit to further economic development in the District.

GASB 72 – Fair Value Measurement and Application, defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The parcel of land purchased by the District is classified in the Level 3 of the fair value hierarchy, and valued using unobservable inputs and does not directly corroborate with market data. As the purchase occurred only five months before the end of the fiscal year, the District is using the purchase price of the parcel of land as its fair market value, and valuing the parcel of \$175,600.

NOTE 4 – LONG-TERM DEBT

Long-term debt outstanding at year end is described as follows:

Cooperative Endeavor Agreement – City of Pineville	\$ 175,600
Due Within One Year	----
<hr/>	
Due in More Than One Year	\$ 175,600

Long-term debt activity for the year ended September 30, 2019, is presented as follows:

	<u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending</u> <u>Balance</u>
Cooperative Endeavor Agreements	\$ ----	\$ 184,603	\$ 9,003	\$ 175,600

Long-Term Debt outstanding at year end consists entirely of amounts owed to the City of Pineville, pursuant to a Cooperative Endeavor with the City. The proceeds were used to purchase a property from the State of Louisiana. The District agrees to place the property for sale within 60 days of completion of the purchase of the property from the state, and agreed to repay all funds provided to it by Pineville within 30 days of the date in which it sells the property to a third party. No interest was charged on this loan, and the District considers any imputed interest to be immaterial.

Pineville Downtown Development District

Notes to the Financial Statements

September 30, 2019

NOTE 5 – BUDGET VARIANCES

For the year ended September 30, 2019 the District did not adopt a budget. Accordingly, expenditures have exceeded appropriations and budget variances have exceeded thresholds adopted by State Law.

Pineville Downtown Development District

Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer For the Year Ended September 30, 2019

Agency Head - Doug Gann, Executive Director

Purpose:

Compensation	-
Benefits	-
Reimbursements	-

ADDITIONAL INFORMATION

The Executive Director is the head of the District, and its chief executive officer. The Executive Director volunteers his services and does not receive any compensation, benefits or reimbursements.