

TOWN OF AMITE CITY

Louisiana

ANNUAL FINANCIAL REPORT

As of and for the Year Ended
June 30, 2018

TOWN OF AMITE CITY

Louisiana

ANNUAL FINANCIAL REPORT
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TOWN OF AMITE CITY

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor Milton Bel and
Members of the Town Council
Town of Amite City
Amite, Louisiana

Report on the Financial Statements

I have audited the accompanying financial statements of the governmental activities, the business-type activity, each major fund, and the fiduciary funds of the Town of Amite City, Louisiana, (the Town) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Town'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

My responsibility is to express opinions on these financial statements based on my audit. I conducted my 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 I 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinions

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

Other Matters

Required Supplementary Information

The Town has not presented management's discussion and analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of the basic financial statements.

Accounting principles generally accepted in the United States of America require that the budgetary comparison schedules on pages 48 through 57 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. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The accompanying schedule of utility revenue bonds additional information is presented for purposes of additional analysis as required by the Louisiana Department of Environmental Quality, and is not a required part of the basic financial statements.

This schedule is the responsibility of management and was derived from and relates 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 my opinion, this schedule is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, I have also issued my report dated December 20, 2018, on my consideration of the Town's internal control over financial reporting and on my 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 my 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 Town's internal control over financial reporting and compliance.


Certified Public Accountant

December 20, 2018

BASIC FINANCIAL STATEMENTS

Town of Amite City

STATEMENT OF NET POSITION
June 30, 2018

	<u>Governmental Activities</u>	<u>Business-type Activity</u>	<u>Total</u>
<u>Assets</u>			
Cash and cash equivalents	\$ 1,229,781	\$ 1,911,812	\$ 3,141,593
Receivables, net	360,828	129,633	490,461
Prepaid insurance	16,693	-	16,693
Internal balances	249,666	(249,666)	-
Restricted cash, cash equivalents, and investments	17,896	1,243,720	1,261,616
Capital assets, net	1,639,628	7,553,106	9,192,734
Total assets	<u>3,514,492</u>	<u>10,588,605</u>	<u>14,103,097</u>
<u>Deferred Outflow of Resources</u>	<u>211,824</u>	<u>-</u>	<u>211,824</u>
<u>Liabilities</u>			
Accounts, salaries, and other payables	366,774	54,995	421,769
Accrued liabilities	8,890	13,064	21,954
Utility customer deposits	-	137,291	137,291
Noncurrent liabilities:			
Due within one year	59,000	165,405	224,405
Due in more than one year	48,129	4,293,980	4,342,109
Net pension liability	942,641	-	942,641
Total liabilities	<u>1,425,434</u>	<u>4,664,735</u>	<u>6,090,169</u>
<u>Deferred Inflow of Resources</u>	<u>186,943</u>	<u>-</u>	<u>186,943</u>
<u>Net Position</u>			
Net investment in capital assets	1,639,628	3,115,642	4,755,270
Restricted for:			
Debt service	-	1,084,508	1,084,508
Law enforcement	9,680	-	9,680
USDA Vehicle	8,216	-	8,216
Grant	-	21,921	21,921
Unrestricted	456,415	1,701,799	2,158,214
Total Net Position	<u>\$ 2,113,939</u>	<u>\$ 5,923,870</u>	<u>\$ 8,037,809</u>

The accompanying notes are an integral part of this statement.

Town of Amite City
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2018

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expenses) Revenues, and Changes in Net Position</u>		
		<u>Fines and Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Governmental Activities:							
General government	\$ 1,283,197	\$ -	\$ -	\$ -	\$ (1,283,197)	\$ -	\$ (1,283,197)
Public safety - police	1,582,580	189,856	116,333	1,143	(1,275,248)	-	(1,275,248)
Public safety - fire	305,000	-	-	-	(305,000)	-	(305,000)
Streets	851,991	-	23,132	-	(828,859)	-	(828,859)
Sanitation	288,620	293,010	-	-	4,390	-	4,390
Community center	15,268	16,925	-	-	1,657	-	1,657
Cemetery	9,106	37,750	-	-	28,644	-	28,644
Parks and recreation	41,834	-	-	-	(41,834)	-	(41,834)
Economic development	15,255	-	-	-	(15,255)	-	(15,255)
Intergovernmental	12,010	-	-	-	(12,010)	-	(12,010)
Art development	16,708	-	20,000	-	3,292	-	3,292
Miscellaneous programs	37,581	-	-	-	(37,581)	-	(37,581)
Total governmental activities	<u>4,459,150</u>	<u>537,541</u>	<u>159,465</u>	<u>1,143</u>	<u>(3,761,001)</u>	<u>-</u>	<u>(3,761,001)</u>
Business-type Activities:							
Waterworks and sewer	<u>1,312,981</u>	<u>1,457,570</u>	<u>-</u>	<u>12,200</u>	<u>-</u>	<u>156,789</u>	<u>156,789</u>
Total business-type activity	<u>1,312,981</u>	<u>1,457,570</u>	<u>-</u>	<u>12,200</u>	<u>-</u>	<u>156,789</u>	<u>156,789</u>
Total	<u>\$ 5,772,131</u>	<u>\$ 1,995,111</u>	<u>\$ 159,465</u>	<u>\$ 13,343</u>	<u>(3,761,001)</u>	<u>156,789</u>	<u>(3,604,212)</u>
General Revenues:							
Taxes:							
Property taxes					153,444	-	153,444
Franchise taxes					167,057	-	167,057
Sales taxes					3,143,564	-	3,143,564
Alcoholic beverage tax					10,595	-	10,595
Licenses and permits					288,479	-	288,479
Investment earnings					17,795	38,012	55,807
Miscellaneous					9,326	-	9,326
Intergovernmental					84,508	-	84,508
Support Revenues					<u>20,612</u>	<u>-</u>	<u>20,612</u>
Total general revenues					<u>3,895,380</u>	<u>38,012</u>	<u>3,933,392</u>
Change in Net Position					134,379	194,801	329,180
Net position - beginning					<u>1,979,560</u>	<u>5,729,069</u>	<u>7,708,629</u>
Net position - ending					<u>\$ 2,113,939</u>	<u>\$ 5,923,870</u>	<u>\$ 8,037,809</u>

The accompanying notes are an integral part of this statement.

Town of Amite City
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2018

	General Fund	Sales Tax Fund	Capital Improvements Fund	Economic Development Fund	Arts Council Fund	Total Governmental Funds
<u>Assets</u>						
Cash	\$ 432,448	\$ 51,896	\$ 22,230	\$ 657,676	\$ 65,531	\$ 1,229,781
Receivables, net	92,938	267,890	-	-	-	360,828
Prepaid insurance	16,693	-	-	-	-	16,693
Due from other funds						
General Fund	-	-	-	185,000	12,841	197,841
Waterworks Fund	249,666	-	-	-	-	249,666
Sales Tax Fund	-	-	-	6,192	-	6,192
Restricted cash	17,896	-	-	-	-	17,896
Total assets	\$ 809,641	\$ 319,786	\$ 22,230	\$ 848,868	\$ 78,372	\$ 2,078,897
<u>Liabilities</u>						
Accounts, salaries, and other payables	\$ 345,026	\$ -	\$ 20,550	\$ 1,100	\$ 98	\$ 366,774
Due to other funds -						
Arts Council Fund	12,841	-	-	-	-	12,841
Economic Development Fund	185,000	6,192	-	-	-	191,192
Bond Agency Fund	8,890	-	-	-	-	8,890
Total liabilities	551,757	6,192	20,550	1,100	98	579,697
<u>Fund Balance</u>						
Restricted: Law enforcement - Drug seizures	9,680	-	-	-	-	9,680
USDA Vehicle	8,216	-	-	-	-	8,216
Committed: Economic Development	-	-	-	847,768	-	847,768
Promotion of the Arts	-	-	-	-	78,274	78,274
To Pay DEQ and USDA loans	-	313,594	-	-	-	313,594
Assigned: Capital Improvements	-	-	1,680	-	-	1,680
Unassigned	239,988	-	-	-	-	239,988
Total fund balance	257,884	313,594	1,680	847,768	78,274	1,499,200
Total liabilities and fund balance	\$ 809,641	\$ 319,786	\$ 22,230	\$ 848,868	\$ 78,372	\$ 2,078,897

The accompanying notes are an integral part of this statement.

TOWN OF AMITE CITY

RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
June 30, 2018

Fund balances - total governmental funds	\$1,499,200
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial Resources and, therefore, are not reported in the funds. These assets consist of:	
Governmental capital assets, net of depreciation	1,639,628
Some liabilities are not due and payable in the current period and, therefore, are not reported in the funds. These liabilities consist of:	
Compensated absences payable	(107,129)
Net pension liability	(942,641)
Deferred outflows and inflows are not financial resources or currently payable. These consist of:	
Deferred outflows	211,824
Deferred inflows	<u>(186,943)</u>
Net position of governmental activities	<u>\$2,113,939</u>

The accompanying notes are an integral part of this statement.

Town of Amite City

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS**
For the Year Ended June 30, 2018

	General Fund	Sales Tax Fund	Capital Improvements Fund	Economic Development Fund	Arts Council Fund	Total Governmental Funds
Revenues						
Taxes	\$ 320,501	\$ 3,143,564	\$ -	\$ -	\$ -	\$ 3,464,065
Licenses and permits	288,479	-	-	-	-	288,479
Intergovernmental	255,711	-	-	-	-	255,711
Fines and forfeitures	149,969	-	-	-	-	149,969
Sanitation service fees	293,010	-	-	-	-	293,010
Prisoner housing fees	11,408	-	-	-	-	11,408
Subpoena & bond appearance fees	4,245	-	-	-	-	4,245
Rentals & recreational	16,925	-	-	-	-	16,925
Miscellaneous	58,482	979	557	8,110	20,977	89,105
Total Revenues	<u>1,398,730</u>	<u>3,144,543</u>	<u>557</u>	<u>8,110</u>	<u>20,977</u>	<u>4,572,917</u>
Expenditures						
General government	1,261,810	20,375	-	-	-	1,282,185
Public safety - police	1,565,865	-	-	-	-	1,565,865
Public safety - fire	305,000	-	-	-	-	305,000
Streets	846,649	-	-	-	-	846,649
Sanitation	304,318	-	-	-	-	304,318
Community center	12,469	-	-	-	-	12,469
Cemetery	9,106	-	-	-	-	9,106
Parks and recreation	33,818	-	-	-	-	33,818
Economic development	-	-	-	15,255	-	15,255
Intergovernmental	12,010	-	-	-	-	12,010
Art development	-	-	-	-	16,708	16,708
Miscellaneous	37,581	-	-	-	-	37,581
Total Expenditures	<u>4,388,626</u>	<u>20,375</u>	<u>-</u>	<u>15,255</u>	<u>16,708</u>	<u>4,440,964</u>
Excess (deficiency) of revenues over expenditures	<u>(2,989,896)</u>	<u>3,124,168</u>	<u>557</u>	<u>(7,145)</u>	<u>4,269</u>	<u>131,953</u>
Other Financing						
Sources (Uses)						
Operating transfers in	3,002,500	-	15,000	78,080	12,000	3,107,580
Operating transfers out	<u>(12,000)</u>	<u>(3,095,580)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,107,580)</u>
Total other financing sources (uses)	<u>2,990,500</u>	<u>(3,095,580)</u>	<u>15,000</u>	<u>78,080</u>	<u>12,000</u>	<u>-</u>
Net change in Fund Balances	604	28,588	15,557	70,935	16,269	131,953
Fund balances (deficit), beginning of year	<u>257,280</u>	<u>285,006</u>	<u>(13,877)</u>	<u>776,833</u>	<u>62,005</u>	<u>1,367,247</u>
Fund balances, end of year	<u>\$ 257,884</u>	<u>\$ 313,594</u>	<u>\$ 1,680</u>	<u>\$ 847,768</u>	<u>\$ 78,274</u>	<u>\$ 1,499,200</u>

The accompanying notes are an integral part of this statement.

TOWN OF AMITE CITY

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2018

Net change in fund balances - total governmental funds \$ 131,953

Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. These differences consist of:

Capital outlay	102,557
Depreciation expense	(137,328)

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These differences consist of:

Change in compensated absences payable	(23,070)
Pension expense for GASB 68	39,655

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.

Support revenues	<u>20,612</u>
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Change in net position of governmental activities \$ 134,379

The accompanying notes are an integral part of this statement.

Town of Amite City

STATEMENT OF NET POSITION
PROPRIETARY FUND
June 30, 2018

	<u>Business-type Activity</u> <u>Waterworks and</u> <u>Sewer Fund</u>
<u>Assets</u>	
<u>Current Assets</u>	
Cash	\$1,911,812
Accounts receivable, net	<u>129,633</u>
Total current assets	<u>2,041,445</u>
<u>Restricted Assets</u>	
Cash, cash equivalents, and investments	<u>1,243,720</u>
<u>Non-current Assets</u>	
Capital assets (net of accumulated depreciation)	<u>7,553,106</u>
Total assets	<u>10,838,271</u>
<u>Liabilities</u>	
<u>Current Liabilities (payable from current assets)</u>	
Accounts, salaries, and other payables	54,995
Compensated absences payable	13,064
Due to General Fund	<u>249,666</u>
Total current liabilities (payable from current assets)	<u>317,725</u>
<u>Current Liabilities (payable from restricted assets)</u>	
Customer deposits	137,291
Revenue bonds payable	143,484
Unearned revenue	<u>21,921</u>
Total current liabilities (payable from restricted assets)	<u>302,696</u>
<u>Non-current Liabilities</u>	
Revenue bonds payable	<u>4,293,980</u>
Total non-current liabilities	<u>4,293,980</u>
Total liabilities	<u>4,914,401</u>
<u>Net Position</u>	
Net investment in capital assets	3,115,642
Restricted for Debt Service	1,084,508
Restricted for Fema Sewer Repair	21,921
Unrestricted	<u>1,701,799</u>
Total net position	<u>\$ 5,923,870</u>

The accompanying notes are an integral part of this statement.

Town of Amite City

STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION - PROPRIETARY FUND
For the Year Ended June 30, 2018

	<u>Business-type Activity Waterworks and Sewer Fund</u>
<u>Operating Revenues</u>	
Charges for services -	
Water sales	\$ 626,210
Sewer charges	781,451
Delinquent charges	31,825
Connection charges	15,977
Miscellaneous	<u>2,107</u>
Total operating revenues	<u>1,457,570</u>
<u>Operating Expenses</u>	
Salaries	368,848
Payroll taxes	28,962
Employee benefits	113,264
Electricity -	
Water pumps	32,053
Sewerage plant	83,416
Repairs/Supplies -	
Water system	54,257
Sewerage system	99,643
Insurance	14,950
Truck expense	22,562
Office expense	11,865
Water testing	19,257
Sewerage testing	15,423
Professional fees	20,360
Other	7,294
Depreciation	<u>277,117</u>
Total operating expenses	<u>1,169,271</u>
Net operating income	<u>288,299</u>
<u>Non-operating Revenues (Expenses)</u>	
Capital Grants	12,200
Interest income	38,012
Interest expense	<u>(143,710)</u>
Total non-operating expenses	<u>(93,498)</u>
Change in net position	194,801
Total Net Position, Beginning	<u>5,729,069</u>
Total Net Position, Ending	<u>\$5,923,870</u>

The accompanying notes are an integral part of this statement.

Town of Amite City

STATEMENT OF CASH FLOWS
PROPRIETARY FUND
For the Year Ended June 30, 2018

	<u>Business-type Activity</u> <u>Waterworks and</u> <u>Sewer Fund</u>
<u>Cash flows from operating activities:</u>	
Receipts from customers	\$1,314,472
Payments to suppliers	(188,571)
Payments to employees	(511,074)
Net cash provided by operating activities	<u>614,827</u>
 <u>Cash flows from capital and related financing activities:</u>	
Grant proceeds	12,200
Payments on USDA loans	(64,393)
Payments on DEQ loan	(74,000)
Payments on capital lease	(6,622)
Interest paid	(143,710)
Purchase of capital assets	(152,456)
Net cash (used) for capital and related financing activities	<u>(428,981)</u>
 <u>Cash flows from investing activities:</u>	
Interest income	<u>38,012</u>
Net cash provided by investing activities	<u>38,012</u>
 Net increase in cash and cash equivalents	223,858
 Cash balance - beginning of year	<u>1,687,954</u>
 Cash balance - end of year	<u>\$1,911,812</u>
 <u>Reconciliation of operating income to net</u> <u>cash provided by operating activities:</u>	
Operating income	\$ 288,299
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation expense	277,117
Change in assets and liabilities:	
Receivables, net	(14,065)
Due to other funds	165,719
Accounts and other payables	26,790
Restricted assets	<u>(129,033)</u>
 Net cash provided by operating activities	<u>\$ 614,827</u>

The accompanying notes are an integral part of this statement.

Town of Amite City

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
June 30, 2018

	<u>Agency Funds</u>		
	<u>Bond Money Fund</u>	<u>Prisoner Personal Money Fund</u>	<u>Total</u>
<u>Assets</u>			
Cash	\$ 7,543	\$ 717	\$ 8,260
Due from General Fund	8,890	-	8,890
 Total Assets	 <u>16,433</u>	 <u>717</u>	 <u>17,150</u>
 <u>Liabilities</u>			
Due to defendants	16,433	-	16,433
Due to prisoners	-	717	717
 Total Liabilities	 <u>16,433</u>	 <u>717</u>	 <u>17,150</u>
 <u>Net Position</u>	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ -</u>

The accompanying notes are an integral part of this statement.

NOTES TO THE FINANCIAL STATEMENTS

Town of Amite City

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2018

INTRODUCTION

The Town of Amite City, Louisiana (Town) was first incorporated on March 7, 1861. The Town adopted the provisions of Act 136 enacted on July 29, 1898, and became governed under the Lawrason Act. The Town is governed by an elected Mayor and Town Council. The Town provides the following services: public safety - police, streets, drainage, sanitation, culture/recreation, public improvements, planning and zoning, and general and administrative services. Other services include water and sewer services.

The accounting and reporting policies of the Town conform to generally accepted accounting principles as applicable to governments. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statutes 24:513 and to the guides set forth in the *Louisiana Governmental Audit Guide*, and to the industry audit guide, *Audits of State and Local Governmental Units*.

(1) **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

A. REPORTING ENTITY AND REPORTING MODEL

Governmental Accounting Standards Board (GASB) Statement No. 14 established criteria for determining the identification of a primary government unit for financial reporting purposes. The GASB has set forth criteria to be considered in determining which governmental entities are primary governments. An entity is a primary government if it satisfies all of the following criteria:

- The entity has a separate governing body elected by the citizenry in a general, popular election.
- The entity is legally separate from other entities.
- The entity is fiscally independent of other state and local governmental entities.

Based on the above criteria the Town has determined that the Town of Amite City, Louisiana, is a primary government and financial reporting entity in accordance with GASB Statement No. 14. The Town has also determined that there are no component units that should be considered part of the Town for financial reporting purposes.

The accompanying basic financial statements of the Town have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The accompanying basic financial statements have been prepared in conformity with GASB Statement 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, issued in June 1999. Management has elected to not present the Management's Discussion and Analysis.

GASB Statement No. 34 established new requirements and a new reporting model for the annual financial reports of state and local governments. The Statement was developed to make annual financial reports easier to understand and more useful to the people who use governmental financial information to make decisions. Following is a discussion on the new elements of the reporting model.

Management's Discussion and Analysis - GASB Statement No. 34 requires that financial statements be accompanied by a narrative introduction and analytical overview of the government's financial activities in the form of "Management's Discussion and Analysis" (MD&A). This analysis is similar to analysis the private sector provides in their annual reports.

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2018

Government-Wide Financial Statements - The reporting model includes financial statements prepared using full accrual accounting for all of the government's activities. This approach includes not just current assets and liabilities (such as cash and accounts payable), but also capital assets and long-term liabilities (such as buildings and infrastructure, including bridges and roads, and general obligation debt). Accrual accounting also reports all of the revenues and cost of providing services each year, not just those received or paid in the current year or soon thereafter.

Statement of Net Position - The Statement of Net Position is designed to display the financial position of the primary government (government and business-type activities). Governments will report all capital assets, including infrastructure, in the government-wide Statement of Net Position and will report depreciation expense - the cost of "using up" capital assets - in the Statement of Activities. The net position of a government will be broken down into three categories - 1) net investment in capital assets; 2) restricted; and 3) unrestricted.

Statement of Activities - The new government-wide statement of activities reports expenses and revenues in a format that focuses on the cost of each of the government's functions. The expense of individual functions is compared to the revenues generated directly by the function (for instance, through user charges or intergovernmental grants).

Budgetary Comparison Schedules - Demonstrating compliance with the adopted budget is an important component of a government's accountability to the public. Many citizens participate in one way or another in the process of establishing the annual operating budgets of state and local governments, and have a keen interest in following the actual financial process of their governments over the course of the year. Many governments revise their original budgets over the course of the year for a variety of reasons. Under the new reporting model, governments will continue to provide budgetary comparison information in their annual reports. An important change, however, is a requirement to add the government's original budget to the current comparison of final budget and actual results.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. The focus of governmental and proprietary fund financial statements is on "major" funds. Fund statements present in separate columns the General Fund, followed by major funds, with non-major funds aggregated and displayed in a separate column. The new model (GASB Statement 34) sets forth minimum criteria (percentage of the assets, liabilities, revenues, or expenditures/expenses of either fund category or the governmental and enterprise funds combined) for the determination of major funds. In addition to the funds that meet the major fund criteria, any other governmental or enterprise fund that the government's officials believe is particularly important to financial statement users may be reported as a major fund.

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2018

**C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND
FINANCIAL STATEMENT PRESENTATION**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The Town implemented GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. GASB 63 provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related disclosures.

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, was implemented which establishes new financial reporting requirements for governments that provide their employees with pension benefits. Additional information about the Town's net pension liability is presented in the notes to the financial statements.

The Town implemented GASB statement No. 72, *Fair Value Measurement and Application* as it relates to donated capital assets. Donated capital assets are to be measured at acquisition value.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to claims and judgments, are recorded only when payment is due. Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The Town reports the following major governmental funds:

The General Fund is the Town's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Special Revenue Funds:

The Sales Tax Fund accounts for the receipt and use of proceeds of the Town's 2% sales and use tax. The Town Council has dedicated a portion of collections of the sales and use tax, see Note 20 to these financial statements for details.

The Capital Improvements Fund accounts for the receipt and use of funds dedicated to capital improvements.

The Economic Development Fund accounts for the receipt and use of funds dedicated to economic development.

The Arts Council Fund accounts for the receipt and use of funds dedicated to art development.

NOTES TO FINANCIAL STATEMENTS
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Proprietary Fund:

Enterprise fund - - account for operations (a) where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or (b) where the governing body has decided the periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The Town maintains one enterprise fund, the Waterworks and Sewer Fund, which provides water and sewer services.

Additionally, the Town reports the following fund type:

Fiduciary Funds:

The Bond Money Agency Fund accounts for bond money held by the Town on behalf of the defendants prior to Mayor's court.

The Prisoner Personal Money Agency Fund accounts for the personal money of prisoners being held by the Town during their incarceration. The funds are returned upon the prisoner's release.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's enterprise operations. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1.) Fines and charges to customers or applicants for goods, services, or privileges provided, 2.) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary fund are user fees. Operating expenses for the proprietary fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as they are needed.

D. DEPOSITS AND INVESTMENTS

Cash and cash equivalents includes cash on hand, amounts in demand deposits, interest-bearing demand deposits, and time deposit accounts. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the Town may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

Under state law, the municipality may invest in United States bonds, treasury notes, or certificates. These are classified as investments if their original maturities exceed 90 days; however, if the original maturities are 90 days or less, they are classified as cash equivalents. Investments are stated at cost.

NOTES TO FINANCIAL STATEMENTS
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E. RECEIVABLES

Receivables are shown net of an allowance for uncollectibles. Uncollectible amounts due for water and sewer charges are recognized as bad debts through the establishment of an allowance account at the time information becomes available which would indicate the uncollectibility of the particular receivables. Uncollectible amounts for property taxes and garbage charges are recorded as a reduction of current revenues.

F. SHORT-TERM INTERFUND RECEIVABLES/PAYABLES

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

G. PREPAIDS

Prepaid insurance is reported using the consumption method.

H. RESTRICTED ASSETS

Restricted assets consist of cash resources in the General Fund from drug seizures and cash resources of the enterprise fund set aside for repayment of customer deposits and debt services. See Notes 14, 16, and 18 in regards to the revenue bond covenants that require the Town to set aside cash resources and revenue bond requirements.

I. CAPITAL ASSETS

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Town maintains a threshold level of \$500 or more for capitalizing capital assets.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities, if material, is included as part of the capitalized value of the assets constructed. As a Phase III government under GASB Statement No. 34, the Town elects not to retroactively report infrastructure assets prior to June 30, 2003.

All capital assets, other than land, are depreciated using the straight-line method over the following estimated useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Governmental activities -	
Buildings and building improvements	20 - 40 Years
Furniture and fixtures	5 - 10 Years
Vehicles	5 Years
Equipment	5 - 15 Years
Roads	20 Years
Water and Sewer Utility -	
Wells	25 Years
Storage tanks	40 Years
Lines and meters	40 Years
Sewerage system	40 Years

NOTES TO FINANCIAL STATEMENTS
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Maintenance, repairs, and minor equipment are charged to operations when incurred. Expenditures that materially change capacities or extend useful lives are capitalized. Upon sale or retirement of land, buildings, and equipment, the cost and related accumulated depreciation, if applicable, are eliminated from the respective accounts and any resulting gain or loss is included in the results of operations.

J. COMPENSATED ABSENCES

The Town has the following policy regarding annual and sick leave.

The earning of such leave shall be based on the equivalent of years of full-time service with the Town and for an employee having an administrative work week of five days shall be creditable at the end of each month in accordance with, or proportionate to, the following:

- a. Less than one year of service, at the rate of 1.54 hours of annual leave and 1.85 hours of sick leave per two week pay period.
- b. One year but less than ten years of service, at the rate of 3.08 hours of annual leave and 3.7 hours of sick leave per two week pay period.
- c. Ten years or more of service, at the rate of 4.62 hours annual leave and 3.7 hours of sick leave per two week pay period.

Accrued unused annual leave earned by an employee shall be carried forward to the succeeding fiscal year but not in excess of 240 hours as of the last day of the year, December 31st. Accrued unused sick leave earned by an employee shall be carried forward to the succeeding fiscal year without limitation.

Upon termination, all unused annual leave accrued by an employee shall be paid to the terminating employee not to exceed 240 hours. Employees with less than one year of full-time employment are not considered vested for annual leave purposes and any annual leave accrued upon termination shall be canceled.

Employees who resign or who are dismissed from employment shall not be paid for any accrued sick leave and all such leave shall be canceled.

Employees who retire at or after age 60 with at least 10 years of creditable full-time employment or at or after age 55 with at least 20 years of creditable full-time employment are entitled (as an employment benefit) to be paid for unused sick leave computed as follows:

For each year of creditable employment, an employee will be paid at date of retirement unused accrued sick leave at an amount equal to 1.67 percent for each year of creditable employment not to exceed 50 percent of the retiring employee's unused sick leave at date of retirement.

The Town maintains its sick leave records in units of hours (or days). The amount to be paid shall be the percent determined in the preceding paragraph multiplied by the unused sick leave hours at the employee's final-average hourly salary. Final-average hourly salary is the employee's average salary over the last 36 consecutive months at date of retirement. Retirement for this purpose shall be the same as defined by the Municipal Employees' Retirement System of Louisiana.

NOTES TO FINANCIAL STATEMENTS
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The cost of current leave privileges, computed in accordance with GASB Statement No. 16, is recognized as a current-year expenditure in the governmental funds when leave is actually taken. The cost of leave privileges not requiring current resources is recorded as a liability in the General Fund. Leave privileges associated with employees of the proprietary fund are recorded as a fund liability and operating expense. The current and noncurrent portions are recorded in the government-wide financial statements.

No liability is reported for unpaid accumulated sick leave.

K. LONG-TERM OBLIGATIONS

In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net Position. Bond premiums and discounts, if any, as well as issuance costs, if any, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize both premiums and discounts, if any, as well as bond issuance costs, if any, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances, if any, are reported as other financing sources while discounts on debt issuances, if any, are reported as other financing uses.

L. RESTRICTED NET POSITION

For the government-wide statement of net position, net position is reported as restricted when constraints placed on net position use are either:

- externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments; and
- imposed by law through constitutional provisions or enabling legislation.

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as they are needed.

M. FUND EQUITY

Governmental fund equity is classified as fund balance. Beginning with fiscal year ending June 30, 2011, the Town implemented GASB Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- **Nonspendable:** This classification includes amounts that cannot be spent because they are either not in spendable form or they are legally contractually required to be maintained intact.

The Town does not have anything that can be classified as Nonspendable Fund Balance.

- **Restricted:** This classification includes amounts in which the use of resources is constrained either by (a) external impositions by creditors, grantors, contributors, or laws or regulations of other governments or (b) impositions by law through constitutional provisions or enabling legislation.

The Town has classified fund balance in the General Fund as restricted due to the constraints of the Twenty-First Judicial District regarding seized drug money.

NOTES TO FINANCIAL STATEMENTS
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- **Committed:** This classification includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Town Council, which is the Town's highest level of decision-making authority. These amounts cannot be used for any other purpose unless the Town Council removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

The Town has committed resources in the Sales Tax Fund, the Economic Development Fund, and the Arts Council Fund. In the Sales Tax Fund, the Town Council has committed these resources to the repayment of the DEQ loan and funding of certain accounts per the bond ordinance dated December 16, 2001, the repayment of the USDA sewer loan and funding of certain accounts per the bond ordinance dated June 1, 2010, and the repayment of the USDA water loan and funding of certain accounts per the bond ordinance dated January 4, 2011. In the Economic Development Fund, the Town has committed resources dedicated to economic development per Ordinance No. 10-2003. In the Arts Council Fund, the Town has committed resources per Ordinance No. 3-2018.

- **Assigned:** This classification includes amounts that are constrained by the Town's intent to be used for a specific purpose but are neither restricted nor committed. This intent should be expressed by the Town's governing body itself or a committee or official to which the governing body has delegated the authority to assign amounts to be used for specific purposes.

The Town has assigned the fund balance in the Capital Improvements Fund. Assigned Fund Balance in the Capital Improvements represents the money appropriated through the budget ordinance of the Town set aside specifically for Capital Improvements. Town Council approval must be obtained prior to any expenditure from this fund.

- **Unassigned:** This classification is the residual fund balance for the General Fund. It also represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund.

When fund balance resources are available for a specific purpose in multiple classifications, the Town will generally use the most restrictive funds first in the following order: restricted, committed, assigned, and unassigned as they are needed. However, the Town's management reserves the right to selectively spend unassigned resources first and to defer the use of the other classified funds.

N. ESTIMATES

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

O. INTERFUND TRANSACTIONS

Quasi-external transactions are accounted for as revenues, expenditures, or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. For the purpose of the statement of activities, all interfund transfers between funds have been eliminated.

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2018

P. ELIMINATION AND RECLASSIFICATION

In the process of aggregating data for the statement of net position and the statement of activities, some amounts reported as interfund activity and balances in the funds were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the “grossing up” effect on assets and liabilities within the governmental activities column.

Q. AD VALOREM TAXES

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes were levied by the Town in October and billed to the taxpayers in November. Billed taxes become delinquent on January 1 of the following year. Revenues from ad valorem taxes are budgeted in the year billed.

The Town bills and collects its own property taxes using the assessed values determined by the tax assessor of Tangipahoa Parish.

R. SALES TAXES

The Town assesses a 2% sales and use tax. The Mayor and Town Council have dedicated a portion of the sales and use tax, see Note 20 to these financial statements for details.

(2) **STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

A. BUDGETS

Formal budgetary accounting is employed as a management control for all governmental funds of the Town. Annual operating budgets are adopted each fiscal year through passage of an annual budget ordinance and amended as required for the General Fund and Special Revenue Funds, and the same basis of accounting is used to reflect actual revenues and expenditures recognized on a generally accepted accounting principles basis. Budgets are prepared and adopted in accordance with the Louisiana Local Government Budget Act. Budgetary control is exercised at the fund level for each fund.

All budget appropriations lapse at the end of each fiscal year.

The original proposed budget for the General Fund and all special revenue funds was made available for public inspection on May 02, 2017. A public hearing was held at the Town’s city hall on June 06, 2017. This budget was not adopted. The budget was adopted on November 14, 2017.

The budget of the Special Revenue Funds was amended once during the fiscal year with the final amendment taking place on May 1, 2018. The budget of the General Fund was amended twice during the fiscal year with the final amendment taking place on May 1, 2018.

(3) **DEPOSITS AND INVESTMENTS**

At June 30, 2018, the Town had deposits and investments (book balances) totaling \$4,411,469 (including \$8,260 in the fiduciary funds) as follows:

Petty cash	\$ 345
Interest-bearing demand deposits	4,334,332
Non Interest-bearing demand deposits	8,216
Investment in 12-month certificate of deposit	<u>68,576</u>
Total	<u>\$4,411,469</u>

Town of Amite City

NOTES TO FINANCIAL STATEMENTS
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These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times 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.

Per GASB Statement 3, as amended by GASB 40; the Town's deposits are exposed to custodial credit risk since the collateral pledged by the fiscal agent is not held in the Town's name.

At June 30, 2018, the Town has \$4,480,768 in deposits (collected bank balances). These deposits are secured from risk by \$258,216 of federal deposit insurance and \$4,214,661 is uninsured but collateralized with securities held by the custodial bank in the name of the fiscal agent bank. \$7,891 is unsecured and uncollateralized.

Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Town that the fiscal agent has failed to pay deposited funds upon demand.

(4) **RECEIVABLES**

Receivables at June 30, 2018, consist of the following:

<u>Class of Receivables</u>	<u>General</u>	<u>Special Revenue</u>	<u>Enterprise</u>	<u>Total</u>
Taxes -				
Franchise	\$ 33,675	\$ -	\$ -	\$ 33,675
Sales	-	267,890	-	267,890
Occupational licenses	1,459	-	-	1,459
Accounts -				
Prisoner housing fees	2,220	-	-	2,220
Garbage	28,805	-	-	28,805
In School Officer	14,000	-	-	14,000
Water and Sewer	-	-	132,730	132,730
Less: Allowance for Uncollectibles	(2,606)	-	(9,497)	(12,103)
Intergovernmental				
Beer Tax	3,915	-	-	3,915
Department of Public Safety	8,820	-	-	8,820
Department of Transportation	2,650	-	-	2,650
Grants	-	-	6,400	6,400
Totals	<u>\$ 92,938</u>	<u>\$ 267,890</u>	<u>\$ 129,633</u>	<u>\$ 490,461</u>

An allowance account for taxes receivable is not considered necessary.

(5) **AD VALOREM TAXES**

For the year ended June 30, 2018, taxes of 4.94 mills were levied on property with assessed valuations totaling \$25,536,218. Total taxes levied were \$126,149. Taxes receivable at June 30, 2018, were nil.

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2018

(6) **RESTRICTED ASSETS-CASH- GOVERNMENTAL FUNDS AND PROPRIETARY FUND TYPE**

Restricted assets were applicable to the following at June 30, 2018:

Governmental Funds:		
General Fund - USDA service truck	\$	8,216
General Fund - Drug seizure cash		<u>9,680</u>
	\$	<u>17,896</u>
Proprietary Fund:		
Customers' deposits - cash and investments	\$	137,291
Revenue Bond requirements funds - DEQ & USDA		1,084,508
FEMA grant		<u>21,921</u>
	\$	<u>1,243,720</u>

(7) **CAPITAL ASSETS**

The following is a summary of changes in capital assets for the fiscal year ended June 30, 2018:

	Balance 06/30/17	Increases	Decreases	Balance 06/30/18
Governmental Activities:				
Capital assets not depreciated:				
Land and land improvements	\$ 585,882	\$ -	\$ -	\$ 585,882
Construction in progress	37,185	-	-	37,185
Inactive assets	-	31,873	-	31,873
Total capital assets, not depreciated	<u>623,067</u>	<u>31,873</u>	<u>-</u>	<u>654,940</u>
Capital assets, being depreciated:				
Buildings	1,240,260	-	-	1,240,260
Improvements	525,527	5,000	-	530,527
Infrastructure	157,678	21,987	-	179,665
Vehicles	733,959	37,327	31,873	739,413
Office Equipment	21,732	7,858	-	29,590
Furniture & Fixtures	24,569	-	-	24,569
Machinery & Equipment	545,327	30,385	-	575,712
Total capital assets, being depreciated	<u>3,249,052</u>	<u>102,557</u>	<u>31,873</u>	<u>3,319,736</u>
Less: Accumulated depreciation:				
Buildings	705,372	24,118	-	729,490
Improvements	418,191	11,196	-	429,387
Infrastructure	3,030	7,930	-	10,960
Vehicles	550,017	67,951	-	617,968
Office Equipment	18,081	2,011	-	20,092
Furniture & Fixtures	24,569	-	-	24,569
Machinery & Equipment	478,460	24,122	-	502,582
Total accumulated depreciation	<u>2,197,720</u>	<u>137,328</u>	<u>-</u>	<u>2,335,048</u>
Total capital assets, being depreciated, net	<u>1,051,332</u>	<u>(34,771)</u>	<u>31,873</u>	<u>984,688</u>
Governmental activities capital assets, net	<u>\$ 1,674,399</u>	<u>\$ (2,898)</u>	<u>\$ 31,873</u>	<u>\$ 1,639,628</u>

Town of Amite City

NOTES TO FINANCIAL STATEMENTS

As of and for the Year Ended June 30, 2018

Depreciation was charged to governmental functions as follows:

General government	\$ 14,892
Public safety	55,448
Streets	35,022
Sanitation	21,151
Parks and recreation	8,016
Community center	<u>2,799</u>
Total	<u>\$137,328</u>

The following is a summary of changes in capital assets for the business-type activity for the fiscal year ended June 30, 2018:

<u>Business-type activity:</u>	<u>Balance</u> <u>06/30/17</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>06/30/18</u>
Capital assets, not being depreciated				
Land - water	\$ 36,392	\$ -	\$ -	\$ 36,392
Land – sewer	25,957	-	-	25,957
Construction in progress	44,640	-	-	44,640
Total capital assets not being depreciated	<u>106,989</u>	<u>-</u>	<u>-</u>	<u>106,989</u>
Capital assets, being depreciated				
Wells	1,024,245	61,210	-	1,085,455
Storage tanks	643,730	-	-	643,730
Water lines and meters	2,277,310	37,674	-	2,314,984
Sewerage system	6,651,357	27,700	-	6,679,057
Equipment	266,603	25,872	4,807	287,668
Total capital assets, being depreciated	<u>10,863,245</u>	<u>152,456</u>	<u>4,807</u>	<u>11,010,894</u>
Less accumulated depreciation for:				
Wells	243,681	24,032	-	267,713
Storage tanks	335,731	11,407	-	347,138
Water lines and meters	751,861	51,677	-	803,538
Sewerage system	1,778,087	166,490	-	1,944,577
Equipment	183,107	23,511	4,807	201,811
Total accumulated depreciation	<u>3,292,467</u>	<u>277,117</u>	<u>4,807</u>	<u>3,564,777</u>
Total capital assets, being depreciated, net	<u>7,570,778</u>	<u>(124,661)</u>	<u>-</u>	<u>7,446,117</u>
Business-type activities capital assets, net	<u>\$ 7,677,767</u>	<u>\$ (124,661)</u>	<u>\$ -</u>	<u>\$ 7,553,106</u>

Depreciation expense was charged to the business-type activity as follows:

Waterworks and Sewer Fund	<u>\$ 277,117</u>
Total	<u>\$ 277,117</u>

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2018

(8) **PENSION PLAN**

Some of the police department employees of the Town are members of the Municipal Police Employees' Retirement System of Louisiana (System). This system is a cost-sharing, multiple-employer defined benefit pension plan administered by a separate board of trustees. The Town entered into a Section 218 agreement with the Social Security Administration effective January 1, 1954, which exempts police department employees from mandatory participation in the System. Pertinent information relative to the plan follows:

Municipal Police Employees' Retirement System of Louisiana

Plan Description. All full-time police department employees engaged in law enforcement are required to participate in the System unless exempted. Employees who retire at any age with 25 years of creditable service or at age 50 with at least 20 years of creditable service or at age 55 with at least 12 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3-1/3 percent of their final-average salary for each year of creditable service. 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.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained at www.lampers.org/auditreports.htm or by writing to the Municipal Police Employees Retirement System of Louisiana, 7722 Office Park Blvd, Suite 200, Baton Rouge, Louisiana 70809-7601, or by calling (225) 929-7411.

Funding Policy. Plan members are required by state statute to contribute 10.0 percent of their annual covered salary and the Town is required to contribute at an actuarially determined rate. The current rate is 30.75 percent of annual covered payroll. The contribution requirements of plan members and the Town 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. In accordance with state statute, the Systems receive insurance premium taxes. These additional sources of income are used as employer contributions and are considered support from non-employer contributing entities, but are not considered special funding situations. Non-employer contribution are recognized as revenue and excluded from pension expense for the year ended June 30, 2018. The Town of Amite City contributions to the System for the years ending June 30, 2018, 2017, and 2016, were \$97,313, \$102,261, and \$104,912, respectively, equal to the required contributions for each year.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.

At June 30, 2018, the Town reported a liability of \$942,641 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating towns, actuarially determined. At June 30, 2017, the Town's proportion was .1079 percent.

Town of Amite City

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2018

For the year ended June 30, 2018, the Town recognized pension expense of \$57,658. At June 30, 2018, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 6,172	\$ 7,245
Changes of assumptions	67,074	-
Net difference between projections and actual earnings on pension plan investments	41,265	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	-	179,698
Town contributions subsequent to the measurement date	<u>97,313</u>	<u>-</u>
 Total	 <u>\$ 211,824</u>	 <u>\$ 186,943</u>

\$97,313 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2019	\$ (57,046)
2020	\$ 7,317
2021	\$ (473)
2022	\$ (22,120)
2023	\$ -
Thereafter	\$ -

Actuarial assumptions. The total pension liability in June 30, 2017, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation date	June 30, 2017			
Actuarial cost method	Entry Age Normal Cost			
Investment rate of return	7.325% (Net of investment expense)			
Expected Remaining Service lives	2017- 4 Years	2016- 4 Years	2015 - 4 Years	2014 - 4 Years
Inflation rate	2.70%			
Mortality	Mortality assumptions were set based upon an experience study performed by the prior actuary on plan data for the period July 1, 2009 through June 30, 2014. In cases where benefit structures were changed after the study period, assumptions were based on estimates of future experience. The RP-2000 Employee Table was selected for active members. The RP-2000 Combined Healthy with Blue Collar Adjustment Sex Distinct Tables was selected for healthy annuitants and beneficiaries.			

Town of Amite City

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2018

Salary increases,	<u>Years of service</u>	<u>Salary Growth Rate</u>
Including inflation	1 - 2	9.75%
and merit	3 - 23	4.75%
	24 & Over	4.25%

The forecast long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and an adjustment for the effect of rebalancing/diversification. The resulting forecasted long-term rate of return is 8.19% for the year ended June 30, 2017.

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

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

Discount Rate. The discount rate used to measure the total pension liability was 7.325%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates approved by PRSAC taking into consideration the recommendation of the System's actuary. Based on these 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 investment was applied to all periods of projected benefit payments to determine pension liability.

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2018

Sensitivity to Changes in Discount Rate:

The following presents the net pension liability of the participating employers calculated using the discount rate of 7.325%, as well as what the employers' net pension liability would be if it were calculated using a discount rate that is one percentage point lower 6.325% or one percentage point higher 8.325% than the current date as of June 30, 2017.

	Changes in Discount Rate		
	1% Decreased	Current Discount Rate	1% Increase
	%	%	%
Net Pension Liability	\$ 1,302,350	\$ 942,641	\$ 640,872

(9) **DEFERRED COMPENSATION PLAN**

The Town offers all town employees a deferred compensation plan created in accordance with Internal Revenue Code, Section 457. The Town matches the employees' contributions up to 7 percent of covered salaries. The assets of the plan are held in trust, (custodial account or annuity contract) as described in IRC Section 457 (g) for the exclusive benefit of the participants (employees) and their beneficiaries. The custodian thereof for the exclusive benefit of the participants holds the custodial account for the beneficiaries of this section 457 plan, and the assets may not be diverted to any other use. The Administrators are agents of the employer for purposes of providing direction to the custodian of the custodial account from time to time for the investment of the funds held in the account, transfer of assets to or from the account, and all other matters. In accordance with the provisions of GASB Statement 32, plan balances and activities are not reflected in the Town of Amite City's financial statements.

(10) **RETIREMENT SYSTEM**

Employees of the Town who are not participants in the Municipal Police Employees' Retirement System of Louisiana are members of the social security system. In addition to employee payroll deductions, Town funds are remitted to match the employee contributions. Aggregate contributions to the social security system for the year ended June 30, 2018, were \$263,590 of which \$131,795 was contributed by the Town.

(11) **COMPENSATED ABSENCES**

At June 30, 2018, employees of the Town have accumulated and vested \$120,193 of employee leave benefits which was computed in accordance with GASB Codification Section C60. Of this amount, \$107,129 is recorded as an obligation of the General Fund. The leave liability for employees of the Enterprise Fund of \$13,064 is accounted for within the fund.

(12) **LEASES**

The Town records items under capital leases as assets and obligations in the accompanying financial statements. There were no capital leases as of June 30, 2018.

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2018

(13) **LONG-TERM DEBT**

A. SUMMARY OF CHANGES IN LONG-TERM DEBT

The following is a summary of the long-term obligation transactions for the year ended June 30, 2018:

	Balance 06/30/17	Additions	Reductions	Balance	Due Within One Year
Governmental Activities:					
Compensated absences	\$ 84,059	\$ 66,663	\$ 43,593	\$ 107,129	\$ 59,000
Net Pension Liability	1,179,794	-	237,153	942,641	-
Total government activities	<u>\$1,263,853</u>	<u>\$ 66,663</u>	<u>\$ 280,746</u>	<u>\$ 1,049,770</u>	<u>\$ 59,000</u>
Business-type Activities:					
Capital leases	\$ 6,622	\$ -	\$ 6,622	\$ -	\$ -
Revenue bonds payable - DEQ	585,000	-	74,000	511,000	77,000
Revenue bonds payable - USDA - Sewer	2,111,684	-	33,286	2,078,398	34,451
Revenue bonds payable - USDA - Water	1,879,173	-	31,107	1,848,066	32,033
Total business-type activities	<u>\$ 4,582,479</u>	<u>\$ -</u>	<u>\$ 145,015</u>	<u>\$ 4,437,464</u>	<u>\$ 143,484</u>

B. BONDS

Revenue bonds payable are comprised of the following issue:

- a.) \$1,330,000 Utilities Revenue Bonds, Series 2002, dated January 10, 2003.

Due in annual installments of \$45,000 to \$94,000 through January 1, 2024;
interest at 2.45% payable semi-annually January 1 and July 1 each year. \$ 511,000

- b.) \$2,262,000 Utilities Revenue Bonds, Series 2011A, dated June 14, 2011.

Due in annual installments of \$28,000 to \$103,000 starting in January 2013
ending January 2051; interest at 3.5% payable annually starting
January 2012. \$2,078,398

- c.) \$1,995,000 Utilities Revenue Bonds, Series 2011B, dated January 31, 2012.

Due in annual installments of \$27,000 to \$84,000 starting in January 2014
ending January 2052; interest at 3.0% payable annually starting
January 2013. \$1,848,066

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2018

C. DEBT SERVICE REQUIREMENTS TO MATURITY

1. The annual requirements to amortize the Revenue Bonds - DEQ debt outstanding as of June 30, 2018, including interest, are as follows:

Revenue Bonds Payable - DEQ

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 77,000	\$ 12,520	\$ 89,520
2020	80,000	10,633	90,633
2021	83,000	8,673	91,673
2022	87,000	6,640	93,640
2023	90,000	4,508	94,508
2024	94,000	2,303	96,303
	<u>\$ 511,000</u>	<u>\$ 45,277</u>	<u>\$ 556,277</u>

The Town has agreed to pay DEQ an annual administrative fee of .5% of the outstanding principal.

2. The annual requirements to amortize the Revenue Bonds - USDA - Sewer debt outstanding as of June 30, 2018, including interest, are as follows:

Revenue Bonds Payable - USDA - Sewer

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 34,451	\$ 72,745	\$ 107,196
2020	35,657	71,539	107,196
2021	36,905	70,291	107,196
2022	38,197	68,999	107,196
2023	39,534	67,662	107,196
2024-2028	219,418	316,563	535,981
2029-2033	260,600	275,381	535,981
2034-2038	309,511	226,470	535,981
2039-2043	367,602	168,379	535,981
2044-2048	436,596	99,385	535,981
2049-2051	299,927	1,661	301,588
	<u>\$ 2,078,398</u>	<u>\$ 1,439,075</u>	<u>\$ 3,517,473</u>

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2018

3. The annual requirements to amortize the Revenue Bonds - USDA - Water debt outstanding as of June 30, 2018, including interest, are as follows:

Revenue Bonds Payable - USDA - Water

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 32,033	\$ 55,449	\$ 87,482
2020	32,994	54,488	87,482
2021	33,984	53,498	87,482
2022	35,003	52,479	87,482
2023	36,053	51,429	87,482
2024-2028	197,155	240,255	437,410
2029-2033	228,557	208,853	437,410
2034-2038	264,960	172,450	437,410
2039-2043	307,162	130,248	437,410
2044-2048	356,084	81,326	437,410
2049-2052	324,081	25,847	349,928
	<u>\$ 1,848,066</u>	<u>\$ 1,126,322</u>	<u>\$ 2,974,388</u>

(14) **DEDICATION OF PROCEED & FLOW OF FUNDS - UTILITIES REVENUE - DEQ**

The Town through its governing authority adopted an ordinance on December 16, 2001, authorizing the issuance of Utilities Revenue Bonds, Series 2002, in the amount of \$1,330,000 to pay for the cost of constructing and acquiring improvements and renovations to the sewerage system of the Town. The ordinance also authorized the execution of a Loan and Pledge Agreement with the Louisiana Department of Environmental Quality providing for the sale and delivery of said bonds to the Department of Environmental Quality; prescribing the form, fixing the details, and providing for the payment of principal and interest on such bonds; and entering into certain covenants and agreements in connection with the security and payment of said bonds. In that ordinance and the Loan and Pledge Agreement, the income and revenues of the combined sewerage system and waterworks system are irrevocably pledged and dedicated in an amount sufficient for payment of the bonds authorized and interest as they become due and for other purposes. In that ordinance and the Loan and Pledge Agreement, certain funds are required to be established to account for the receipt and disbursement of System (water and sewer) revenues. An analysis of these accounts is provided as follows:

Revenue Fund - The bond ordinance and the Loan and Pledge Agreement require that all revenues of the System shall be deposited daily in a separately identifiable account to be established with the Town's fiscal agent bank and designated as the "Revenue Fund". The revenues deposited into the Revenue Fund shall be expended in the following priority:

- 1.) Pay all reasonable and necessary expenses of operating and maintaining the Sewerage System
- 2.) Establish and fund a Sinking Fund as follows:

Moneys from the Revenue Fund shall be deposited into the Sinking Fund in amounts sufficient to pay promptly and fully the principal of and interest on the Borrower Bonds and any Parity Obligations issued hereafter as they severally become due and payable.

Moneys from the Revenue Fund shall be transferred into the "Sinking Fund" monthly in advance on or before the twentieth (20th) day of each month of each year in an amount equal to the principal, interest, and administrative fee accruing with respect to the Borrower Bonds for such calendar month, together with such additional proportionate sum as may be required to pay such principal, interest, and administrative fee as the same respectively become due.

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2018

Money in the Sinking Fund shall be deposited as trust funds and shall be used solely and are hereby expressly exclusively pledged for the purpose of paying principal of, interest on, and administrative fee, if any, with respect to the Borrower Bonds and any Parity Obligations. The borrower shall require its fiscal agent bank to transfer from the Sinking Fund to the paying agent (as defined in the Authorizing Ordinance) and any other paying agent bank or bank for any Parity Obligations payable from the Sinking Fund at least three (3) days in advance of each interest payment date and principal payment date, funds fully sufficient to pay promptly the principal and interest falling due on such dates.

At June 30, 2018, the Town was in **compliance** with this covenant.

3.) Establish and fund a Reserve Fund as follows:

From the Revenue Fund, there shall be transferred monthly in advance on or before the twentieth (20th) day of each month of each year, to a separately identifiable account to be established with the Town's fiscal agent bank and designated as the "Reserve Fund" a sum at least equal to 25% of the amount required to be paid into the Sinking Fund for such month until such fund has accumulated an amount equal to the highest combined debt service in any future bond year (\$97,243).

Money in the Reserve Fund is to be retained solely for the purpose of payment of the principal of and interest on all obligations payable from the Sinking Fund for which sufficient funds are not on deposit in the Sinking Fund.

At June 30, 2018, the Town was in **compliance** with this covenant.

4.) Establish and fund a Renewal and Replacement Fund as follows:

There is to be established and maintained with a Fiscal Agent Bank pursuant to the Authorizing Ordinance a separately identifiable fund or account designated as the "Renewal and Replacement Fund". There shall be transferred to the Renewal and Replacement Fund, on or before the twentieth (20th) day of each month of each year, an amount equal to five percent (5%) of the Net Revenues of the System collected in the prior calendar month; provided, however, that no payment need be made into the Renewal and Replacement Fund at any time if the balance in such Fund equals or exceeds \$125,000. All moneys in the Renewal and Replacement Fund may be drawn on and used by the Borrower for the purpose of paying the costs of any unusual and extraordinary maintenance and any repairs, replacements, extensions, and improvements to the System which will either enhance its revenue producing capacity or provide a higher degree of service.

Money accumulated in this fund may also be used to pay principal and interest on the bonds falling due at any time there is not sufficient money for payment in the Sinking Fund or the Reserve Fund.

At June 30, 2018, the Town was in **compliance** with this covenant.

(15) **COMPLIANCE WITH UTILITIES REVENUE BONDS COVENANTS - DEQ**

The Town through its governing authority adopted an ordinance on December 16, 2001, authorizing the Utilities Revenue Bonds, Series 2002, in the amount of \$1,330,000 to pay for the cost of constructing and acquiring improvements and renovations to the sewerage system of the Town and authorized the execution of a Loan and Pledge Agreement with the Louisiana Department of Environmental Quality. That bond ordinance and agreement contained certain covenants and agreements in connection with the security and payment of the bonds. The major covenants contained in the bond resolution and agreement and the manner in which the Town has complied with these covenants is described as follows:

Rate Covenant - In the bond ordinance and agreement, the Town obligated itself to fix, establish, maintain, and

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2018

collect such rates, fees, rents, and other charges of the services and facilities of the System and to revise rates whenever necessary to provide revenues in each fiscal year sufficient to:

- a. pay the reasonable and necessary expenses of operating and maintaining the System in such fiscal year as are not paid from other lawfully available sources including, without limitation, the proceeds of the Borrower's 2% sales and use taxes now being levied pursuant to an election held on "November 18, 1981";
- b. provide net revenues in an amount equal to "1.25%" of the required deposits to the Sinking Fund and administrative fee for such fiscal year;
- c. make all other payments required for such fiscal year hereby and by the authorizing Ordinance, and any resolution or ordinance issuing parity obligations; and
- d. pay all other obligations or indebtedness payable out of the revenues for such fiscal year. Such rates, fees, rents, and other charges shall not at any time be reduced so as to be insufficient to provide adequate revenues for aforesaid purposes. To the extent that revenues from other lawfully available sources are used to pay the reasonable and necessary expenses of operating and maintaining the System, then such rates, fees, rents, and other charges may be correspondingly reduced.

For the fiscal year ended June 30, 2018, operating receipts for the system totaled \$1,495,582. For the same period, operating disbursements, including required deposits into the various debt service funds, totaled \$1,278,070. The Town was in compliance with items a., b., c., and d. of the above rate covenant for the year ended June 30, 2018.

In connection with the rate covenant, the bond ordinance also contains specific procedures with regards to delinquent utility customers. The Town agreed that the failure of any person to pay the charges for any service rendered by the System within fifteen (15) days of the date on which it is due shall cause such charge to become delinquent; that if such delinquent charge, with interest and penalties accrued thereon, is not paid within thirty (30) days from the date on which it became delinquent, the Town will shut off water and sewer services to the affected premises.

The delinquent charge will be ten percent (10%) of the amount of the charge, and the amount so due, including the penalty charge, shall, after ten (10) days from the date of delinquency, bear interest at a reasonable rate of at least six percent (6%) per annum.

If a delinquent customer has had his service discontinued, the customer shall pay the delinquent charge, penalty, interest, and a reasonable re-connection charge in order to resume service.

At June 30, 2018, the Town was in **compliance** with the delinquent utility customers section of the bond ordinance.

The bond ordinance states that the delinquent charge will be 10 percent (10%) of the charge for water and sewer service. The Town charges a 10 percent (10%) penalty for all customers.

Annual Review of Users Fees- In the Loan and Pledge Agreement, the Town is required to review at least annually the adequacy of its user fees to satisfy the requirements of the rate covenant.

At June 30, 2018, the Town is in **compliance** with this covenant.

Records, Accounts, and Audit Requirements- The bond ordinance and loan agreement requires the Town to

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2018

maintain and keep accurate records and accounts for the System separate and distinct from its other records and accounts. These System records shall be maintained in accordance with generally accepted accounting standards and shall be audited annually by an independent certified public accountant.

As of June 30, 2018, the Town was in **compliance** with this covenant as the Town was under contract with a certified public accountant for an audit of its records for the year ended June 30, 2018.

Insurance and Fidelity Bonds- The bond ordinance requires the Town to carry full coverage of insurance on the System while the loan agreement requires the Town to maintain insurance policies that will provide against the risk of direct physical loss, damage, or destruction of the System including liability coverage. In addition, per the bond ordinance the Town is required to obtain fidelity bonds on all its officers and employees in a position of authority or in possession of money derived from the operation of the System. The amount of coverage should be adequate to protect the Town from loss.

At June 30, 2018, the Town was in **compliance** with this covenant.

Other Covenants- The loan agreement requires the Town to establish a user charge to assure that each recipient of wastewater treatment services from the System will pay such recipient's proportionate share of the costs of operation and maintenance, including any necessary replacements of components of the Sewerage System.

At June 30, 2018, the Town was in **compliance** with this requirement.

(16) **DEDICATION OF PROCEED & FLOW OF FUNDS - UTILITIES REVENUE - USDA - SEWER**

The Town through its governing authority adopted an ordinance on June 1, 2010, authorizing the issuance of Utilities Revenue Bonds, Series 2011A, in the amount of \$2,262,000 to pay for the cost to construct and acquire improvements, extensions, renovations and/or replacements to the sewerage system of the Town. The ordinance also authorized the execution of a Loan and Pledge Agreement with the United States Department of Agriculture - Rural Development providing for the sale and delivery of said bonds to the United States Department of Agriculture - Rural Development; prescribing the form, fixing the details, and providing for the payment of principal and interest on such bonds, entering into certain covenants and agreements in connection with the security and payment of said bonds. In that ordinance and the Loan and Pledge Agreement, the income and revenues of the combined sewerage system and waterworks system are irrevocably pledged and dedicated in an amount sufficient for payment of the bonds authorized and interest as they become due and for other purposes. In that ordinance and the Loan and Pledge Agreement, certain funds are required to be established as follows:

Utilities System Fund - The bond ordinance and the Loan and Pledge Agreement require that all revenues of the System shall be deposited in a separately identifiable account to be established with the Town's fiscal agent bank and designated as the "Utilities System Fund". The revenues deposited into the Utilities System Fund shall be expended in the following priority:

1.) Pay all reasonable and necessary expenses of operating and maintaining the Sewerage System

2.) Establish and fund a Sinking Fund as follows:

Moneys from the Utilities System Fund shall be deposited into the Sinking Fund in amounts sufficient to pay promptly and fully the principal of and interest on the Borrower Bonds and any Parity Obligations issued or hereafter as they severally become due and payable.

Moneys from the Utilities System Fund shall be transferred into the "Sinking Fund" monthly in advance on or before the twentieth (20th) day of each month of each year in an amount equal to the principal and interest with respect to the Borrower Bonds for such calendar month, together with such additional proportionate sum as may be required to pay such principal and interest as the same respectively become due.

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2018

Money in the Sinking Fund shall be deposited as trust funds and shall be used solely and are hereby expressly exclusively pledged for the purpose of paying principal of, interest on, and administrative fee, if any, with respect to the Borrower Bonds and any Parity Obligations. The borrower shall require its fiscal agent bank to transfer from the Sinking Fund to the paying agent (as defined in the Authorizing Ordinance) and any other paying agent bank or bank for any Parity Obligations payable from the Sinking Fund at least three (3) days in advance of each Interest payment date and principal payment date, funds fully sufficient to pay promptly the principal and interest falling due on such dates.

At June 30, 2018, the Town was in **compliance** with this covenant.

3.) Establish and fund a Reserve Fund as follows:

From the Revenue Fund, there shall be transferred monthly in advance on or before the twentieth (20th) day of each month of each year, to a separately identifiable account to be established with the Town's fiscal agent bank and designated as the Utilities Revenue Bond Reserve Fund, "Reserve" a sum at least equal to 25% of the amount required to be paid into the Sinking Fund for such month until such fund has accumulated an amount equal to the Reserve Fund Requirement; which is \$204,909 thru 2024.

At June 30, 2018, the Town was in **compliance** with this covenant.

4.) Establish and fund a Utilities Depreciation and Contingency Fund as follows:

There is to be established and maintained with a Fiscal Agent Bank pursuant to the Authorizing Ordinance a separately identifiable fund or account designated as the "Utilities Depreciation and Contingency Fund". There shall be transferred to the Contingency Fund, on or before the twentieth (20th) day of each month of each year, an amount equal to five percent (5%) of the amount to be paid into the sinking fund.

Money accumulated in this fund may also be used to pay principal and interest on the bonds falling due at any time there is not sufficient money for payment in the Sinking Fund or the Reserve Fund.

At June 30, 2018, the Town was in **compliance** with this covenant.

5.) Establish and fund a Sewer Component Short-Lived Assets Fund as follows:

From the Revenue Fund, there shall be transferred monthly in advance on or before the twentieth (20th) day of each month of each year, to a separately identifiable account to be established with the Town's fiscal agent bank and designated as the Sewer Component Short-Lived Assets Fund, (the "Assets Fund") to provide for the maintenance and replacement of short lived assets of the System. The transfer shall be \$1,486 per month over the life of the bonds.

At June 30, 2018, the Town was in **compliance** with this covenant.

(17) **COMPLIANCE WITH UTILITIES REVENUE BONDS COVENANTS - USDA - SEWER**

The Town through its governing authority adopted an ordinance on June 1, 2010, authorizing the issuance of Utilities Revenue Bonds, Series 2011A, in the amount of \$2,262,000 to pay for the cost to construct and acquire improvements, extensions, renovations and/or replacements to the sewerage system of the Town. The ordinance also authorized the execution of a Loan and Pledge Agreement with the United States Department of Agriculture - Rural Development providing for the sale and delivery of said bonds to the United States Department of Agriculture - Rural Development; prescribing the form, fixing the details, and providing for the payment of principal and interest on such bonds, entering into certain covenants and agreements in connection with the security and payment of said bonds.

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2018

The major covenants contained in the bond resolution and agreement and the manner in which the Town has complied with these covenants is described as follows:

Rate Covenant - In the bond ordinance and agreement, the Town obligated itself to fix, establish, maintain, and collect such rates, fees, rents, and other charges of the services and facilities of the System and to revise rates whenever necessary to provide revenues in each fiscal year sufficient to:

- a. pay the reasonable and necessary expenses of operating and maintaining the System;
- b. to provide for the payment of this sewer bond and the DEQ loan;
- c. provide a reserve therefore and all other obligations or indebtedness payable out of the revenues of the System;
- d. provide reasonable depreciation and contingency funds to care for depreciation, extensions, additions, improvements and replacements necessary to properly operate the System; and
- e. provide net revenues in an amount equal to 120% of the largest amount of principal and interest on the DEQ loan and this sewer loan and any additional bonds hereafter.

For the fiscal year ended June 30, 2018, operating receipts for the system totaled \$1,495,582. For the same period, operating disbursements, including required deposits into the various debt service funds, totaled \$1,278,070. The Town was in compliance with items a., b., c., d., and e. of the above rate covenant for the year ended June 30, 2018.

In connection with the rate covenant, the bond ordinance also contains specific procedures with regards to delinquent utility customers. The Town agreed that the failure of any person or business to pay the charges for any service rendered by the System within fifteen (15) days of the date on which it is due shall cause such charge to become delinquent; that if such delinquent charge, with interest and penalties accrued thereon, is not paid within ten (10) days from the date on which it became delinquent, the Town will shut off water and sewer services to the affected premises.

The delinquent charge will be ten percent (10%) of the amount of the charge, and the amount so due, including the penalty charge, shall, after thirty (30) days from the date of delinquency, bear interest at a reasonable rate of at least six percent (6%) per annum.

If a delinquent customer has had their service discontinued, the customer shall pay the delinquent charge, penalty, interest, and a reasonable re-connection charge in order to resume service.

At June 30, 2018, the Town was in **compliance** with the delinquent utility customers section of the bond ordinance.

The bond ordinance states that the delinquent charge will be 10 percent (10%) of the charge for water and sewer service. The Town charges a 10 percent (10%) penalty for all customers

Records, Accounts, and Audit Requirements- The bond ordinance and loan agreement requires the Town to maintain and keep accurate records and accounts for the System separate and distinct from its other records and accounts. These System records shall be maintained in accordance with generally accepted accounting standards and shall be audited annually by an independent certified public accountant.

As of June 30, 2018, the Town was in **compliance** with this covenant as the Town was under contract with a

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2018

certified public accountant for an audit of its records for the year ended June 30, 2018.

Insurance and Fidelity Bonds- The bond ordinance requires the Town to carry full coverage of insurance on the System while the loan agreement requires the Town to maintain insurance policies that will provide against the risk of direct physical loss, damage, or destruction of the System including liability coverage. In addition, per the bond ordinance the Town is required to obtain fidelity bonds on all its officers and employees in a position of authority or in possession of money derived from the operation of the System. The amount of coverage should be adequate enough to protect the Town from loss.

At June 30, 2018, the Town was in **compliance** with this covenant.

(18) **DEDICATION OF PROCEED & FLOW OF FUNDS - UTILITIES REVENUE - USDA - WATER**

The Town through its governing authority adopted an ordinance on January 4, 2011, authorizing the issuance of Utilities Revenue Bonds, Series 2011B, in the amount of \$1,995,000 to pay for the cost of constructing and acquiring improvements and renovations to the water system of the Town. The ordinance also authorized the execution of a Loan and Pledge Agreement with the United States Department of Agriculture - Rural Development providing for the sale and delivery of said bonds to the United States Department of Agriculture - Rural Development; prescribing the form, fixing the details, and providing for the payment of principal and interest on such bonds; and entering into certain covenants and agreements in connection with the security and payment of said bonds. In that ordinance and the Loan and Pledge Agreement, the income and revenues of the combined sewerage system and waterworks system are irrevocably pledged and dedicated in an amount sufficient for payment of the bonds authorized and interest as they become due and for other purposes. In that ordinance and the Loan and Pledge Agreement, certain funds are required to be established as follows:

Utilities System Fund - The bond ordinance and the Loan and Pledge Agreement require that all revenues of the System shall be deposited in a separately identifiable account to be established with the Town's fiscal agent bank and designated as the "Utilities System Fund". The revenues deposited into the Utilities System Fund shall be expended in the following priority:

- 1.) Pay all reasonable and necessary expenses of operating and maintaining the Water System.
- 2.) Establish and fund a Sinking Fund as follows:

Moneys from the Utilities System Fund shall be deposited into the Sinking Fund in amounts sufficient to pay promptly and fully the principal of and interest on the Borrower Bonds and any Parity Obligations issued or hereafter as they severally become due and payable.

Moneys from the Utilities System Fund shall be transferred into the "Sinking Fund" monthly in advance on or before the twentieth (20th) day of each month of each year in an amount equal to the principal and interest with respect to the Borrower Bonds for such calendar month, together with such additional proportionate sum as may be required to pay such principal and interest as the same respectively become due.

Money in the Sinking Fund shall be deposited as trust funds and shall be used solely and are hereby expressly exclusively pledged for the purpose of paying principal of, interest on, and administrative fee, if any, with respect to the Borrower Bonds and any Parity Obligations. The borrower shall require its fiscal agent bank to transfer from the Sinking Fund to the paying agent (as defined in the Authorizing Ordinance) and any other paying agent bank or bank for any Parity Obligations payable from the Sinking Fund at least three (3) days in advance of each Interest payment date and principal payment date, funds fully sufficient to pay promptly the principal and interest falling due on such dates.

At June 30, 2018, the Town was in **compliance** with this covenant.

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2018

3.) Establish and fund a Reserve Fund as follows:

From the Revenue Fund, there shall be transferred monthly in advance on or before the twentieth (20th) day of each month of each year, to a separately identifiable account to be established with the Town's fiscal agent bank and designated as the Utilities Revenue Bond Reserve Fund, "Reserve" a sum at least equal to 25% of the amount required to be paid into the Sinking Fund for such month until such fund has accumulated an amount equal to the Reserve Fund Requirement; which is \$291,860 thru 2052.

At June 30, 2018, the Town was in **compliance** with this covenant.

4.) Establish and fund a Utilities Depreciation and Contingency Fund as follows:

There is to be established and maintained with a Fiscal Agent Bank pursuant to the Authorizing Ordinance a separately identifiable fund or account designated as the "Utilities Depreciation and Contingency Fund". There shall be transferred to the Contingency Fund, on or before the twentieth (20th) day of each month of each year, an amount equal to five percent (5%) of the amount to be paid into the sinking fund.

Money accumulated in this fund may also be used to pay principal and interest on the bonds falling due at any time there is not sufficient money for payment in the Sinking Fund or the Reserve Fund.

At June 30, 2018, the Town was in **compliance** with this covenant.

5.) Establish and fund a Water Component Short-Lived Assets Fund as follows:

From the Revenue Fund, there shall be transferred monthly in advance on or before the twentieth (20th) day of each month of each year, to a separately identifiable account to be established with the Town's fiscal agent bank and designated as the Water Component Short-Lived Assets Fund, (the "Assets Fund") to provide for the maintenance and replacement of short lived assets of the System. The transfer shall be \$2,400 per month over the life of the bonds.

At June 30, 2018, the Town was in **compliance** with this covenant.

(19) **COMPLIANCE WITH UTILITIES REVENUE BONDS COVENANTS - USDA - WATER**

The Town through its governing authority adopted an ordinance on January 4, 2011, authorizing the issuance of Utilities Revenue Bonds, Series 2011B, in the amount of \$1,995,000 to pay for the cost of constructing and acquiring improvements and renovations to the water system of the Town. The ordinance also authorized the execution of a Loan and Pledge Agreement with the United States Department of Agriculture - Rural Development providing for the sale and delivery of said bonds to the United States Department of Agriculture - Rural Development; prescribing the form, fixing the details, and providing for the payment of principal and interest on such bonds; and entering into certain covenants and agreements in connection with the security and payment of said bonds.

The major covenants contained in the bond resolution and agreement and the manner in which the Town has complied with these covenants is described as follows:

Rate Covenant - In the bond ordinance and agreement, the Town obligated itself to fix, establish, maintain, and collect such rates, fees, rents, and other charges of the services and facilities of the System and to revise rates whenever necessary to provide revenues in each fiscal year sufficient to:

- a. pay the reasonable and necessary expenses of operating and maintaining the System;
- b. to provide for the payment of this water bond, the sewer bond, and the DEQ loan;

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2018

- c. provide a reserve therefore and all other obligations or indebtedness payable out of the revenues of the System;
- d. provide reasonable depreciation and contingency funds to care for depreciation, extensions, additions, improvements and replacements necessary to properly operate the System; and
- e. provide net revenues in an amount equal to 120% of the largest amount of principal and interest on the DEQ loan and this sewer loan and any additional bonds hereafter.

For the fiscal year ended June 30, 2018, operating receipts for the system totaled \$1,495,582. For the same period, operating disbursements, including required deposits into the various debt service funds, totaled \$1,278,070. The Town was in compliance with items a., b., c., d., and e. of the above rate covenant for the year ended June 30, 2018.

In connection with the rate covenant, the bond ordinance also contains specific procedures with regards to delinquent utility customers. The Town agreed that the failure of any person or business to pay the charges for any service rendered by the System within fifteen (15) days of the date on which it is due shall cause such charge to become delinquent; that if such delinquent charge, with interest and penalties accrued thereon, is not paid within ten (10) days from the date on which it became delinquent, the Town will shut off water and sewer services to the affected premises.

The delinquent charge will be ten percent (10%) of the amount of the charge, and the amount so due, including the penalty charge, shall, after thirty (30) days from the date of delinquency, bear interest at a reasonable rate of at least six percent (6%) per annum.

If a delinquent customer has had their service discontinued, the customer shall pay the delinquent charge, penalty, interest, and a reasonable re-connection charge in order to resume service.

At June 30, 2018, the Town was in **compliance** with the delinquent utility customers section of the bond ordinance.

The bond ordinance states that the delinquent charge will be 10 percent (10%) of the charge for water and sewer service. The Town charges a 10 percent (10%) penalty for all customers.

Records, Accounts, and Audit Requirements- The bond ordinance and loan agreement requires the Town to maintain and keep accurate records and accounts for the System separate and distinct from its other records and accounts. These System records shall be maintained in accordance with generally accepted accounting standards and shall be audited annually by an independent certified public accountant.

As of June 30, 2018, the Town was in compliance with this covenant as the Town was under contract with a certified public accountant for an audit of its records for the year ended June 30, 2018.

Insurance and Fidelity Bonds- The bond ordinance requires the Town to carry full coverage of insurance on the System while the loan agreement requires the Town to maintain insurance policies that will provide against the risk of direct physical loss, damage, or destruction of the System including liability coverage. In addition, per the bond ordinance the Town is required to obtain fidelity bonds on all its officers and employees in a position of authority or in possession of money derived from the operation of the System. The amount of coverage should be adequate enough to protect the Town from loss.

At June 30, 2018, the Town was in **compliance** with this covenant.

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2018

(20) **DEDICATION OF PROCEEDS & FLOW OF FUNDS - SALES AND USE TAX**

A portion of the proceeds of a 2% sales and use tax levied by the Town net of collection expenses (2017 \$3,099,632, 2018 \$3,124,168) are dedicated as follows:

1. The proceeds of the 2% sales and use tax are pledged toward the operating expenses of the Waterworks and Sewer System in connection with the issuance of Utilities Revenue Bonds, Series 2002.

The dedication is based on the bond resolution adopted August 6, 2002.

2. Provide funds for an economic development fund to be used at the discretion of the Mayor and Board of Aldermen. This funding totals 2.5% of sales and use tax collections.

The dedication is based on an ordinance adopted July 1, 2003.

3. The proceeds of the 2% sales and use tax are pledged toward the operating expenses of the Waterworks and Sewer System in connection with the issuance of Utilities Revenue Bonds, Series 2011A.

The dedication is based on adoption of Ordinance No. 8-2010 on June 1, 2010.

4. The proceeds of the 2% sales and use tax are pledged toward the operating expenses of the Waterworks and Sewer System in connection with the issuance of Utilities Revenue Bonds, Series 2011B.

The dedication is based on adoption of Ordinance No. 1-2011 on January 4, 2011.

All of the revenues received in any fiscal year and not required to be paid in such fiscal year into any of the above noted dedications shall be regarded as surplus and may be used for any lawful corporate purpose.

The Town's sales and use taxes are collected by the Central Collection Commission (CCC) of Tangipahoa Parish. For these services, the Town pays CCC a monthly charge of .65 percent of amounts collected plus expenses.

(21) **CHANGES IN AGENCY FUNDS**

A summary of changes in agency fund balances follows:

	<u>Balances at June 30, 2017</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balances at June 30, 2018</u>
Bond Money Agency Fund	\$ 8,288	\$ 163,981	\$ 164,725	\$ 7,543
Prisoner Personal Money Agency Fund	494	2,753	2,531	717
Total	<u>\$ 8,782</u>	<u>\$ 166,734</u>	<u>\$ 167,256</u>	<u>\$ 8,260</u>

Town of Amite City

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2018

(22) **INTERFUND RECEIVABLES AND PAYABLES / TRANSFERS**

A. Balances due to/from other funds at June 30, 2018, consist of the following:

Due to the General Fund from the Waterworks and Sewer Fund for Garbage Fees collected, employee health insurance paid by the General Fund, and less other items.	\$ 249,666
Due to the Arts Council Fund from the General Fund for the balance of the required annual transfer.	12,841
Due to the Economic Development Fund from the General Fund to offset cash shortage.	185,000
Due to the Economic Development Fund from the Sales Tax Fund for the balance of the required annual transfer per Ordinance 10-2003.	6,192
Due to the Bond Money Agency Fund from the General Fund for overpayments made during the year.	<u>8,890</u>
	<u>\$ 462,589</u>

Summary of balances due from (to) other funds reported in fund financial statements:

<u>Funds</u>	<u>Due From Other Funds</u>	<u>Due to Other</u>
Balance Sheet - Governmental Funds	\$ 453,699	\$ 212,923
Statement of Net Position - Proprietary Fund	-	249,666
Statement of Fiduciary Net Position - Fiduciary Fund	<u>8,890</u>	<u>-</u>
	<u>\$ 462,589</u>	<u>\$ 462,589</u>

B. Interfund transfers at June 30, 2018, consist of the following:

From the Sales Tax Fund to the General Fund to subsidize operations.	\$3,002,500
From the Sales Tax Fund to the Economic Development Fund as required by Ordinance 10-2003.	78,080
From the Sales Tax Fund to the Capital Improvement Fund as required by Ordinance 4-2016.	15,000
From the General Fund to the Arts Council Fund for the required transfer of franchise-cable tax.	<u>12,000</u>
	<u>\$3,107,580</u>

Town of Amite City

NOTES TO FINANCIAL STATEMENTS

As of and for the Year Ended June 30, 2018

(23) LITIGATION AND CLAIMS

At June 30, 2018, the Town is involved in litigation or is aware of various claims totaling an undetermined amount.

On October 8, 2018, the Town settled on a legal proceeding involving Pride Network, Inc. The petition is for refund of permit fees paid under protest by Pride Network, Inc. The Town will pay the sum of \$120,000, payable by December 31, 2018. The full \$120,000 has been recognized in the General Fund as a current-year expenditure and appears as a contingent liability in the 2018 Balance Sheet. Recognition of this loss had the impact of reducing fund balance by \$120,000 in 2018 in the Statement of Revenues, Expenditures, and Changes in Fund Balances.

Other claims and litigation costs of \$285 were paid or payable and recorded as a current-year expenditure in the General Fund.

(24) COMPENSATION PAID MAYOR, CHIEF OF POLICE, TOWN COUNCIL,
AND BOARD MEMBERS

Amounts paid to the Mayor, Chief of Police, and members of the Town Council for compensation are as follows:

Milton "Buddy" Bel, Mayor	\$ 14,400
Jerry Trabona, Chief of Police	73,744
<u>Town Council</u>	
Jonathon Foster	8,400
Charles C. Currier	8,400
Roseline A. Sumrall	8,400
Emanuel Zander	8,400
Kris Hart	8,400
	<u>\$130,144</u>

Compensation paid to the board members of the Town of Amite City's Planning and Zoning Commission for the year ended June 30, 2018, is as follows:

Wash Edwards	\$ 175
Irma Kelly	150
Chic Core	175
	<u>\$ 500</u>

(25) ON BEHALF PAYMENTS BY STATE OF LOUISIANA

For the year ended June 30, 2018, the State of Louisiana made on behalf payments in the form of supplemental pay to the Town's policemen. In accordance with GASB 24, the Town has recorded \$116,333 of on behalf payments as revenue and as expense in the General Fund.

(26) RISK MANAGEMENT

The Town of Amite City is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town attempts to minimize risk from significant losses through the purchase of commercial insurance.

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2018

(27) **CUSTODIAL CREDIT RISK - DEPOSITS**

Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. The Town does not have a deposit policy for custodial credit risk. As of June 30, 2018, \$4,222,552 of the Town's bank balances are exposed to custodial credit risk. The \$4,214,661 is uninsured but collateralized with securities held by the pledging institution's trust department or agent, but not in the Town's name. \$7,891 is unsecured and uncollateralized.

(28) **SUBSEQUENT EVENTS**

- On July 20, 2018, the Town spent \$22,000 to resurface the walking track at Fleet Easley Park.
- On August 7, 2018, the council approved a motion to proceed with the plans for the water improvements using Newell Engineering. Total estimated project costs are \$933,333.
- On August 7, 2018, the council approved a motion authorizing the Mayor to enter negotiations to sell the property at 721 S. First Street.
- On August 28, 2018, the Town entered into an agreement with Pan American Engineers, LLC to improve the Town's Wastewater Treatment Plant. The improvements are needed to bring the Town into compliance with a compliance order stating exceedances of permit effluent limitation issued by Louisiana Department of Environmental Quality (LDEQ) on August 15, 2017. Work will be performed in 3 phases. Total estimated phase 1 costs are \$500,000.
- On November 7, 2018, the council adopted Resolution No. 7-2018 to approve the settlement of the lawsuit with Pride Network, Inc. in the amount of \$120,000 payable by the end of December 31, 2018.

Subsequent events have been evaluated by management through December 20, 2018, the date the financial statements were available for issuance. No other events were noted requiring recording or additional disclosure in the financial statements for the year ending June 30, 2018.

REQUIRED SUPPLEMENTAL INFORMATION

Town of Amite City

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND-SUMMARY
For the Year Ended June 30, 2018

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
<u>Revenues</u>				
Taxes	\$ 161,000	\$ 320,500	\$ 320,501	\$ 1
Licenses and permits	278,000	294,500	288,479	(6,021)
Intergovernmental	289,425	295,425	255,711	(39,714)
Fines and forfeitures	137,000	156,000	149,969	(6,031)
Sanitation service fees	306,000	306,000	293,010	(12,990)
Prisoner housing fees	18,000	15,000	11,408	(3,592)
Subpoena & bond appearance fees	6,000	8,000	4,245	(3,755)
Rentals and recreational	18,000	18,000	16,925	(1,075)
Miscellaneous	45,825	42,680	58,482	15,802
Total revenues	1,259,250	1,456,105	1,398,730	(57,375)
<u>Expenditures</u>				
Current-				
General government	1,609,021	1,587,549	1,261,810	325,739
Public safety- police	1,372,755	1,473,500	1,565,865	(92,365)
Public safety- fire	305,000	305,000	305,000	-
Streets	811,301	811,301	846,649	(35,348)
Sanitation	285,000	285,000	304,318	(19,318)
Community Center	26,500	11,500	12,469	(969)
Cemetery	11,675	11,675	9,106	2,569
Parks and recreation	15,700	37,142	33,818	3,324
Intergovernmental (DMV)	11,500	12,500	12,010	490
Miscellaneous	36,298	36,298	37,581	(1,283)
Grant match	200,000	-	-	-
Total expenditures	4,684,750	4,571,465	4,388,626	182,839
(Deficiency) of revenues over expenditures	(3,425,500)	(3,115,360)	(2,989,896)	125,464
<u>Other financing sources (uses)</u>				
Transfers in	3,185,000	3,030,000	3,002,500	(27,500)
Transfers out	(25,000)	(12,000)	(12,000)	-
Total other financing sources	3,160,000	3,018,000	2,990,500	(27,500)
Net change in Fund Balance	(265,500)	(97,360)	604	97,964
Fund balance - beginning	269,668	257,280	257,280	-
Fund balance - ending	\$ 4,168	\$ 159,920	\$ 257,884	\$ 97,964

See independent auditor's report.

Town of Amite City

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND - DETAIL

For the Year Ended June 30, 2018

<u>Revenues</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
Taxes-				
Ad Valorem	\$ -	\$ 143,000	\$ 153,444	\$ 10,444
Public utilities franchise	161,000	177,500	167,057	(10,443)
Licenses and permits-				
Occupational licenses	260,000	277,000	264,530	(12,470)
Chain store licenses	10,000	10,000	7,530	(2,470)
Permits	8,000	7,500	16,419	8,919
Intergovernmental-				
Beer taxes	9,000	10,000	10,595	595
Federal grants	25,000	25,000	9,707	(15,293)
LGAP Grant	8,125	8,125	8,125	-
State grants	-	-	1,143	1,143
La HWY Safety Commisison Grant	6,000	6,000	-	(6,000)
State highway maintenance	5,300	5,300	5,300	-
Motions money	3,000	3,000	-	(3,000)
Department of Motor Vehicles	87,000	85,000	84,508	(492)
On behalf payments by the state	126,000	126,000	116,333	(9,667)
In school officer-TPSB	20,000	27,000	20,000	(7,000)
Fines and forfeitures	137,000	156,000	149,969	(6,031)
Charges for services-				
Garbage fees	306,000	306,000	293,010	(12,990)
Prisoner housing fees	18,000	15,000	11,408	(3,592)
Subpoena & bond appearance fees	6,000	8,000	4,245	(3,755)
Rentals and recreational	18,000	18,000	16,925	(1,075)
Miscellaneous revenues-				
Coke Fund	375	300	211	(89)
Cemetary	31,000	35,000	37,750	2,750
Sale of Fixes Assets	3,000	3,000	-	(3,000)
Interest	2,200	5,000	7,172	2,172
Miscellaneous	5,000	8,000	8,990	990
Planning & Zoning	250	250	125	(125)
Accident reports	4,000	4,000	4,234	234
FEMA Reimbursement	-	(12,870)	-	12,870
Total revenues	<u>\$ 1,259,250</u>	<u>\$ 1,456,105</u>	<u>\$ 1,398,730</u>	<u>\$ (57,375)</u>

(Continued)

See independent auditor's report.

Town of Amite City

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND - DETAIL

For the Year Ended June 30, 2018

<u>General Government</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
Salaries - Mayor and Council	\$ 56,400	\$ 56,400	\$ 56,400	\$ -
Salaries - Town Clerk	75,850	75,850	76,865	(1,015)
Salaries - Clerical & Clerk of Court	97,000	101,197	95,697	5,500
Retirement contributions	46,000	48,750	52,896	(4,146)
Employee benefits- Health, Life, Dental	620,000	570,000	92,670	477,330
Payroll taxes	145,000	145,000	142,220	2,780
Attorney	40,000	40,000	31,206	8,794
Audit and accounting services	50,000	50,000	47,024	2,976
Insurance (all departments)	310,000	310,000	353,592	(43,592)
Office expense	17,000	17,000	14,570	2,430
Official journal	2,500	2,500	2,981	(481)
City Hall utilities	11,000	11,000	12,148	(1,148)
City Hall telephones	6,000	7,500	7,527	(27)
City Hall maintenance	1,000	1,000	1,877	(877)
Convention expense	3,500	6,450	6,442	8
Dues	2,000	2,000	1,190	810
Ad Valorem collection fees	3,000	10,000	21,871	(11,871)
Assessor and tax roll	-	2,881	2,881	-
Public relations	300	300	-	300
Compliance officer expense	6,000	6,000	5,712	288
Medical expense	2,000	2,000	3,159	(1,159)
Miscellaneous	5,000	5,000	3,228	1,772
Contract services	5,000	5,000	2,109	2,891
Magistrate judge and city prosecutor	47,421	47,421	47,421	-
Litter program	2,000	2,000	1,645	355
Janitorial - city hall	4,000	4,000	3,560	440
Amite Pride Salaries	20,000	20,000	19,539	461
Amite Pride expenses	10,000	16,000	20,184	(4,184)
Library Parking Lot	1,000	1,000	-	1,000
Mayor's court expense	4,000	4,000	3,338	662
Subpoena wages	4,000	4,000	1,745	2,255
Election expense	1,750	1,750	-	1,750
Downtown Coordinator	500	500	435	65
Settlement expenditure- NTS lawsuit	-	-	120,000	(120,000)
Capital Acquisitions-LED sign	9,800	11,050	9,678	1,372
Total General Government	<u>\$ 1,609,021</u>	<u>\$ 1,587,549</u>	<u>\$ 1,261,810</u>	<u>\$ 325,739</u>

(Continued)

Town of Amite City

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND - DETAIL

For the Year Ended June 30, 2018

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
<u>Public Safety - Police</u>				
Salaries - Chief of Police	\$ 70,755	\$ 78,000	\$ 73,957	\$ 4,043
Salaries and benefits	821,000	881,000	1,058,219	(177,219)
In School Officer	27,000	27,000	29,280	(2,280)
On behalf payments by state	126,000	126,000	116,333	9,667
Retirement contributions	108,000	108,000	97,313	10,687
Auto fuel	50,000	50,000	48,205	1,795
Auto repairs	35,000	39,000	21,115	17,885
Uniforms	9,500	11,500	3,365	8,135
Repairs and maintenance	8,000	8,000	15,236	(7,236)
Prisoner expense	17,000	17,000	13,711	3,289
Office expense	32,000	52,500	37,131	15,369
Schools - conventions	5,000	7,000	3,240	3,760
Utilities	25,000	25,000	28,945	(3,945)
Equipment rent	2,000	2,000	1,784	216
Capital acquisitions	7,000	7,000	8,863	(1,863)
Equipment	8,000	13,000	7,243	5,757
Drug Fund Expenditures	5,000	5,000	1,659	3,341
Grant expense	15,000	15,000	-	15,000
Informant monies	1,500	1,500	-	1,500
Miscellaneous expense	-	-	266	(266)
Total Public Safety - Police	\$ 1,372,755	\$ 1,473,500	\$ 1,565,865	\$ (92,365)
 <u>Public Safety - Fire</u>				
Fire Protection District No. 1	\$ 305,000	\$ 305,000	\$ 305,000	\$ -
Total Public Safety - Fire	\$ 305,000	\$ 305,000	\$ 305,000	\$ -
 <u>Streets</u>				
Salaries and benefits	\$ 412,000	\$ 412,000	\$ 522,676	\$ (110,676)
Street and traffic lights	100,000	100,000	95,992	4,008
Equipment fuel	20,000	20,000	12,010	7,990
Landfill	25,000	25,000	17,449	7,551
Materials and supplies	60,000	60,000	46,406	13,594
Uniforms	12,000	12,000	14,062	(2,062)
Utilities	10,000	10,000	11,724	(1,724)
USDA Truck Grant	26,176	26,176	-	26,176
Street vehicle maintenance	43,000	43,000	55,763	(12,763)
LGAP grant expense	8,125	8,125	8,865	(740)
Street Drainage	45,000	45,000	30,858	14,142
Mosquito spraying	5,000	5,000	-	5,000
Street overlay	20,000	20,000	-	20,000
Equipment acquisitions	25,000	25,000	30,844	(5,844)
Total Streets	\$ 811,301	\$ 811,301	\$ 846,649	\$ (35,348)

(Continued)

See independent auditor's report.

Town of Amite City

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND - DETAIL

For the Year Ended June 30, 2018

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
<u>Sanitation</u>				
Salaries and Benefits	\$ 80,000	\$ 80,000	\$ 98,727	\$ (18,727)
Equipment repairs and supplies	82,000	82,000	93,985	(11,985)
Fuel	26,000	26,000	18,808	7,192
Landfill	97,000	97,000	92,798	4,202
Total Sanitation	<u>\$ 285,000</u>	<u>\$ 285,000</u>	<u>\$ 304,318</u>	<u>\$ (19,318)</u>
<u>Community Center</u>				
Salaries and Benefits	\$ 16,000	\$ -	\$ -	\$ -
Utilities	6,000	6,000	6,778	(778)
Repairs and supplies	4,500	5,500	5,691	(191)
Total Community Center	<u>\$ 26,500</u>	<u>\$ 11,500</u>	<u>\$ 12,469</u>	<u>\$ (969)</u>
<u>Cemetery</u>				
Materials, supplies, and fuel	\$ 7,275	\$ 7,275	\$ 4,730	\$ 2,545
Cemetery slab	3,000	3,000	2,735	2,545
Miscellaneous	500	500	731	265
Utilities	900	900	910	(10)
Total Cemetery	<u>\$ 11,675</u>	<u>\$ 11,675</u>	<u>\$ 9,106</u>	<u>\$ 2,569</u>
<u>Parks and Recreation</u>				
Salaries and Benefits	\$ -	\$ 13,642	\$ 12,723	919
Repairs, supplies, and beautification	8,500	8,500	4,282	4,218
Utilities	5,000	5,000	5,929	(929)
Equipment repairs	1,200	1,200	-	1,200
Fuel	1,000	1,000	595	405
Contract Mowing	-	7,800	10,289	(2,489)
Total Parks and Recreation	<u>\$ 15,700</u>	<u>\$ 37,142</u>	<u>\$ 33,818</u>	<u>\$ 3,324</u>
<u>Intergovernmental (DMV)</u>				
Maintenance and utilities	\$ 11,500	\$ 12,500	\$ 12,010	\$ 490
Total intergovernmental	<u>\$ 11,500</u>	<u>\$ 12,500</u>	<u>\$ 12,010</u>	<u>\$ 490</u>

(Continued)

Town of Amite City

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND - DETAIL

For the Year Ended June 30, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
<u>Miscellaneous</u>				
Coroner	\$ 11,000	\$ 11,000	\$ 5,815	\$ 5,185
Senior citizens	12,000	12,000	18,725	(6,725)
Planning and zoning	375	375	500	(125)
Animal shelter	12,423	12,423	12,423	-
Chamber of Commerce	500	500	118	382
Total Miscellaneous	<u>\$ 36,298</u>	<u>\$ 36,298</u>	<u>\$ 37,581</u>	<u>\$ (1,283)</u>
 <u>Grant Match</u>				
Grant Match	\$ 200,000	\$ -	\$ -	\$ -
Total Grant Match	<u>\$ 200,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
 <u>Other Financing Sources (Uses)</u>				
Operating transfers in:				
Sales Tax Fund	\$ 3,185,000	\$ 3,030,000	\$ 3,002,500	\$ (27,500)
Operating transfers out:				
Arts Council Fund	<u>(25,000)</u>	<u>(12,000)</u>	<u>(12,000)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>\$ 3,160,000</u>	<u>\$ 3,018,000</u>	<u>\$ 2,990,500</u>	<u>\$ (27,500)</u>

(Concluded)

See independent auditor's report.

Town of Amite City

BUDGETARY COMPARISON SCHEDULE
SALES TAX FUND
For the Year Ended June 30, 2018

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
<u>Revenues</u>				
Sales taxes	\$ 3,185,000	\$ 2,930,000	\$ 3,143,564	\$ 213,564
Interest	700	1,000	979	(21)
Total revenues	3,185,700	2,931,000	3,144,543	213,543
<u>Expenditures</u>				
General government - Collection fees	20,702	19,045	20,375	(1,330)
Total expenditures	20,702	19,045	20,375	(1,330)
Excess of revenues over expenditures	3,164,998	2,911,955	3,124,168	212,213
<u>Other financing (uses)</u>				
Operating transfers (out):				
General Fund	(3,160,000)	(3,030,000)	(3,002,500)	27,500
Economic Development Fund	(79,625)	(73,250)	(78,080)	(4,830)
Capital Improvement Fund	(200,000)	-	(15,000)	(15,000)
Total other financing (uses)	(3,439,625)	(3,103,250)	(3,095,580)	7,670
Net change in Fund Balance	(274,627)	(191,295)	28,588	219,883
Fund balance - beginning	285,006	285,006	285,006	-
Fund balance - ending	\$ 10,573	\$ 93,711	\$ 313,594	\$ 219,883

See independent auditor's report.

Town of Amite City

BUDGETARY COMPARISON SCHEDULE
CAPITAL IMPROVEMENTS FUND
For the Year Ended June 30, 2018

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
<u>Revenues</u>				
Interest	\$ 200	\$ 625	\$ 557	\$ (68)
Total revenues	200	625	557	(68)
<u>Expenditures</u>				
Total expenditures	-	-	-	-
(Deficiency)of revenues over expenditures	200	625	557	(68)
<u>Other financing sources</u>				
Operating transfers in:				
General Fund	200,000	-	-	-
Sales Tax Fund	-	15,000	15,000	-
Total other financing sources	200,000	15,000	15,000	-
Net change in Fund Balance	200,200	15,625	15,557	(68)
Fund balance (deficit) - beginning	(13,877)	(13,877)	(13,877)	-
Fund balance - ending	\$ 186,323	\$ 1,748	\$ 1,680	\$ (68)

See independent auditor's report.

Town of Amite City

BUDGETARY COMPARISON SCHEDULE
ECONOMIC DEVELOPMENT FUND
For the Year Ended June 30, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
<u>Revenues</u>				
Interest	\$ 4,200	\$ 7,000	\$ 8,110	\$ 1,110
Total revenues	4,200	7,000	8,110	1,110
<u>Expenditures</u>				
TEDF Dues	2,055	2,055	2,055	-
Chamber	13,200	13,200	13,200	-
DMV Renovations	225,000	-	-	-
Total expenditures	240,255	15,255	15,255	-
(Deficiency) of revenues over expenditures	(236,055)	(8,255)	(7,145)	1,110
<u>Other financing sources</u>				
<u>Operating transfers in:</u>				
Sales Tax Fund	79,625	73,250	78,080	4,830
Total other financing sources	79,625	73,250	78,080	4,830
Net change in Fund Balance	(156,430)	64,995	70,935	5,940
Fund balance - beginning	776,833	776,833	776,833	-
Fund balance - ending	\$ 620,403	\$ 841,828	\$ 847,768	\$ 5,940

See independent auditor's report.

Town of Amite City

BUDGETARY COMPARISON SCHEDULE
ARTS COUNCIL FUND
For the Year Ended June 30, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
<u>Revenues</u>				
Interest	\$ 400	\$ 575	\$ 607	\$ 32
Miscellaneous - Ticket sales	500	200		(200)
Donation	-	-	20,000	20,000
Art grant	-	-	370	370
Total revenues	<u>900</u>	<u>775</u>	<u>20,977</u>	<u>20,202</u>
<u>Expenditures</u>				
Art Development	9,000	9,000	8,658	342
Entergy	1,200	1,700	1,691	9
Information sign	6,000	6,000	6,000	-
Memorial wall	-	-	359	(359)
Total expenditures	<u>16,200</u>	<u>16,700</u>	<u>16,708</u>	<u>(8)</u>
(Deficiency) of revenues over expenditures	<u>(15,300)</u>	<u>(15,925)</u>	<u>4,269</u>	<u>20,194</u>
<u>Other financing sources</u>				
Operating transfers in:				
General Fund	<u>24,500</u>	<u>12,000</u>	<u>12,000</u>	<u>-</u>
Total other financing sources	<u>24,500</u>	<u>12,000</u>	<u>12,000</u>	<u>-</u>
Net change in Fund Balance	9,200	(3,925)	16,269	20,194
Fund balance - beginning	<u>6,2005</u>	<u>62,005</u>	<u>62,005</u>	<u>-</u>
Fund balance - ending	<u>\$ 71,205</u>	<u>\$ 58,080</u>	<u>\$ 78,274</u>	<u>\$ 20,194</u>

See independent auditor's report.

Town of Amite City

SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET
PENSION LIABILITY MUNICIPAL POLICE EMPLOYEES' RETIREMENT SYSTEM
For the Year Ended June 30, 2018

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Town's proportion of the net pension liability (asset)	.158%	.134%	.1259%	.1079%
Town's proportionate share of the net pension liability (asset)	\$ 991,227	\$ 1,047,141	\$ 1,179,794	\$ 942,641
Town's covered-employee payroll	\$ 347,727	\$ 353,166	\$ 321,150	\$ 320,808
Town's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	285.05%	296.50%	367.37%	293.83%
Plan fiduciary net position as a percentage of the total pension liability	75.10%	70.73%	66.04%	70.08%

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This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

Data reported is measured as of June 30, 2017, (measurement date).

See independent auditor's report.

Town of Amite City

SCHEDULE OF THE TOWN'S CONTRIBUTIONS
MUNICIPAL POLICE EMPLOYEES' RETIREMENT SYSTEM
For the Year Ended June 30, 2018

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Contractually required contribution	\$ 112,601	\$ 104,912	\$ 102,261	\$ 97,313
Contributions in relation to the contractually required contribution	\$ 112,601	\$ 104,912	\$ 102,261	\$ 97,313
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Town's covered-employee payroll	\$ 347,727	\$ 353,166	\$ 321,150	\$ 320,808
Contributions as a percentage of covered-employee payroll	32.38%	29.70%	31.84%	30.33%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

Data reported is measured as of June 30, 2017, (measurement date).

See independent auditor's report.

Town of Amite City

SCHEDULE OF COMPENSATION, BENEFITS,
AND OTHER PAYMENTS TO AGENCY HEADS
For the Year Ended June 30, 2018

Agency Head - Milton Bel, Mayor

<u>Purpose</u>	Amount
Salary	\$ 14,400
Benefits - Insurance	18,094
Benefits - Medicare	209
Mileage reimbursement	1,181
Meals	25
Telephone	1,155
Worker's Compensation Insurance	<u>112</u>
	<u>\$ 35,176</u>

Agency Head - Jerry Trabona, Elected Chief of Police

<u>Purpose</u>	Amount
Salary	\$ 73,744
State Supplemental Pay	6,000
Benefits - Insurance	18,094
Benefits - Retirement (30.75% MPERS)	24,521
Benefits - Medicare	1,156
Registration fees to conferences and dues	150
Telephone	952
Travel (lodging and meals)	188
Worker's Compensation Insurance	<u>7,172</u>
	<u>\$ 131,977</u>

See independent auditor's report.

OTHER SUPPLEMENTAL INFORMATION

Town of Amite City

UTILITIES REVENUE BONDS - ADDITIONAL INFORMATION

As of and for the Year Ended June 30, 2018

The resolution authorizing the issuance of \$1,330,000 Utilities Revenue Bonds require the following selected information to be submitted in connection with the audit report:

a. <u>Selected Revenues</u>	<u>Total System</u>	<u>Water Works</u>	<u>Sewer</u>
Water revenues	\$ 626,210	\$ 626,210	\$ -
Water and sewer penalties	31,825	14,589	17,236
Sewer revenues	781,451	-	781,451
Water and sewer taps	3,352	1,676	1,676
Reconnect fees	12,625	6,313	6,312
Interest earned on water account	29,186	29,186	-
Interest earned on sewer treatment	8,826	-	8,826
Miscellaneous	2,107	1,053	1,054
Total selected revenues	<u>1,495,582</u>	<u>679,027</u>	<u>816,555</u>
 <u>Selected Expenses</u>			
Salaries	368,848	184,424	184,424
FICA tax expense	28,962	14,481	14,481
Employee benefits	113,264	56,632	56,632
Water repairs, materials & supplies	54,257	54,257	-
Sewer repairs, materials & supplies	99,643	-	99,643
Dues	400	400	-
Insurance	14,950	7,475	7,475
Professional fees	20,360	10,180	10,180
Miscellaneous expense	6,806	3,403	3,403
Water testing	19,257	19,257	-
Sewer testing	15,423	-	15,423
Office expense	11,865	5,933	5,932
Online Fees	88	44	44
Truck expense	4,270	2,135	2,135
Water truck fuel	18,292	9,146	9,146
Utilities-water	32,053	32,053	-
Utilities-sewer	83,416	-	83,416
Total selected expenses	<u>892,154</u>	<u>399,820</u>	<u>492,334</u>
 Excess Revenues	 <u>\$ 603,427</u>	 <u>\$ 279,206</u>	 <u>\$ 324,221</u>

- b. Balance Sheet (Statement of Net Position) of the System - See page 11 of annual financial report.

Town of Amite City
 UTILITIES REVENUE BONDS - ADDITIONAL INFORMATION (continued)
 As of and for the Year Ended June 30, 2018

c. The Town complied with the provisions of the Bond Ordinance and Loan Agreement regarding the review and establishment of user fees to have a significant impact for FYE June 30, 2018.

d. Insurance policies in force at June 30, 2018 **(UNAUDITED)**:

1) Insurer:	Louisiana Municipal Risk Management Agency, expiring May 1, 2018, (has been renewed to May 1, 2019):
Policy Limit	Risk Covered
\$500,000	Automobile liability
\$500,000	Commercial general liability
\$500,000	Law Enforcement officer's comprehensive liability
\$500,000	Public officials' errors and omissions liability
2) Insurer:	Louisiana Municipal Risk Management Agency, expiring January 1, 2018, (has been renewed to January 1, 2019)
Policy Limit	Risk Covered
Louisiana Statutes	Worker's Compensation
3) Insurer:	Rod Prejean & Associates
Policy Limit	Risk Covered
\$805,385	Commercial auto & physical damage, expiring January 5, 2019
\$62,000	Commercial inland marine, expiring July 22, 2018 (has been renewed to July 22, 2019)

Town of Amite City
 UTILITIES REVENUE BONDS - ADDITIONAL INFORMATION (continued)
 As of and for the Year Ended June 30, 2018

4) Insurer:	Western Surety Company, expiring November 26, 2018
Policy Limit	Risk Covered
\$1,000	Bond on city councilman
\$10,000	Bond each on four policemen
\$10,000	Bond on police chief
\$50,000	Bond on assistant clerk
\$25,000	Bond on clerk of court
\$15,000	Bond on clerk of court assistant
\$15,000	Bond on police clerk
\$100,000	Bond on purchasing agent
\$25,000	Bond on utility clerk
\$100,000	Bond on City Clerk
\$100,000	Bond on Mayor
\$100,000	Bond on Mayor Pro Tem
\$25,000	Bond on office clerk
\$15,000	Bond on Cemetery Custodian
	Western Surety Company
\$10,000	Police / Notary bonds on ten policemen. Bonds are for five years. All are current.
5) Insurer:	Schilling & Reid, expiring March 28, 2019
Policy Limit	Risk Covered
\$3,405,000 Coinsurance of 90% - Deductible \$5,000 Windstorm / Hail Deductible \$5,000	Commercial Property Coverage
See policy for specific limits/ \$5,000 deductible	Business Personal Property

Town of Amite City
 UTILITIES REVENUE BONDS - ADDITIONAL INFORMATION (continued)
 As of and for the Year Ended June 30, 2018

6) Insurer:	Moore & Jenkins, expiring November 7, 2018
Policy Limit	Risk Covered
\$1,000,000 / \$3,000,000	Water and Sewer general liability
\$4,122,158	Water and Sewer system
\$1,000 deductible	(Sewer plant, water tanks, and pumps)
\$10,000	Water and Sewer crime coverage
\$1,000 deductible	

- e. There were 1,670 water users and 1,485 users of the sewerage system at June 30, 2018.
 There were 1,332 residential and 338 commercial water users at June 30, 2018.
 There were 1,184 residential and 301 commercial sewer users at June 30, 2018.

f. Analysis of Additions, Replacements, and Improvements to the Physical Properties of the System - See note 7 to the financial statements.

g. Analysis of Required Bank Accounts - See note 14 to the financial statements.

h. Schedule of monthly water and sewer rates:

Water Rates

Residential Rates:

METERED

Inside the corporate limits

1. For the first three thousand (3,000) gallons of water, the customer shall pay a minimum charge of \$12.00.
2. For any water in excess of 3,000 gallons, the customer shall pay a charge of \$2.00 per thousand gallons.
3. Churches inside the city limits shall be billed at the same rate as residential water customers.

Outside the corporate limits

1. For the first three thousand (3,000) gallons of water, the customer shall pay a minimum charge of \$24.00.
2. For any water in excess of 3,000 gallons, the customer shall pay a charge of \$4.00 per thousand gallons.

Commercial Rates:

METERED

Inside the corporate limits

1. For the first three thousand (3,000) gallons of water, the customer shall pay a minimum charge of \$24.00.
2. For any water in excess of 3,000 gallons, the customer shall pay a charge of \$2.00 per thousand gallons.

Outside the corporate limits

1. For the first three thousand (3,000) gallons of water, the customer shall pay a minimum charge of \$48.00.
2. For any water in excess of 3,000 gallons, the customer shall pay a charge of \$4.00 per thousand gallons.
3. All bulk water customers shall pay a minimum of \$100, regardless of the amount of water purchased. For additional water above the \$100 minimum, or 16,000 gallons, customers shall pay a charge of \$4.00 per thousand gallons.

FLAT RATE

1. The minimum monthly rate for commercial customers billed at a flat rate of charge shall be twenty-four dollars (\$24.00).

Sewer Rates

Residential Rates:

METERED

Inside and outside the corporate limits

1. For the first three thousand (3,000) gallons of water, the customer shall pay a minimum charge of \$19.00 per month.
2. For any water in excess of 3,000 gallons, the customer shall pay a charge of \$3.00 per thousand gallons.

Commercial Rates:

METERED

Inside the corporate limits

1. For the first three thousand (3,000) gallons of water, the customer shall pay a minimum charge of \$38.00 per month.
2. For any water in excess of 3,000 gallons, the customer shall pay a charge of \$3.00 per thousand gallons.

Town of Amite City
UTILITIES REVENUE BONDS - ADDITIONAL INFORMATION (concluded)
As of and for the Year Ended June 30, 2018

Outside the corporate limits

1. For the first three thousand (3,000) gallons of water, the customer shall pay a minimum charge of \$76.00.
2. For any water in excess of 3,000 gallons, the customer shall pay a charge of \$6.00 per thousand gallons.

FLAT RATE

Inside the corporate limits

1. The minimum monthly rate for commercial customers billed at a flat rate of charge shall be thirty-eight dollars (\$38.00).
2. Lift station cleaning \$500.00.

Sewer service charges for commercial service outside the corporate limits of Town shall pay an amount equal to two times the amount charged for comparable business located inside the corporate limits.

**OTHER INDEPENDENT AUDITOR'S REPORTS
AND FINDINGS**



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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*

The Honorable Mayor Milton Bel and
Members of the Town Council
Town of Amite City
Amite, Louisiana

I have audited, 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, the financial statements of the governmental activities, the business-type activity, each major fund, and the fiduciary funds of the Town of Amite City, Louisiana, (Town) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements; and have issued my report thereon dated December 20, 2018.

Internal Control Over Financial Reporting

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

My consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses, or significant deficiencies and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of current year findings, I identified certain deficiencies in internal control that I consider to be a material weakness.

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. I consider finding 2018-01 described in the accompanying schedule of current year findings to be a material weakness.

Town of Amite City
Independent Auditor's Report on Internal Control and on
Compliance and Other Matters - Concluded

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. I did not identify any deficiencies in internal control over financial reporting that I consider to be a significant deficiency as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free from material misstatement, I 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 my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed the following instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings as item 2018-02, 2018-03, and 2018-04.

The Town's Response to the Findings

The Town's responses to the findings identified in my audit are described in the accompanying Management's Corrective Action Plan. The Town's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of my 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 control and compliance. Accordingly, this communication is not suitable for any other purpose.

This report is intended solely for the information and use of the governing council, management, the Legislative Auditor, the Louisiana Department of Environmental Quality, and the United States Department of Agriculture - Rural Development and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.


Certified Public Accountant

December 20, 2018

Town of Amite City

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
For the Year Ended June 30, 2018

SECTION 1. INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS	
2017- 01 Lack of Internal Controls (Repeated from Prior Year)	Unresolved. See current year finding 2018-01
2017-02 Compliance with Ordinance No. 2-2002, Employee Policy Manual, Time Accounting (Repeated from Prior Year)	Resolved
2017-03 Repeat from Prior Year - 1974 Louisiana Constitution, Article VII, Section14 Violation- Dogs housed on Town Property	Resolved
2017-04 Compliance with R.S. 42:1170- Ethics Education	Resolved
2017-05 1974 Louisiana Constitution, Article VII, Section14 Violation- Payment of Annual Leave	Resolved
2017-06 Compliance with R.S. 33:404.1- Compensation of the Chief of Police	Resolved
2017-07 Compliance with R.S. 38:2241- Rose Drive Project	Resolved
2017-08 Payment from Capital Improvements Fund without authorization	Resolved
2017-09 Compliance with R.S. 43:141 - Official Journal	Unresolved. See current year finding 2018-02
2017-10 Local Government Budget Act Violations	Unresolved. See current year finding 2018-03
2017-11 Public Bid Law Violation	Unresolved. See current year finding 2018-04
SECTION 2. INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS	
NONE	
SECTION 3. MANAGEMENT LETTER	
NONE	

SECTION II - FINANCIAL STATEMENT FINDINGS

This section is used to identify the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements required to be reported under *Government Auditing Standards*.

2018- 01 Lack of Internal Controls

An adequate system of internal control requires appropriate segregation of duties consistent with control objectives. This deficiency could adversely affect the entity's ability to record, process, summarize, and report financial data consistent with management's objectives.

The Town had the following internal control issues:

1. Repeated from Prior Years-Segregation of Duties

From July 1, 2017, until October 31, 2017, the Town Clerk was the sole employee involved in the recording, processing, summarizing, and reporting the Town's financial data. On November 20, 2017, the Town hired an accounting clerk, while the Town Clerk was out on medical leave. The accounting clerk is now the sole employee involved in recording, processing, summarizing, and reporting the Town's financial data. The Town Clerk is not reviewing any of the accounting clerk's work.

Since the Town now has an adequate number of employees in the accounting department, it is recommended that the Mayor along with the Town Clerk implement a proper segregation of duties in the accounting department; which includes the Town Clerk reviewing the accounting clerk's work on a monthly basis.

2. Repeated from Prior Year -A review of the general ledger is not being performed.

There were numerous coding errors identified during the audit. As a result of not reviewing the general ledger, the supplemental pay journal entry was not made for 9 months. In addition, the Town did not transfer the money from Waterworks and Sewer Fund to the General Fund for the monthly garbage collections between October 2017 and June 2018. At June 30, 2018, the amount due to General Fund from the Waterworks and Sewer Fund was \$243,001.

It is recommended that the Town Clerk each month perform a detailed review of the general ledger after all reconciliations have been performed, make any adjustments that are necessary, and verify that all required transfers have been made.

3. Repeated from Prior Year - Internal Control over Utility Accounts Receivable

The utility accounts receivables were never correct per the general ledger during the fiscal year audited. An attempt to reconcile was performed between the general ledger and the utility billing software. However, the reconciliation was either incomplete or had unresolved differences. The differences were not resolved because the staff does not understand all the steps necessary to reconcile.

It is recommended that the new accounting clerk get with the auditor to learn how to properly reconcile the general ledger to the utility billing software.

4. Internal Control over School Board Revenue/Receivable

The Town Clerk/accounting clerk is responsible for the monthly invoicing of the in-school police officer to the Tangipahoa Parish School Board in the amount of \$2,000 monthly during the school year. During the audit, it was discovered that the Town failed to invoice the School Board for the seven month period covering November 2017 thru May 2018 for a total of \$14,000. This began while the Town Clerk was on medical leave. No one at City Hall was aware that the invoices had not been sent until the auditor brought it to their attention.

It is recommended that the Town Clerk monitor the monthly invoicing to the School Board and track any uncollected receivables.

2018-02 Repeated from Prior Year- Compliance with R.S. 43:141 - Official Journal

Louisiana R.S. 43:141 states that municipalities shall at their first meeting in June of each year, select a newspaper as official journal for a term of one year.

For FYE June 30, 2018, the Town failed to select an official journal in June 2017. The official journal was selected on October 26, 2017.

In the absence of an official journal, official business of the Town comes to a halt. Ordinances cannot be passed during the time that an official journal is not in place.

It is recommended that the Town Clerk begin obtaining bids for the official journal in April and bring to the Council in May. It is imperative that the council fulfill their legal obligation to have an official journal selected in a timely manner that is in accordance with Louisiana law. It should be noted that for FYE June 30, 2019, the Town selected an official journal at their first June meeting which was held on June 5, 2018.

2018-03 Repeated from Prior Year- Local Government Budget Act Violations

Louisiana R.S. 39:1309 states that all action necessary to adopt and otherwise finalize and implement the budget for a fiscal year, including the adoption of any amendments to the proposed budget, shall be taken in an open meeting and completed before the end of the prior fiscal year.

For FYE June 30, 2018, the Town failed to adopt the annual operating budget before the end of the prior fiscal year.

The annual operating budget for FYE June 30, 2018 was adopted on November 14, 2017.

It is recommended that the Town council and the Mayor work together to adopt a balanced budget before the end of the prior fiscal year that is in accordance with Louisiana law. It should be noted that for FYE June 30, 2019, the Town adopted the annual operating budget before the end of the prior fiscal year on June 5, 2018.

2018-04 Repeated from Prior Year- Public Bid Law Violation

1. Louisiana R.S. 38:2212.1 requires that all purchases of materials and supplies of \$10,000 or more, but less than \$30,000 shall be made by obtaining not less than three telephone or facsimile quotations.

On October 3, 2017, the Town purchased a LED sign for \$15,678. The Town failed to receive quotes.

It is recommended that the Mayor consult with the Assistant to the Mayor before entering into any contracts to insure the project is in compliance with all laws.

2. Louisiana R.S. 38:2212.1 requires that all purchases of materials and supplies exceeding \$30,000 shall be advertised and let by contract to the lowest responsible bidder who has bid according to the specifications as advertised.

During the fiscal year, the Town purchased bulk fuel in the amount of \$40,790. The Town failed to advertise for bids and award the contract to the lowest responsible bidder.

It is recommended that the Town bid out the bulk fuel purchases in accordance with R.S. 38:2212.1.

SECTION III - FEDERAL FINANCIAL ASSISTANCE

NONE

Town of Amite City

MANAGEMENT'S CORRECTIVE ACTION PLAN
For Current Year Audit Findings for the Year Ended June 30, 2018

SECTION 1. INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS	
Finding Reference No.	Management's Corrective Action Plan
2018- 01 Lack of Internal Controls (Repeated from Prior Year)	Mayor concurs with auditor's recommendations.
2018-02 Compliance with R.S. 43:141 - Official Journal (Repeated from Prior Year)	Mayor concurs with auditor's recommendation.
2018-03 Local Government Budget Act Violations (Repeated from Prior Year)	Mayor concurs with auditor's recommendation.
2018-04 Public Bid Law Violation (Repeated from Prior Year)	Mayor concurs with auditor's recommendation.

Date Submitted: 12/21/18 Auditee: Billy Bel

TOWN OF AMITE CITY
Amite, Louisiana

STATEWIDE AGREED UPON PROCEDURES ENGAGEMENT

As of and for the Year Ended

June 30, 2018



LAURA GRAY

CERTIFIED PUBLIC ACCOUNTANT

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INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Honorable Mayor Milton Bel,
Members of the Town Council,
and the Louisiana Legislative Auditor:

I have performed the procedures enumerated below, which were agreed to by the Town of Amite City (Town) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2017, through June 30, 2018. The Town'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, I 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 findings are as follows:

Written Policies and Procedures

1. Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations):

The revised written policies and procedures document was provided to the auditor when asked; however, it was not adopted until September 20, 2018.

- a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget
No exception in year 1; not tested in year 2
- b) **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.

Town of Amite City
Independent Account's Report on Applying Agreed Upon Procedure- Continued

The Town has written policies and procedures that address how purchases are initiated, how vendors are added to vendor list, and about controls to ensure compliance with public bid law and requires documentation to be maintained for all bids and price quotes.

The Town does not use purchase requisition or purchase orders.

- c) **Disbursements**, including processing, reviewing, and approving

No exception in year 1; not tested in year 2

- d) **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

The written policies and procedures for the Town address the receiving of monies collected and preparing the deposit.

There is no written policy regarding the recording of deposits into the accounting system by the accounting clerk. The policy does not address procedures to ensure completeness.

- e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.

No exception in year 1; not tested in year 2

- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process

The written policies and procedures for the Town address types of services requiring written contracts, standard terms and conditions, legal review, approval process and monitoring process.

- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases)

The written policies and procedures now address how cards are controlled, allowable business uses, documentation requirements, required approvers and monitoring card usage specifically on all of the cards except the two visa cards.

The policy does not address specifically the allowable business uses and documentation requirements for the visa cards. One card is in the possession of the elected Chief of Police and the other card is the Mayor's card that is kept at city hall.

Town of Amite City
Independent Account's Report on Applying Agreed Upon Procedure- Continued

- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers

No exception in year 1; not tested in year 2

- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.

The written policies and procedures for Town address actions to be taken if an ethics violation takes place, system to monitor possible ethics violations, and requirement that all employees, including elected officials, annually attest through signature verification that they have read the Town's ethics policy.

The policies and procedures for the Town do not address the prohibitions as defined in Louisiana Revised Statute 42:1111-1121

- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

The written policies and procedures for the Town address debt issuance approval, continuing disclosure/ EMMA reporting requirements, debt reserve requirements, and debt service requirements.

Board or Finance Committee

- 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:

- 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.

Observed that for the twelve month period from July 1, 2017, thru June 30, 2018, the Town council met with a quorum for all twelve regular monthly meetings.

Town of Amite City
Independent Account's Report on Applying Agreed Upon Procedure- Continued

- 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.

Auditor observed that the Council is not presented with monthly budget-to-actual financial statements. The Council is presented with a treasurer's report which reports bank balances with current month deposits and disbursements. The Council is also presented with the past due balance for the utility fund's receivables.

- 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.

Not Applicable-General Fund had a positive fund balance in the prior year.

Bank Reconciliations

- 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:

A listing of the client's bank accounts was obtained from the Town Clerk, and management's representation that the listing was complete. The Town's main accounts are the General Fund Operating Account and the Waterworks and Sewer Fund Operating Account. Three additional accounts were randomly selected for testing. November 2017 was randomly selected for testing.

- 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);

All bank reconciliations selected for testing were performed within 2 months of the statement being received.

- 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

Town of Amite City
Independent Account's Report on Applying Agreed Upon Procedure- Continued

Bank reconciliations had evidence that the Mayor reviewed and signed off on each reconciliation. He does not handle cash, post ledgers or issue checks.

- 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.

Two of the five reconciliations tested had no evidence that the old outstanding items (more than twelve months old) were being researched.

The remaining three reconciliations did not have outstanding items over 12 months old.

Collections

- 4. Obtain a listing of deposit sites 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).

A listing of deposit sites was obtained from the Mayor along with the representation that the listing was complete.

The Town only has one deposit site, City Hall.

- 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:

A listing of collection locations was obtained from the Mayor along with the representation that the listing was complete.

The Town has two collection locations, City Hall and the Amite Police Department.

Written policies and procedures exist for the collections are City Hall.

There are no written policies and procedures for the collections at the Amite Police Department.

- a) Employees that are responsible for cash collections do not share cash drawers/registers.

City Hall-both the Utility Clerk and the Assistant Clerk share cash drawers/registers. The Town maintains a cash register for the Waterworks and Sewer Fund , a money bag for the General Fund, and a money bag for the Bond Money.

Amite Police Department-There is only one employee per shift and they are required to balance the register at the start of their shift.

Town of Amite City

Independent Account's Report on Applying Agreed Upon Procedure- Continued

- 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.

The Utility Clerk, Assistant Clerk, and Assistant City Clerk prepare bank deposits for the money that they collect. The Town Clerk or the Accounting Clerk is responsible for reconciling collection documentation.

The Amite Police Department does not prepare bank deposits. All monies collected are delivered to City Hall the next day.

- 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.

None of the employees responsible for collecting cash, post collection entries to the general ledger.

- 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.

None of the employees responsible for reconciling cash collections to the general ledger are responsible for collecting cash.

6. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.

All employees that are responsible for or have access to cash are covered by a bond.

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 revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:

- a) Observe that receipts are sequentially pre-numbered.

All receipts tested were sequentially pre-numbered.

- b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.

All sequentially pre-numbered receipts, system reports, and other related collection documentation were attached to the deposit slip.

Town of Amite City

Independent Account's Report on Applying Agreed Upon Procedure- Continued

- c) Trace the deposit slip total to the actual deposit per the bank statement.

All deposit slips tested were traced to the actual deposit per the bank statement.

- 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).

All deposits tested were made within one business day of the receipt.

- e) Trace the actual deposit per the bank statement to the general ledger.

All actual deposits per the bank statement were traced to the general ledger.

Non-Payroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases)

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).

Obtained the listing of locations that process payments and managements representation that the listing was complete.

The Town only has one location that processes payments-City Hall.

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:

- a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.

There are at least two employees involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.

- b) At least two employees are involved in processing and approving payments to vendors.

There are at least two people involved in processing and approving payments to vendors.

- 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.

The person responsible for processing payments is also the person who adds and modifies vendors. (See Audit Finding 2018-01)

- 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.

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.

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:

- a) Observe that the disbursement matched the related original invoice/billing statement.

All disbursements matched the related original invoice/billing statement.

- b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

Not applicable, no PO system used.

Credit Cards/Debit Cards/Fuel Cards/P-Cards

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.

Obtained listing of all active credit cards and fuel cards for the fiscal period and managements representation that the listing was complete. The fuel cards are used by the police department.

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:

- 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. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]

Out of the 5 cards selected, four were fuel cards and one was a Visa.

The invoice for the visa card had written authorization for payment.

The invoice for the four fuel cards was not signed off on by anyone from the police department.

- b) Observe that finance charges and late fees were not assessed on the selected statements.

There were no finance charges or late fees present on the invoices selected for testing.

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).

Excluding fuel cards, there was only one other card chosen, which was a Visa.

The monthly statement tested had the original receipt attached. The public purpose was evident by the item that was purchased.

Travel and Travel-Related Expense Reimbursements (excluding card transactions)

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:

A vendor activity report for the General Fund, Waterworks and Sewer Fund, and Arts Council Fund was obtained from the Town's accounting software for FYE 6/30/18. This report was signed off by the Mayor

Town of Amite City

Independent Account's Report on Applying Agreed Upon Procedure- Continued

- a) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).

The Town of Amite has documented in their written policies and procedures an allowed schedule of reimbursements.

- b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.

Of the five reimbursements selected for testing, two were mileage reimbursements. Mileage reimbursements do not require original itemize receipt. The remaining three items selected for testing had original receipts supporting precisely what was purchased.

- 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).

Two of the five items selected for testing were for mileage reimbursement. The required form was used as required by the Town's written policies and procedures.

Two of the five items selected for testing were submitted from councilmen. The documentation had the purpose handwritten on it and all receipts were attached.

One of the five items selected was from a police officer who attended POST training. The police officer submitted original receipts and the handwritten purpose on the documentation.

- d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

The two mileage reimbursements were signed off by the Mayor; however the Mayor was one of the invoices selected. It should be noted that the Accounting Clerk proofed the Mayor's request for clerical accuracy.

Per Ordinance 15-2014 all expense reimbursements for Councilmen are to be approved in advance by the Mayor. There is no evidence that the paid reimbursements to the councilmen were approved in advance and there is no authorization to pay on the documentation submitted for reimbursement.

The Chief of Police approved the reimbursement to the police officer.

Contracts

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:

A vendor activity report for the General Fund, and Waterworks and Sewer Fund was obtained from the Town's accounting software for FYE 6/30/18. This report was signed off on by the Mayor.

Five vendors were selected from those reports.

Only one of the five vendors selected had an actual contract.

- 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.

Two of the five vendors selected were required to follow the Louisiana Public Bid Law.

One was in non-compliance with Louisiana Public Bid Law (see current year audit finding 2018-4) and the other contract complied.

- 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).

One contract was approved by the governing body, one was not approved by the governing board, and the remaining three items did not require approval from the governing authority.

- c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.

There were no amendments to original terms of the items selected for testing.

- 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.

For four of the five items selected for testing, the payment agreed with either the contract or the quote for services. The remaining item had no terms to compare to.

Payroll and Personnel

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.

Town of Amite City
Independent Account's Report on Applying Agreed Upon Procedure- Continued

Obtained a listing of employees/elected officials and management's representation that the listing was complete.

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:

- a) Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)

An elected official was selected for testing. They are not eligible to earn leave and are not required to document their attendance.

One employee selected was not employed during the period tested.

The Town Clerk was selected. She was on sick leave during the period tested. However, there was no documentation of her leave dates in her personnel file.

The remaining two employees tested did have documentation for their attendance and any leave taken; if any, during the selected period tested.

- b) Observe that supervisors approved the attendance and leave of the selected employees/officials.

The elected official is not required to have approved attendance records.

The Town Clerk was out on sick leave but the Mayor approved her leave payroll check.

The remaining two employee's attendance and/or leave was approved by a supervisor.

- c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

The entity's cumulative leave records reflected the proper accrual and taken leave during the period tested.

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'

accumulate leave records, and agree the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.

The final payments for the two terminated employees agreed with their authorized pay rates.

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.

Obtained management's representation that the employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and worker's compensation premiums have been paid, and associated forms have been filed, by required deadlines.

Ethics

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.

Of the five selected individuals, four employees had ethics certificates and the elected official had not completed the one hour ethics training.

- 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.

Documentation demonstrates that each employee attested through signature verification that he or she has read the entity's ethics policy during the fiscal period; however the elected officials did not attest to this in writing. Only the employees of the town signed the document.

Debt Service

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.

Obtained representation from management that no new bonds/notes were issued during the fiscal year ending June 30, 2018.

Town of Amite City
Independent Account's Report on Applying Agreed Upon Procedure- Concluded

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.

Obtained a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing was complete.

The one bond selected for testing was in compliance with all bond covenants.

Other

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 provided a statement that they were not aware of any misappropriations of public funds during the fiscal year.

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.

No exception in year 1; not tested in year 2

I was 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, I do not express such an opinion or conclusion. Had I performed additional procedures, other matters might have come to my 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 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.


Certified Public Accountant

December 20, 2018

Town of Amite City

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Milton "Buddy" Bel, Mayor

Jerry Trabona
Chief of Police

Mary Lou Lee
City Clerk

Council

Kris Hart

District 1

Jonathon Foster

District 2

Emanuel Zanders III

District 3

Neil Currier

District 4

Rose Sumrall

District 5

December 21, 2018

Ms. Laura Gray, CPA
P O Box 1391
Amite, Louisiana 70422

Responses to Louisiana Legislative Auditors State-Wide Agreed Upon Procedures for the Fiscal Year ended June 30, 2018.

Item1(d)- The policy and procedure manual will be revised to address the written policy regarding the recording of deposits into the accounting system by the accounting clerk, the procedures will be included to ensure completeness.

Item1(g)- The policy and procedures manual will be revised to specifically address the allowable business uses and documentation requirements for the visa cards.

Item1(i)- The policies and procedures manual will be revised to address the prohibitions as defined in Louisiana Revised Statute 42: 1111-1121.

Item2(b)- The Town Clerk will begin providing budget-to-actual financial statements at each monthly meeting starting immediately.

Item 3(c)-Management will begin researching reconciling items on bank statements and resolving these items.

Item (5) The policy and procedure manual will be revised to address procedures for handling of cash at Amite Police Department.

Item 9 (c) The person responsible for processing payments will no longer be responsible for adding and modifying vendors. The Town Clerk will segregate these duties.

Item 12 (a) Management will have the Police Chief sign off on fuel card invoices.

Item 14 (d) Management will not pay any reimbursements to Councilmen unless they ^{are} approved in advance and there is authorization to pay on the documentation submitted for reimbursement.

Item 15 (a) All contracts will be bid in accordance with Louisiana Public Bid Law.

Item 17 (a) All employees will have the leave taken documented in their employees file.

Item 20 (a) Management will keep a log of ethics training for councilmen and notify the elected officials if they have not completed their training.

Item 20 (b) Management will have elected officials attest in writing through signature verification that he or she has read the entity's ethics policy each during the fiscal year.

Respectfully submitted,


Milton "Buddy" Bel
Mayor