

**TOWN OF AMITE CITY**

Louisiana



**ANNUAL FINANCIAL REPORT**

As of and for the Year Ended  
June 30, 2020

**TOWN OF AMITE CITY**

Louisiana

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## INDEPENDENT AUDITOR'S REPORT

Honorable Mayor Walter Daniels 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, 2020, 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, 2020, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Matters******Required Supplementary Information***

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 50 through 59 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 21, 2020, 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 21, 2020

## **BASIC FINANCIAL STATEMENTS**

Town of Amite City

STATEMENT OF NET POSITION

June 30, 2020

	Governmental Activities	Business-type Activity	Total
<u>Assets</u>			
Cash and cash equivalents	\$ 915,003	\$ 1,142,072	\$ 2,057,075
Receivables, net	694,027	123,954	817,981
Prepaid insurance	47,093	1,699	48,792
Internal balances	(177,885)	177,885	-
Restricted cash, cash equivalents, and investments	14,864	1,487,385	1,502,249
Capital assets, net	2,668,345	7,155,013	9,823,358
Total assets	4,161,447	10,088,008	14,249,455
<u>Deferred Outflow of Resources</u>	431,927	-	431,927
<u>Liabilities</u>			
Accounts, salaries, and other payables	179,565	69,695	249,260
Accrued liabilities	-	3,874	3,874
Utility customer deposits	-	150,764	150,764
Noncurrent liabilities:			
Due within one year	173,919	153,889	327,808
Due in more than one year	205,741	3,991,439	4,197,180
Net pension liability	1,215,146	-	1,215,146
Total liabilities	1,774,371	4,369,661	6,144,032
<u>Deferred Inflow of Resources</u>	82,038	-	82,038
<u>Net Position</u>			
Net investment in capital assets	2,400,877	3,009,785	5,410,662
Restricted for:			
Debt service	-	1,336,621	1,336,621
Law enforcement	8,487	-	8,487
Street capital purchase	6,377	-	6,377
Unrestricted	321,224	1,371,941	1,693,165
Total Net Position	\$ 2,736,965	\$ 5,718,347	\$ 8,455,312

The accompanying notes are an integral part of this statement.



Town of Amite City  
STATEMENT OF ACTIVITIES  
For the Year Ended June 30, 2020

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues, and Changes in Net Position		
		Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>Governmental Activities:</b>							
General government	\$ 1,262,801	\$ -	\$ -	\$ -	\$ (1,262,801)	\$ -	\$ (1,262,801)
Public safety - police	1,784,308	100,851	392,519	-	(1,290,938)	-	(1,290,938)
Public safety - fire	279,999	-	-	-	(279,999)	-	(279,999)
Streets	915,456	-	5,300	-	(910,156)	-	(910,156)
Sanitation	308,477	325,775	-	-	17,298	-	17,298
Community center	19,312	14,475	-	-	(4,837)	-	(4,837)
Cemetery	15,993	45,850	-	-	29,857	-	29,857
Parks and recreation	57,094	-	-	-	(57,094)	-	(57,094)
Economic development	18,279	-	-	-	(18,279)	-	(18,279)
Intergovernmental	30,378	-	-	-	(30,378)	-	(30,378)
Art development	19,771	-	-	-	(19,771)	-	(19,771)
Miscellaneous programs	<u>37,780</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(37,780)</u>	<u>-</u>	<u>(37,780)</u>
Total governmental activities	<u>4,749,648</u>	<u>486,951</u>	<u>397,819</u>	<u>-</u>	<u>(3,864,878)</u>	<u>-</u>	<u>(3,864,878)</u>
<b>Business-type Activities:</b>							
Waterworks and sewer	<u>1,899,633</u>	<u>1,429,548</u>	<u>-</u>	<u>17,790</u>	<u>-</u>	<u>(452,295)</u>	<u>(452,295)</u>
Total business-type activity	<u>1,899,633</u>	<u>1,429,548</u>	<u>-</u>	<u>17,790</u>	<u>-</u>	<u>(452,295)</u>	<u>(452,295)</u>
Total	\$ <u>6,649,281</u>	\$ <u>1,916,499</u>	\$ <u>397,819</u>	\$ <u>17,790</u>	\$ <u>(3,864,878)</u>	\$ <u>(452,295)</u>	\$ <u>(4,317,173)</u>
<b>General Revenues:</b>							
<b>Taxes:</b>							
Property taxes					146,615	-	146,615
Franchise taxes					163,472	-	163,472
Sales taxes					3,344,358	-	3,344,358
Alcoholic beverage tax					13,488	-	13,488
Licenses and permits					292,921	-	292,921
Investment earnings					13,051	36,450	49,501
Miscellaneous					4,674	-	4,674
Intergovernmental					14,463	-	14,463
Support Revenues					27,546	-	27,546
Contributions					<u>505,000</u>	<u>-</u>	<u>505,000</u>
Total general revenues and contributions					<u>4,525,588</u>	<u>36,450</u>	<u>4,562,038</u>
Change in Net Position					660,710	(415,845)	244,865
Net position – beginning, restated					<u>2,076,255</u>	<u>6,134,192</u>	<u>8,210,447</u>
Net position - ending					\$ <u>2,736,965</u>	\$ <u>5,718,347</u>	\$ <u>8,455,312</u>

The accompanying notes are an integral part of this statement.

Town of Amite City  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2020

	General Fund	Sales Tax Fund	Capital Improvements Fund	Economic Development Fund	Arts Council Fund	Total Governmental Funds
<u>Assets</u>						
Cash	\$ 291,844	\$ 2,987	\$ 1,899	\$ 561,184	\$ 57,089	\$ 915,003
Receivables, net	384,209	309,818	-	-	-	694,027
Prepaid insurance	47,093	-	-	-	-	47,093
Due from other funds-						
General Fund	-	-	-	92,500	-	92,500
Restricted cash	14,864	-	-	-	-	14,864
	<u>\$ 738,010</u>	<u>\$ 312,805</u>	<u>\$ 1,899</u>	<u>\$ 653,684</u>	<u>\$ 57,089</u>	<u>\$ 1,763,487</u>
<u>Liabilities</u>						
Accounts, salaries, and other payables	\$ 174,483	\$ -	\$ -	\$ 2,697	\$ 2,385	\$ 179,565
Due to other funds -						
Economic Development Fund	92,500	-	-	-	-	92,500
Waterworks Fund	177,885	-	-	-	-	177,885
Total liabilities	<u>444,868</u>	<u>-</u>	<u>-</u>	<u>2,697</u>	<u>2,385</u>	<u>449,950</u>
<u>Fund Balance</u>						
Nonspendable: Prepaid insurance	47,093	-	-	-	-	47,093
Restricted: Law enforcement	8,487	-	-	-	-	8,487
Grant Money:						
Future Purchase Vehicle	6,377	-	-	-	-	6,377
Committed: Economic Development	-	-	-	650,987	-	650,987
Promotion of the Arts	-	-	-	-	54,704	54,704
To Pay DEQ and USDA loans	-	312,805	-	-	-	312,805
Assigned: Capital Improvements	-	-	1,899	-	-	1,899
Unassigned	231,185	-	-	-	-	231,185
	<u>293,142</u>	<u>312,805</u>	<u>1,899</u>	<u>650,987</u>	<u>54,704</u>	<u>1,313,537</u>
Total fund balance	<u>293,142</u>	<u>312,805</u>	<u>1,899</u>	<u>650,987</u>	<u>54,704</u>	<u>1,313,537</u>
Total liabilities and fund balance	<u>\$ 738,010</u>	<u>\$ 312,805</u>	<u>\$ 1,899</u>	<u>\$ 653,684</u>	<u>\$ 57,089</u>	<u>\$ 1,763,487</u>

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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, 2020

Fund balances - total governmental funds	\$	1,313,537
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		2,668,345
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		(112,192)
Capital lease payable		(117,468)
Note from direct borrowing		(150,000)
Net pension liability		(1,215,146)
Deferred outflows and inflows are not financial resources or currently payable. These consist of:		
Deferred outflows		431,927
Deferred inflows		(82,038)
Net position of governmental activities	\$	2,736,965

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, 2020

	General Fund	Sales Tax Fund	Capital Improvements Fund	Economic Development Fund	Arts Council Fund	Total Governmental Funds
<u>Revenues</u>						
Taxes	\$ 310,087	\$ 3,344,358	\$ -	\$ -	\$ -	\$ 3,654,445
Licenses and permits	292,921	-	-	-	-	292,921
Intergovernmental	441,770	-	-	-	-	441,770
Fines and forfeitures	63,376	-	-	-	-	63,376
Sanitation service fees	325,775	-	-	-	-	325,775
Prisoner housing fees	14,354	-	-	-	-	14,354
Subpoena & bond appearance fees	1,900	-	-	-	-	1,900
Rentals & recreational	14,475	-	-	-	-	14,475
Miscellaneous	60,388	264	21	7,479	644	68,796
Total Revenues	<u>1,525,046</u>	<u>3,344,622</u>	<u>21</u>	<u>7,479</u>	<u>644</u>	<u>4,877,812</u>
<u>Expenditures</u>						
General government	1,231,472	21,738	-	-	-	1,253,210
Public safety - police	1,804,409	-	-	-	-	1,804,409
Public safety - fire	279,999	-	-	-	-	279,999
Streets	909,818	-	-	-	-	909,818
Sanitation	296,052	-	-	-	-	296,052
Community center	28,937	-	-	-	-	28,937
Cemetery	15,993	-	-	-	-	15,993
Parks and recreation	55,955	-	-	-	-	55,955
Economic development	-	-	-	889,886	-	889,886
Intergovernmental	30,378	-	-	-	-	30,378
Art development	-	-	-	-	19,771	19,771
Miscellaneous	37,780	-	-	-	-	37,780
Debt Service:						
Principal	198,132	-	-	-	-	198,132
Interest	2,480	-	-	-	-	2,480
Total Expenditures	<u>4,891,405</u>	<u>21,738</u>	<u>-</u>	<u>889,886</u>	<u>19,771</u>	<u>5,822,800</u>
Excess (Deficiency) of revenues over expenditures	<u>(3,366,359)</u>	<u>3,322,884</u>	<u>21</u>	<u>(882,407)</u>	<u>(19,127)</u>	<u>(944,988)</u>
<u>Other Financing</u>						
<u>Sources (Uses)</u>						
Contributed capital	-	-	-	505,000	-	505,000
Capital lease financing	157,800	-	-	-	-	157,800
Loan proceeds	-	-	-	150,000	-	150,000
Operating transfers in	3,217,000	-	-	82,165	12,000	3,311,165
Operating transfers out	(12,000)	(3,299,165)	-	-	-	(3,311,165)
Total other financing sources (uses)	<u>3,362,800</u>	<u>(3,299,165)</u>	<u>-</u>	<u>737,165</u>	<u>12,000</u>	<u>812,800</u>
Net change in Fund Balances	(3,559)	23,719	21	(145,242)	(7,127)	(132,188)
Fund balances, beginning of year, restated	296,701	289,086	1,878	796,229	61,831	1,445,725
Fund balances, end of year	<u>\$ 293,142</u>	<u>\$ 312,805</u>	<u>\$ 1,899</u>	<u>\$ 650,987</u>	<u>\$ 54,704</u>	<u>\$ 1,313,537</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, 2020

Net change in fund balances - total governmental funds \$ (132,188)

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	1,120,166
Depreciation expense	(152,863)

The issuance of long-term debt (e.g. bonds) provides current financial resources to governmental funds, while the repayment of the principal of short-term and long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

New Debt – Note payable for land purchase	(150,000)
New Debt – Capital Leases	(157,800)
Repayments of Capital Leases	40,332
Repayment of Short-Term Debt	157,800

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	2,121
Pension expense for GASB 68	(94,404)

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>27,546</u>
Change in net position of governmental activities	<u>\$ 660,710</u>

Town of Amite City

STATEMENT OF NET POSITION  
PROPRIETARY FUND  
June 30, 2020

	<u>Business-type Activity</u> <u>Waterworks and</u> <u>Sewer Fund</u>
<u>Assets</u>	
<u>Current Assets</u>	
Cash	\$ 1,142,072
Accounts receivable, net	123,954
Due from General Fund	177,885
Prepaid insurance	1,699
Total current assets	<u>1,445,610</u>
 <u>Restricted Assets</u>	
Cash, cash equivalents, and investments	<u>1,487,385</u>
 <u>Non-current Assets</u>	
Capital assets (net of accumulated depreciation)	<u>7,155,013</u>
Total assets	<u>10,088,008</u>
 <u>Liabilities</u>	
<u>Current Liabilities (payable from current assets)</u>	
Accounts, salaries, and other payables	69,695
Compensated absences payable	3,874
Total current liabilities (payable from current assets)	<u>73,569</u>
 <u>Current Liabilities (payable from restricted assets)</u>	
Customer deposits	150,764
Revenue bonds payable	153,889
Total current liabilities (payable from restricted assets)	<u>304,653</u>
 <u>Non-current Liabilities</u>	
Revenue bonds payable	<u>3,991,439</u>
Total non-current liabilities	<u>3,991,439</u>
Total liabilities	<u>4,369,661</u>
 <u>Net Position</u>	
Net investment in capital assets	3,009,785
Restricted for Debt Service	1,336,621
Unrestricted	<u>1,371,941</u>
Total net position	<u>\$ 5,718,347</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, 2020

	<u>Business-type Activity Waterworks and Sewer Fund</u>
<u>Operating Revenues</u>	
Charges for services -	
Water sales	\$ 612,873
Sewer charges	771,149
Delinquent charges	31,468
Connection charges	11,153
Miscellaneous	<u>2,905</u>
Total operating revenues	<u>1,429,548</u>
<u>Operating Expenses</u>	
Salaries	344,588
Payroll taxes	27,064
Employee benefits	75,136
Electricity -	
Water pumps	32,636
Sewerage plant	53,746
Repairs/Supplies -	
Water system	89,843
Sewerage system	683,962
Insurance	19,493
Truck expense	19,051
Office expense	13,180
Water testing	19,876
Sewerage testing	33,518
Professional fees	52,500
Other	9,000
Bad Debt	10,166
Depreciation	<u>280,194</u>
Total operating expenses	<u>1,763,953</u>
 Net operating (loss)	 <u>(334,405)</u>
<u>Non-operating Revenues (Expenses)</u>	
Capital Grants	17,790
Interest income	36,450
Interest expense	<u>(135,680)</u>
Total non-operating expense	<u>(81,440)</u>
 Change in net position	 (415,845)
 Total Net Position, Beginning	 <u>6,134,192</u>
 Total Net Position, Ending	 <u>\$ 5,718,347</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, 2020

	<u>Business-type Activity</u> <u>Waterworks and</u> <u>Sewer Fund</u>
<u>Cash flows from operating activities:</u>	
Receipts from customers	\$ 1,105,797
Payments to suppliers	(1,084,157)
Payments to employees	<u>(446,788)</u>
Net cash (used) by operating activities	<u>(425,148)</u>
<u>Cash flows from capital and related financing activities:</u>	
Grant proceeds	17,790
Payments on USDA loans	(68,651)
Payments on DEQ loan	(80,000)
Interest paid	(135,680)
Purchase of capital assets	<u>(60,669)</u>
Net cash (used) for capital and related financing activities	<u>(327,210)</u>
<u>Cash flows from investing activities:</u>	
Interest income	<u>36,450</u>
Net cash provided by investing activities	<u>36,450</u>
Net decrease in cash and cash equivalents	(715,908)
Cash balance - beginning of year	<u>1,857,980</u>
Cash balance - end of year	<u>\$ 1,142,072</u>
<u>Reconciliation of operating income to net</u> <u>cash provided by operating activities:</u>	
Operating (loss)	(334,405)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation expense	280,194
Change in assets and liabilities:	
Receivables, net	(14,036)
Due from other funds	(177,885)
Prepaid insurance	3,965
Due to other funds	(40,989)
Accounts and other payables	(10,162)
Restricted assets	<u>(131,830)</u>
Net cash (used) by operating activities	<u>\$ (425,148)</u>

The accompanying notes are an integral part of this statement.



Town of Amite City

STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
June 30, 2020

	<u>Agency Funds</u>		
	<u>Bond Money Fund</u>	<u>Prisoner Personal Money Fund</u>	<u>Total</u>
<u>Assets</u>			
Cash	\$ 13,993	\$ 736	\$ 14,729
Total Assets	<u>13,993</u>	<u>736</u>	<u>14,729</u>
<u>Liabilities</u>			
Due to defendants	13,993	-	13,993
Due to others	<u>-</u>	<u>736</u>	<u>736</u>
Total Liabilities	<u>13,993</u>	<u>736</u>	<u>14,729</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, 2020

**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.

Town of Amite City

NOTES TO FINANCIAL STATEMENTS

As of and for the Year Ended June 30, 2020

*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, 2020

**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.

The Town implemented GASB Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*.

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 21 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.

Town of Amite City

NOTES TO FINANCIAL STATEMENTS

As of and for the Year Ended June 30, 2020

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  
As of and for the Year Ended June 30, 2020

**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 15, 17, and 19 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

As of and for the Year Ended June 30, 2020

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

As of and for the Year Ended June 30, 2020

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 has prepaid insurance which is a resource that is in a nonspendable form and therefore reported 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 and constraints imposed by the grantor.

NOTES TO FINANCIAL STATEMENTS

As of and for the Year Ended June 30, 2020

- **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, 2020

**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 21 to these financial statements for details.

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

**A. BUDGET**

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 07, 2019. A public hearing was held at the Town's city hall on June 04, 2019. The budget was adopted on June 04, 2019.

The budget of the General Fund, Sales Tax Fund, Economic Development Fund, and Capital Improvements Fund was amended once during the fiscal year with amendment taking place on June 2, 2020.

The Budget of the Arts Council Fund was amended twice during the fiscal year with the final amendment taking place on June 2, 2020.

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended June 30, 2020

**B. REVENUES – ACTUAL AND BUDGET**

The following individual funds had actual revenues and other sources fail to meet budgeted amounts for the year ended June 30, 2020

<u>Fund</u>	<u>Budget</u>	<u>Actual</u>	<u>Unfavorable Variance</u>	<u>Percent</u>
Revenues:				
Capital Improvements Fund	\$ 25	\$ 21	\$ 4	16%

The following individual funds had actual expenditures and other uses that exceeded budgeted amounts for the year ended June 30, 2020

<u>Fund</u>	<u>Budget</u>	<u>Actual</u>	<u>Unfavorable Variance</u>	<u>Percent</u>
Expenditures:				
General Fund	\$4,562,261	\$4,903,405	\$341,144	7.48%
Sales Tax Fund	\$3,149,395	\$3,320,903	\$171,508	5.45%
Economic Development Fund	\$ 472,255	\$ 889,886	\$417,631	88.43%

The Louisiana Local Government Budget Act requires a local government to amend its operating budget when the total revenue and other sources fail to meet total budgeted revenues and other sources by 5% or more. The Town failed to amend the budget for the General Fund, Sales Tax Fund, Economic Development Fund, and the Capital Improvements Fund by an adequate amount for the fiscal year ended June 30, 2020.

The excess expenditures were funded by available fund balance.

(3) **DEPOSITS AND INVESTMENTS**

At June 30, 2020, the Town had deposits and investments (book balances) totaling \$3,574,053 (including \$14,729 in the fiduciary funds) as follows:

Petty cash	\$ 345
Interest-bearing demand deposits	3,502,436
Investment in 12-month certificate of deposit	71,272
Total	<u>\$ 3,574,053</u>

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, 2020, the Town has \$3,656,603 in deposits (collected bank balances). These deposits are secured from risk by \$321,272 of federal deposit insurance and \$3,335,331 is uninsured but collateralized with securities held by the custodial bank in the name of the fiscal agent bank.

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.

Town of Amite City

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended June 30, 2020

(4) **RECEIVABLES**

Receivables at June 30, 2020, consist of the following:

<u>Class of Receivables</u>	<u>General</u>	<u>Special Revenue</u>	<u>Enterprise</u>	<u>Total</u>
Taxes -				
Franchise	\$ 52,574	\$ -	\$ -	\$ 52,574
Sales	-	309,818	-	309,818
Accounts -				
Prisoner housing fees	5,484	-	-	5,484
Garbage	35,214	-	-	35,214
Water and Sewer	-	-	129,054	129,054
Less: Allowance for Uncollectibles	(1,700)	-	(5,100)	(6,800)
Intergovernmental				
Beer Tax	3,950	-	-	3,950
Department of Public Safety	2,717	-	-	2,717
Federal Grant	285,970	-	-	285,970
Totals	<u>\$ 384,209</u>	<u>\$ 309,818</u>	<u>\$ 123,954</u>	<u>\$ 817,981</u>

An allowance account for taxes receivable is not considered necessary

(5) **AD VALOREM TAXES**

For the year ended June 30, 2020, taxes of 4.94 mills were levied on property with assessed valuations totaling \$26,578,242. Total taxes levied were \$131,297. Taxes receivable at June 30, 2020, were nil.

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

Restricted assets were applicable to the following at June 30, 2020:

Governmental Funds:

General Fund - Drug seizure cash	\$ 8,487
General Fund – Grant Money for future Purchase of Vehicle	<u>6,377</u>
	<u>\$ 14,864</u>

Proprietary Fund:

Customers' deposits - cash and investments	\$ 150,764
Revenue Bond requirements funds - DEQ & USDA	<u>1,336,621</u>
	<u>\$1,487,385</u>

Town of Amite City

**NOTES TO FINANCIAL STATEMENTS**

As of and for the Year Ended June 30, 2020

(7) **CAPITAL ASSETS**

The following is a summary of changes in capital assets for the fiscal year ended June 30, 2020:

<u>Governmental Activities:</u>	Balance 06/30/19	Increases	Decreases	Balance 06/30/20
<b>Capital assets not depreciated:</b>				
Land and land improvements	\$ 585,882	\$ 795,990	\$ -	\$ 1,381,872
Construction in progress	37,185	-	-	37,185
Inactive assets	10,695	38,291	-	48,986
Total capital assets, not depreciated	<u>633,762</u>	<u>834,281</u>	<u>-</u>	<u>1,468,043</u>
<b>Capital assets, being depreciated:</b>				
Buildings	1,243,460	77,045	-	1,320,505
Improvements	578,527	14,617	-	593,144
Infrastructure	277,665	-	-	277,665
Vehicles	770,880	221,498	38,291	954,087
Office Equipment	43,436	-	-	43,436
Furniture & Fixtures	31,126	-	-	31,126
Machinery & Equipment	585,381	11,016	-	596,397
Total capital assets, being depreciated	<u>3,530,475</u>	<u>324,176</u>	<u>38,291</u>	<u>3,816,360</u>
<b>Less: Accumulated depreciation:</b>				
Buildings	753,474	22,728	-	776,202
Improvements	442,194	16,145	-	458,339
Infrastructure	20,300	12,172	-	32,472
Vehicles	674,329	74,914	-	749,243
Office Equipment	24,227	4,800	-	29,027
Furniture & Fixtures	25,170	656	-	25,826
Machinery & Equipment	523,501	21,448	-	544,949
Total accumulated depreciation	<u>2,463,195</u>	<u>152,863</u>	<u>-</u>	<u>2,616,058</u>
Total capital assets, being depreciated, net	<u>1,067,280</u>	<u>171,313</u>	<u>38,291</u>	<u>1,200,302</u>
Governmental activities capital assets, net	<u>\$ 1,701,042</u>	<u>\$ 1,005,594</u>	<u>\$ 38,291</u>	<u>\$ 2,668,345</u>

Depreciation was charged to governmental functions as follows:

General government	\$ 15,873
Public safety	68,366
Streets	37,782
Sanitation	12,268
Parks and recreation	12,155
Community center	4,992
Economic Development	1,427
Total	<u>\$ 152,863</u>

Town of Amite City

NOTES TO FINANCIAL STATEMENTS

As of and for the Year Ended June 30, 2020

The following is a summary of changes in capital assets for the business-type activity for the fiscal year ended June 30, 2020:

<u>Business-type activity:</u>	<u>Balance</u> <u>06/30/19</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>06/30/20</u>
Capital assets, not being depreciated				
Land – water	\$ 36,392	\$ -	\$ -	\$ 36,392
Land – sewer	25,957	-	-	25,957
Construction in progress	90,713	3,720	-	94,433
Total capital assets not being depreciated	<u>153,062</u>	<u>3,720</u>	<u>-</u>	<u>156,782</u>
Capital assets, being depreciated				
Wells	1,085,455	-	-	1,085,455
Storage tanks	643,730	-	-	643,730
Water lines and meters	2,314,984	38,300	-	2,353,284
Sewerage system	6,701,243	6,800	-	6,708,043
Equipment	320,418	11,849	-	332,267
Total capital assets, being depreciated	<u>11,065,830</u>	<u>56,949</u>	<u>-</u>	<u>11,122,779</u>
Less accumulated depreciation for:				
Wells	292,255	24,541	-	316,796
Storage tanks	358,545	11,410	-	369,955
Water lines and meters	855,658	52,756	-	908,414
Sewerage system	2,112,179	167,836	-	2,280,015
Equipment	225,717	23,651	-	249,368
Total accumulated depreciation	<u>3,844,354</u>	<u>280,194</u>	<u>-</u>	<u>4,124,548</u>
Total capital assets, being depreciated, net	<u>7,221,476</u>	<u>(223,245)</u>	<u>-</u>	<u>6,998,231</u>
Business-type activities capital assets, net	<u>7,374,538</u>	<u>\$ (219,525)</u>	<u>\$ -</u>	<u>\$ 7,155,013</u>

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

Waterworks and Sewer Fund	\$ <u>280,194</u>
Total	\$ <u>280,194</u>

NOTES TO FINANCIAL STATEMENTS

As of and for the Year Ended June 30, 2020

(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](http://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 32.50% 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 contributions are recognized as revenue and excluded from pension expense for the year ended June 30, 2020. The Town of Amite City contributions to the System for the years ending June 30, 2020, 2019, and 2018, were \$125,009, \$134,757, and \$97,313, 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, 2020, the Town reported a liability of \$1,215,146 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, 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, 2019, the Town's proportion was .133802 percent.



Town of Amite City

NOTES TO FINANCIAL STATEMENTS

As of and for the Year Ended June 30, 2020

For the year ended June 30, 2020, the Town recognized pension expense of \$219,413. At June 30, 2020, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,550	\$ 37,385
Changes of assumptions	68,095	-
Net difference between projections and actual earnings on pension plan investments	78,946	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	157,327	37,048
Town contributions subsequent to the measurement date	125,009	7,605
Total	\$ 431,927	\$ 82,038

\$125,009 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, 2021. 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:	
2021	\$ 82,842
2022	\$ 47,856
2023	\$ 82,079
2024	\$ 19,708
2025	\$ -
Thereafter	\$ -

*Actuarial assumptions.* The total pension liability in June 30, 2019, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation date	June 30, 2019			
Actuarial cost method	Entry Age Normal Cost			
Investment rate of return	7.125% (Net of investment expense)			
Expected Remaining Service lives	2019- 4 Years	2018- 4 Years	2017 - 4 Years	2016 - 4 Years
Inflation rate	2.5%			
Mortality	RP-2000 Combined Healthy with Blue Collar Adjustment Sex Distinct Tables projected to 2029 by Scale AA (set back 1 year for females) for healthy annuitants and beneficiaries.			

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended June 30, 2020

RP-2000 Disabled Lives Table set back 5 years for males and set back 3 years for females for disabled annuitants.

RP-2000 Employee Table set back 4 years for males and 3 years for females for active members.

Cost-of-Living Adjustments

The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost-of-living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees.

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

Salary Increases, Including inflation and merit	<u>Years of Service</u>	<u>Salary Growth Rate</u>
	1-2	9.75%
	3-23	4.75%
	Over 23 years	4.25%

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

Asset Class	<u>June 30, 2019</u>	
	Target Asset Allocation	Long-term Expected Portfolio Real Rate of Return
Equity	48.50%	3.28%
Fixed Income	33.50%	.80%
Alternatives	18.00%	1.06%
Other	0.00%	0.00%
Totals	100%	5.14%
Inflation		2.75%
Expected Nominal Returns		7.89%

**NOTES TO FINANCIAL STATEMENTS**  
As of and for the Year Ended June 30, 2020

*Discount Rate.* The discount rate used to measure the total pension liability was 7.125%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates approved by PRSAC taking into consideration the recommendation of the System's actuary. Based on 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.

*Sensitivity to Changes in Discount Rate:*

The following presents the net pension liability of the participating employers calculated using the discount rate of 7.125%, 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 6.125% or one percentage point higher 8.125% than the current date as of June 30, 2019.

	Changes in Discount Rate		
	1% Decreased	Current Discount Rate	1% Increase
	6.125%	7.125%	8.125%
Net Pension Liability	\$ 1,693,099	\$ 1,215,146	\$ 814,191

(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 10 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, 2020, were \$304,714 of which \$152,357 was contributed by the Town.

(11) **COMPENSATED ABSENCES**

At June 30, 2020, employees of the Town have accumulated and vested \$116,066 of employee leave benefits which was computed in accordance with GASB Codification Section C60. Of this amount, \$112,192 is recorded as an obligation of the General Fund. The leave liability for employees of the Enterprise Fund of \$3,874 is accounted for within the fund.

Town of Amite City

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended June 30, 2020

(12) **OPERATING LEASES**

The Town leases a parking lot from an individual for a total of \$1,200 per year through June 30, 2021. The lease agreement is classified as an operating lease for accounting purposes.

The future minimum lease payments are as follows:

Year ending June 30, 2021	<u>\$ 1,200</u>
	<u>\$ 1,200</u>

(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, 2020:

Governmental Activities:	Balance 6/30/19	Additions	Reductions	Balance 6/30/20	Due Within One Year
Capital Leases	\$ -	\$ 157,800	\$ 40,332	\$ 117,468	\$ 37,409
Note from direct borrowing	-	150,000	-	150,000	75,000
<b>Total Governmental Activities</b>	<b>\$ -</b>	<b>\$ 307,800</b>	<b>\$ 40,332</b>	<b>\$ 267,468</b>	<b>\$ 112,409</b>

  

Business-type Activities:	Balance 6/30/19	Additions	Reductions	Balance 6/30/20	Due Within One Year
Revenue bonds payable DEQ	\$ 434,000	\$ -	\$ 80,000	\$ 354,000	\$ 83,000
Revenue bonds payable – USDA - Sewer	2,043,947	-	35,658	2,008,289	36,905
Revenue bonds payable USDA - Water	1,816,033	-	32,994	1,783,039	33,984
<b>Total Bonds business- type activities</b>	<b>\$ 4,293,980</b>	<b>\$ -</b>	<b>\$ 148,652</b>	<b>\$ 4,145,328</b>	<b>\$ 153,889</b>

**B. CAPITAL LEASES**

The Town entered into a lease for the purchase of 5 police vehicles. The lease meets the criteria of a capital lease since the lease term is the same as the useful life of the vehicles. Capital lease payments are reflected as debt service expenditures at the government fund reporting level. The assets acquired through capital leases are as follows:

Assets:	Governmental Activities	Total
Vehicles	\$ 190,004	\$ 190,004
Less Accumulated Depreciation	(28,500)	(28,500)
<b>Capital Assets, net</b>	<b>\$ 161,504</b>	<b>\$ 161,504</b>

On August 9, 2019, the Town entered into a capital lease agreement at an interest rate of 4.60% with Municipal Asset Management Inc. The lease obligation is effective during the period from August 2019 to July 2022. Annual payments of principal and interest of \$42,818 began July 15, 2019. Total payments for FYE 6/30/2020 are \$42,818 (principal of \$40,332 and interest of \$2,480).

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended June 30, 2020

**C. NOTES FROM DIRECT BORROWING**

On January 10, 2020, the Town signed a Credit Deed in the amount of \$150,000 with no interest rate with FKJ 1, LLC for the purchase of real estate. The credit deed is effective during the period from January 2020 through January 2022. Annual payments of \$75,000 will begin January 2021. There were no payments made during FYE June 30, 2020.

**D. 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.	
The Town has agreed to pay DEQ an annual administrative fee of .5% of the outstanding principal.	\$ 354,000
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.	<u>2,008,289</u>
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.	<u>1,783,039</u>
Total Revenue Bonds Payable	<u>\$ 4,145,328</u>

**E. DEBT SERVICE REQUIREMENTS TO MATURITY**

Governmental Activities:

- The annual requirements to amortize the Capital Lease debt outstanding as of June 30, 2020, including interest are as follows:

<u>Year ending June 30</u>	<u>Capital Lease</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 37,409	\$ 5,404	\$ 42,813
2022	39,130	3,683	42,813
2023	40,929	1,883	42,812
	<u>\$ 117,468</u>	<u>\$ 10,970</u>	<u>\$ 128,438</u>

- The annual requirements to amortize the Note from Direct Borrowing debt outstanding as of June 30, 2020, including interest are as follows:

<u>Year ending June 30</u>	<u>Note from Direct Borrowing</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 75,000	\$ -	\$ 75,000
2022	75,000	-	75,000
	<u>\$ 150,000</u>	<u>\$ -</u>	<u>\$ 150,000</u>

Town of Amite City

**NOTES TO FINANCIAL STATEMENTS**  
As of and for the Year Ended June 30, 2020

Business-type Activities:

3. The annual requirements to amortize the Revenue Bonds debt outstanding as of June 30, 2020, including interest, are as follows:

<u>Year Ending June 30</u>	<u>Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 153,889	\$ 132,462	\$ 286,351
2022	160,200	128,118	288,318
2023	165,587	123,599	289,186
2024	172,052	118,929	290,981
2025	80,598	114,080	194,678
2026-2030	444,208	529,183	973,391
2031-2035	521,637	451,754	973,391
2036-2040	612,652	360,739	973,391
2041-2045	719,652	253,739	973,391
2046-2050	845,462	127,929	973,391
2051-2052	269,391	11,563	280,954
	<u>\$ 4,145,328</u>	<u>\$ 2,352,095</u>	<u>\$ 6,497,423</u>

**F. CHANGES IN OTHER LONG-TERM LIABILITIES**

During the year ended June 30, 2020, the Town had the following changes in Other Long-Term Liabilities.

	<u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u>	<u>Due Within</u>
	<u>06/30/19</u>			<u>06/30/20</u>	<u>One Year</u>
<u>Governmental Activities:</u>					
Compensated Absences	\$ 114,313	\$ 66,790	\$ 68,911	\$ 112,192	\$ 61,510
Total government activities	<u>\$ 114,313</u>	<u>\$ 66,790</u>	<u>\$ 68,911</u>	<u>\$ 112,192</u>	<u>\$ 61,510</u>

(14) **SHORT-TERM DEBT**

The following is a summary of the short-term obligation transactions for the year ended June 30, 2020:

	<u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u>
	<u>06/30/19</u>			<u>06/30/20</u>
<u>Governmental Activities:</u>				
Direct Borrowings	\$ 157,800	\$ -	\$ 157,800	\$ -
Total governmental activities	<u>\$ 157,800</u>	<u>\$ -</u>	<u>\$ 157,800</u>	<u>\$ -</u>

NOTES TO FINANCIAL STATEMENTS

As of and for the Year Ended June 30, 2020

(15) **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 (20<sup>th</sup>) 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.

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, 2020, 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 (20<sup>th</sup>) 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.

NOTES TO FINANCIAL STATEMENTS

As of and for the Year Ended June 30, 2020

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, 2020, 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 (20<sup>th</sup>) 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, 2020, the Town was in **compliance** with this covenant.

(16) **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 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.



Town of Amite City

NOTES TO FINANCIAL STATEMENTS

As of and for the Year Ended June 30, 2020

For the fiscal year ended June 30, 2020, operating receipts for the system totaled \$1,465,999. For the same period, operating disbursements, including required deposits into the various debt service funds, totaled \$1,873,126 (includes \$629,299 for sludge removal). The Town was in compliance with items a., b., c., and d. of the above rate covenant for the year ended June 30, 2020.

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, 2020, 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, 2020, the Town is in **compliance** with this covenant.

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, 2020, 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, 2020.

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, 2020, 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, 2020, the Town was in **compliance** with this requirement.

NOTES TO FINANCIAL STATEMENTS

As of and for the Year Ended June 30, 2020

(17) **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 (20<sup>th</sup>) 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, 2020, 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 (20<sup>th</sup>) 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, 2020, the Town was in **compliance** with this covenant.

NOTES TO FINANCIAL STATEMENTS

As of and for the Year Ended June 30, 2020

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 (20<sup>th</sup>) 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, 2020, 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 (20<sup>th</sup>) 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, 2020, the Town was in **compliance** with this covenant.

(18) **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.

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.

Town of Amite City

NOTES TO FINANCIAL STATEMENTS

As of and for the Year Ended June 30, 2020

For the fiscal year ended June 30, 2020, operating receipts for the system totaled \$1,465,999. For the same period, operating disbursements, including required deposits into the various debt service funds, totaled \$1,873,126 (includes \$629,299 for sludge removal). The Town was in compliance with items a., b., c., d., and e. of the above rate covenant for the year ended June 30, 2020.

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, 2020, 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, 2020, 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, 2020.

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, 2020, the Town was in **compliance** with this covenant.

NOTES TO FINANCIAL STATEMENTS

As of and for the Year Ended June 30, 2020

(19) **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 (20<sup>th</sup>) 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, 2020, 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 (20<sup>th</sup>) 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, 2020, the Town was in **compliance** with this covenant.

NOTES TO FINANCIAL STATEMENTS

As of and for the Year Ended June 30, 2020

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 (20<sup>th</sup>) 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, 2020, 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 (20<sup>th</sup>) 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, 2020, the Town was in **compliance** with this covenant.

(20) **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;
- 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.

Town of Amite City

NOTES TO FINANCIAL STATEMENTS

As of and for the Year Ended June 30, 2020

For the fiscal year ended June 30, 2020, operating receipts for the system totaled \$1,465,999. For the same period, operating disbursements, including required deposits into the various debt service funds, totaled \$1,873,126 (includes \$629,299 for sludge removal). The Town was in compliance with items a., b., c., d., and e. of the above rate covenant for the year ended June 30, 2020.

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, 2020, 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, 2020, 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, 2020.

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, 2020, the Town was in **compliance** with this covenant.

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended June 30, 2020

(21) **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 (2020, \$3,322,620, 2019 \$3,123,238) 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.

(22) **CHANGES IN AGENCY FUNDS**

A summary of changes in agency fund balances follows:

	<u>Balances at</u> <u>June 30, 2019</u>		<u>Additions</u>		<u>Reductions</u>		<u>Balances at</u> <u>June 30, 2020</u>
Bond Money Agency Fund	\$ 4,528	\$	80,917	\$	71,452	\$	13,993
Prisoner Personal Money Agency Fund	<u>727</u>		<u>230</u>		<u>221</u>		<u>736</u>
<b>Total</b>	<b>\$ <u>5,255</u></b>	<b>\$</b>	<b><u>81,147</u></b>	<b>\$</b>	<b><u>71,673</u></b>	<b>\$</b>	<b><u>14,729</u></b>



Town of Amite City

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended June 30, 2020

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

A. Balances due to/from other funds at June 30, 2020, consist of the following:

Due to the Economic Development Fund from the General Fund to offset cash shortage.	\$	92,500
Due to the Waterworks Fund from the General Fund to offset cash shortage.		<u>177,885</u>
Summary of balances due from (to) other funds reported in fund financial statements:	\$	<u>270,385</u>

	<u>Due From Other Funds</u>	<u>Due to Other Funds</u>
Balance Sheet - Governmental Funds	\$ 92,500	\$ 270,385
Statement of Net Position - Proprietary Fund	<u>177,885</u>	<u>-</u>
	<u>\$ 270,385</u>	<u>\$ 270,385</u>

B. Interfund transfers at June 30, 2020, consist of the following:

From the Sales Tax Fund to the General Fund to subsidize operations.	\$	3,217,000
From the Sales Tax Fund to the Economic Development Fund as required by Ordinance 10-2003.		82,165
From the General Fund to the Arts Council Fund for the required transfer of franchise-cable tax.		<u>12,000</u>
	\$	<u>3,311,165</u>

(24) **LITIGATION AND CLAIMS**

At June 30, 2020, the Town is involved in litigation or is aware of various claims totaling an undetermined amount.

(25) **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 Bel, Mayor (July 2019-January 2020)	\$17,500
Walter Daniels, Mayor (February 2020 – June 2020)	12,500
Jerry Trabona, Chief of Police	81,094

Town Council

Jonathon Foster	11,400
Charles C. Currier	11,400
Roseline A. Sumrall	11,400
Emanuel Zander	11,400
Kris Hart	<u>11,400</u>
	<u>\$168,094</u>

Town of Amite City

NOTES TO FINANCIAL STATEMENTS

As of and for the Year Ended June 30, 2020

Compensation paid to the board members of the Town of Amite City's Planning and Zoning Commission for the year ended June 30, 2020, is as follows:

Wash Edwards	\$ 200
Irma Kelly	175
Chic Core	<u>150</u>
	<u>\$ 525</u>

(26) **ON BEHALF PAYMENTS BY STATE OF LOUISIANA**

For the year ended June 30, 2020 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 \$106,549 of on behalf payments as revenue and as expense in the General Fund.

(27) **RISKS AND UNCERTAINTIES**

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.

In March 2020, the COVID-19 virus began spreading throughout the United States. On March 22, 2020, Louisiana Governor John Bel Edwards issued a stay-at-home order limiting person-to-person contact and closing many non-essential businesses. Management has evaluated the possible impact of this situation and does not believe that this will have a significant negative impact on the continuing operations of the Town.

(28) **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, 2020, \$3,656,603 of the Town's bank balances are exposed to custodial credit risk. The \$3,335,331 is uninsured but collateralized with securities held by the pledging institution's trust department or agent, but not in the Town's name.

(29) **RESTATED FUND BALANCE / NET POSITION**

- A. The following funds beginning fund balance has been restated to reflect the retroactive recording of prior period adjustments to the June 30, 2019, balance:

General Fund

Fund balance at June 30, 2019	\$ 304,979
Increase in prior year Workers Compensation Insurance Payable	<u>(8,278)</u>
Fund balance at June 30, 2019, as restated	<u>\$ 296,701</u>

- B. The beginning net position of the Governmental Funds has been restated:

Net Position at June 30, 2019	\$ 2,084,533
Effect of prior period adjustments made to fund balance	<u>(8,278)</u>
Net position at June 30, 2019, as restated	<u>\$ 2,076,255</u>

As a result of the above prior period adjustments, the Change in Net Position for the year ended June 30, 2019, has been adjusted from \$2,084,533 to \$2,076,255 a difference of \$8,278.

Town of Amite City

NOTES TO FINANCIAL STATEMENTS

As of and for the Year Ended June 30, 2020

(30) **OTHER MATTERS – POTENTIAL THEFT OF FUEL**

On December 23, 2019, the Town notified the Louisiana Legislative Auditor, the District Attorney and the Tangipahoa Parish Sheriff requesting an investigation into a potential theft of fuel by an employee.

On March 19, 2020, the 21<sup>st</sup> Judicial District Attorney charged the employee with theft and malfeasance in office. The case is still pending; only pre-trial motions have been heard to date.

No provision for any receivable that may result from the above has been included in the accompanying financial statements due to the estimated amount of restitution being unknown at this time, but believed to be less than \$10,000; an amount immaterial to the financial statements.

(31). **COMMITMENTS AND CONTINGENCIES**

The Town had two active construction projects as of June 30, 2020. At year end, the commitments were with the following contractors:

	<u>Spent to Date</u>	<u>Remaining Commitment</u>
American Process Group, Inc.	\$ 573,199	\$ 21,303
Spinks Construction, Inc.	\$ -	\$ 713,040

The Town had two professional service contracts as of June 30, 2020. At year end, the commitments were with the following professionals:

	<u>Spent to Date</u>	<u>Remaining Commitment</u>
Data Center, LLC (redistricting)	\$ 10,000	\$ 10,000
Larry's Lawn Care	\$ 27,083	\$ 37,917

(32) **SUBSEQUENT EVENTS**

Subsequent to June 30, 2020, the following events occurred:

- On July 14, 2020, the Town approved a contract with Mitchell Contractor of Mandeville to replace the aerators for \$19,665.
- On September 17, 2020, the Town entered into an agreement with the Tangipahoa Parish Government to facilitate the relocation of the 21<sup>st</sup> Judicial District Court to the Town owned property located at 701 S. First Street.
- On November 10, 2020, the Town passed a motion to transfer \$250,000 to LAMP to open an account.

Subsequent events have been evaluated by management through December 21, 2020, 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, 2020.

**REQUIRED SUPPLEMENTAL INFORMATION**

Town of Amite City

**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND-SUMMARY**  
**For the Year Ended June 30, 2020**

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
<b>Revenues</b>				
Taxes	\$ 320,000	\$ 320,000	\$ 310,087	\$ (9,913)
Licenses and permits	282,500	271,575	292,921	21,346
Intergovernmental	266,700	176,677	441,770	265,093
Fines and forfeitures	188,500	73,000	63,376	(9,624)
Sanitation service fees	306,000	306,000	325,775	19,775
Prisoner housing fees	15,000	8,900	14,354	5,454
Subpoena & bond appearance fees	17,000	1,750	1,900	150
Rentals and recreational	18,000	13,000	14,475	1,475
Miscellaneous	52,550	49,850	60,388	10,538
Total revenues	1,466,250	1,220,752	1,525,046	304,294
<b>Expenditures</b>				
<b>Current-</b>				
General government	1,207,431	1,244,976	1,231,472	13,504
Public safety- police	1,755,000	1,683,880	1,804,409	(120,529)
Public safety- fire	320,000	279,000	279,999	(999)
Streets	888,000	903,507	909,818	(6,311)
Sanitation	308,500	286,600	296,052	(9,452)
Community Center	12,300	25,500	28,937	(3,437)
Cemetery	11,675	13,375	15,993	(2,618)
Parks and recreation	51,075	56,600	55,955	645
Intergovernmental (DMV)	14,500	30,900	30,378	522
Miscellaneous	30,298	25,923	37,780	(11,857)
<b>Debt Service:</b>				
Principal	-	-	198,132	(198,132)
Interest	-	-	2,480	(2,480)
Total expenditures	4,598,779	4,550,261	4,891,405	(341,144)
(Deficiency) of revenues over expenditures	(3,132,529)	(3,329,509)	(3,366,359)	(36,850)
<b>Other financing sources (uses)</b>				
Capital lease financing	-	-	157,800	157,800
Sale of fixed assets	3,000	-	-	-
Transfers in	3,240,000	3,055,000	3,217,000	162,000
Transfer to Arts Council	(12,000)	(12,000)	(12,000)	-
Transfer to Economic Development	(92,500)	-	-	-
Total other financing sources/(uses)	3,138,500	3,043,000	3,362,800	319,800
Net change in Fund Balance	5,971	(286,509)	(3,559)	282,950
Fund balance - beginning, restated	2,970	304,979	296,701	(8,278)
Fund balance - ending	\$ 8,941	\$ 18,470	\$ 293,142	\$ 274,672

See independent auditor's report.

Town of Amite City

**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND - DETAIL**  
 For the Year Ended June 30, 2020

<u>Revenues</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
<b>Taxes-</b>				
Ad Valorem	\$ 152,000	\$ 152,000	\$ 146,615	\$ (5,385)
Public utilities franchise	168,000	168,000	163,472	(4,528)
<b>Licenses and permits-</b>				
Occupational licenses	265,000	250,000	273,071	23,071
Chain store licenses & Beer Liquor	10,000	15,875	6,638	(9,237)
Permits	7,500	5,700	13,212	7,512
<b>Intergovernmental-</b>				
Beer taxes	10,000	10,000	13,488	3,488
Federal grants	25,000	6,377	285,970	279,593
LGAP Grant	6,400	-	-	-
La HWY Safety Commission Grant	6,000	-	-	-
State highway maintenance	5,300	5,300	5,300	-
Motions money	3,000	-	-	-
Department of Motor Vehicles	85,000	15,000	14,463	(537)
On behalf payments by the state	126,000	126,000	106,549	(19,451)
In school officer-TPSB	-	14,000	16,000	2,000
Fines and forfeitures	188,500	73,000	63,376	(9,624)
<b>Charges for services-</b>				
Garbage fees	306,000	306,000	325,775	19,775
Prisoner housing fees	15,000	8,900	14,354	5,454
Subpoena & bond appearance fees	17,000	1,750	1,900	150
Rentals and recreational	18,000	13,000	14,475	1,475
<b>Miscellaneous revenues-</b>				
Coke Fund	300	300	300	-
Cemetery	35,000	35,000	45,850	10,850
Interest	5,000	5,000	4,643	(357)
Miscellaneous	8,000	5,000	4,374	(626)
Planning & Zoning	250	250	-	(250)
Accident reports	4,000	4,300	5,221	921
<b>Total revenues</b>	<b>\$ 1,466,250</b>	<b>\$ 1,220,752</b>	<b>\$ 1,525,046</b>	<b>\$ 304,294</b>

(Continued)

See independent auditor's report.

Town of Amite City

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND - DETAIL

For the Year Ended June 30, 2020

<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	\$ 87,000	\$ 87,000	\$ 87,000	\$ -
Salaries - Town Clerk	82,000	82,000	82,401	(401)
Salaries - Clerical & Clerk of Court	116,000	164,000	141,407	22,593
Retirement contributions	62,500	66,000	60,970	5,030
Employee benefits- Health, Life, Denta	105,000	125,000	115,270	9,730
Payroll taxes	154,000	165,000	152,357	12,643
Attorney	40,000	40,000	48,578	(8,578)
Audit and accounting services	50,000	26,005	26,005	-
Insurance (all departments)	330,000	330,000	344,411	(14,411)
Office expense	17,000	14,000	14,784	(784)
Official journal	2,500	2,500	1,947	553
City Hall utilities	11,000	11,000	11,806	(806)
City Hall telephones	7,500	4,500	5,883	(1,383)
City Hall maintenance	1,000	1,000	4,592	(3,592)
Convention expense	2,000	3,700	3,667	33
Dues	2,000	1,500	1,835	(335)
Ad Valorem collection fees	10,000	10,000	15,708	(5,708)
Assessor and tax roll	2,881	2,881	-	2,881
Public relations	300	300	-	300
Compliance officer expense	6,000	6,000	5,964	36
Medical expense	2,000	1,400	1,785	(385)
Miscellaneous	6,500	3,000	4,634	(1,634)
Contract services	5,000	1,800	2,061	(261)
Magistrate judge and city prosecutor	36,000	43,500	47,800	(4,300)
Litter program	2,000	1,600	1,680	(80)
Janitorial - city hall	4,000	3,500	3,601	(101)
Amite Pride Salaries	30,000	29,000	28,253	747
Amite Pride expenses	5,000	1,000	1,028	(28)
Library Parking Lot	1,000	-	-	-
LGAP Grant	7,000	-	-	-
Mayor's court expense	4,000	4,000	3,930	70
Subpoena wages & Bond expense	4,000	500	500	-
Election expense	1,750	1,750	-	1,750
Equipment acquisition	10,000	-	-	-
Downtown Coordinator	500	275	349	(74)
Travel	-	1,265	1,266	(1)
Consultants	-	10,000	10,000	-
Total General Government	<u>\$ 1,207,431</u>	<u>\$ 1,244,976</u>	<u>\$ 1,231,472</u>	<u>\$ 13,504</u>

(Continued)

See independent auditor's report.

Town of Amite City

**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND - DETAIL**  
For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
<u>Public Safety - Police</u>				
Salaries - Chief of Police	\$ 80,000	\$ 80,000	\$ 82,101	\$ (2,101)
Salaries and benefits	1,181,000	1,141,000	1,110,746	30,254
In School Officer	-	21,280	21,280	-
On behalf payments by state	126,000	126,000	106,549	19,451
Retirement contributions	118,000	118,000	125,009	(7,009)
Auto fuel	45,000	35,000	43,824	(8,824)
Auto repairs	20,000	19,000	22,508	(3,508)
Uniforms	11,500	4,500	8,423	(3,923)
Repairs and maintenance	8,000	8,000	8,368	(368)
Prisoner expense	17,000	12,000	11,894	106
Office expense	40,000	30,000	40,151	(10,151)
Schools - conventions	7,000	3,000	1,476	1,524
Utilities	25,000	25,000	23,823	1,177
Equipment rent	2,000	2,000	1,678	322
Capital acquisitions	7,000	2,000	157,800	(155,800)
Equipment	13,000	13,000	37,429	(24,429)
Vehicle Lease	42,000	42,000	-	42,000
Grant expense	5,000	-	-	-
Subpeona Wages	1,000	1,000	-	1,000
Informant monies	1,500	-	-	-
Drug Fund /Miscellaneous expense	5,000	1,100	1,350	(250)
Total Public Safety - Police	<u>\$ 1,755,000</u>	<u>\$ 1,683,880</u>	<u>\$ 1,804,409</u>	<u>\$ (120,529)</u>
<u>Public Safety - Fire</u>				
Fire Protection District No. 1	\$ 320,000	\$ 279,000	\$ 279,999	\$ (999)
Total Public Safety - Fire	<u>\$ 320,000</u>	<u>\$ 279,000</u>	<u>\$ 279,999</u>	<u>\$ (999)</u>

(Continued)

See independent auditor's report.



Town of Amite City

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND - DETAIL

For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
<u>Streets</u>				
Salaries and benefits	\$ 520,000	\$ 606,000	\$ 626,121	\$ (20,121)
Street and traffic lights	100,000	79,000	90,894	(11,894)
Equipment fuel	20,000	20,000	18,823	1,177
Landfill	25,000	25,000	18,629	6,371
Materials and supplies	60,000	38,000	44,150	(6,150)
Uniforms	12,000	13,000	15,131	(2,131)
Utilities	10,000	9,000	10,432	(1,432)
USDA Truck Grant	28,000	6,377	-	6,377
Street vehicle maintenance	43,000	40,000	41,617	(1,617)
Street Drainage	40,000	15,000	4,527	10,473
District Public Works	25,000	8,000	7,252	748
Mosquito spraying	5,000	350	315	35
Street Acquisitions	-	43,345	31,495	11,850
Christmas Lights	-	435	432	3
Total Streets	<u>\$ 888,000</u>	<u>\$ 903,507</u>	<u>\$ 909,818</u>	<u>\$ (6,311)</u>
<u>Sanitation</u>				
Salaries and Benefits	\$ 103,500	\$ 103,500	\$ 108,331	\$ (4,831)
Equipment repairs, supplies, uniform	82,000	72,100	75,133	(3,033)
Fuel	26,000	22,000	17,675	4,325
Landfill	97,000	89,000	94,913	(5,913)
Total Sanitation	<u>\$ 308,500</u>	<u>\$ 286,600</u>	<u>\$ 296,052</u>	<u>\$ (9,452)</u>
<u>Community Center</u>				
Salaries and Benefits	\$ 800	\$ 1,000	\$ 1,103	\$ (103)
Utilities	6,000	5,000	8,271	(3,271)
Repairs and supplies	5,500	19,500	19,563	(63)
Total Community Center	<u>\$ 12,300</u>	<u>\$ 25,500</u>	<u>\$ 28,937</u>	<u>\$ (3,437)</u>
<u>Cemetery</u>				
Materials, supplies, and fuel	\$ 7,275	\$ 8,775	\$ 11,352	\$ (2,577)
Cemetery slab	3,000	3,200	3,354	(154)
Miscellaneous	500	500	350	150
Utilities	900	900	937	(37)
Total Cemetery	<u>\$ 11,675</u>	<u>\$ 13,375</u>	<u>\$ 15,993</u>	<u>\$ (2,618)</u>

(Continued)

Town of Amite City

**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND - DETAIL**  
For the Year Ended June 30, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
<u>Parks and Recreation</u>				
Repairs, supplies, and beautification	\$ 8,500	\$ 3,000	\$ 2,434	\$ 566
Utilities	5,000	5,600	5,938	(338)
Contract Mowing	37,575	48,000	47,583	417
Total Parks and Recreation	\$ 51,075	\$ 56,600	\$ 55,955	\$ 645
 <u>Intergovernmental (DMV)</u>				
Maintenance and utilities	\$ 4,000	\$ 27,000	\$ 25,429	\$ 1,571
Utilities	6,000	3,200	4,298	(1,098)
Janitorial	4,500	700	651	49
Total intergovernmental	\$ 14,500	\$ 30,900	\$ 30,378	\$ 522
 <u>Miscellaneous</u>				
Coroner	\$ 6,000	\$ 6,000	\$ 8,261	\$ (2,261)
Senior citizens	11,000	6,000	15,757	(9,757)
Planning and zoning	375	600	525	75
Animal shelter	12,423	12,423	12,423	-
Chamber of Commerce	500	900	814	86
Total Miscellaneous	\$ 30,298	\$ 25,923	\$ 37,780	\$ (11,857)
 <u>Debt Service</u>				
Principal	\$ -	\$ -	\$ 198,132	\$ (198,132)
Interest	-	-	2,480	(2,480)
Total Debt Service	\$ -	\$ -	\$ 200,612	\$ (200,612)
 <u>Other Financing Sources (Uses)</u>				
Sale of capital assets	\$ 3,000	\$ -	\$ -	\$ -
Capital Lease Financing	-	-	157,800	157,800
Operating transfers in:				
Sales Tax Fund	3,240,000	3,055,000	3,217,000	162,000
Operating transfers (out):				
Economic Development for Loan	(92,500)	-	-	-
Arts Council Fund	(12,000)	(12,000)	(12,000)	-
Total Other Financing Sources (Uses)	\$ 3,138,500	\$ 3,043,000	\$ 3,362,800	\$ 319,800

(Concluded)

See independent auditor's report.

Town of Amite City

**BUDGETARY COMPARISON SCHEDULE**  
**SALES TAX FUND**  
**For the Year Ended June 30, 2020**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
<u>Revenues</u>				
Sales taxes	\$ 3,140,000	\$ 3,045,000	\$ 3,344,358	\$ 299,358
Interest	1,000	500	264	(236)
Total revenues	<u>3,141,000</u>	<u>3,045,500</u>	<u>3,344,622</u>	<u>299,122</u>
<u>Expenditures</u>				
General government - Collection fees	<u>20,410</u>	<u>18,270</u>	<u>21,738</u>	<u>(3,468)</u>
Total expenditures	<u>20,410</u>	<u>18,270</u>	<u>21,738</u>	<u>(3,468)</u>
Excess of revenues over expenditures	<u>3,120,590</u>	<u>3,027,230</u>	<u>3,322,884</u>	<u>295,654</u>
<u>Other financing (uses)</u>				
Transfer to General Fund	(3,240,000)	(3,055,000)	(3,217,000)	(162,000)
Transfer to Economic Development	<u>(78,500)</u>	<u>(76,125)</u>	<u>(82,165)</u>	<u>(6,040)</u>
Total other financing (uses)	<u>(3,318,500)</u>	<u>(3,131,125)</u>	<u>(3,299,165)</u>	<u>(168,040)</u>
Net change in Fund Balance	(197,910)	(103,895)	23,719	127,614
Fund balance - beginning	<u>254,642</u>	<u>289,086</u>	<u>289,086</u>	<u>-</u>
Fund balance – ending	<u>\$ 56,732</u>	<u>\$ 185,191</u>	<u>\$ 312,805</u>	<u>\$ 127,614</u>

See independent auditor's report.

Town of Amite City

BUDGETARY COMPARISON SCHEDULE  
CAPITAL IMPROVEMENTS FUND  
For the Year Ended June 30, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
<u>Revenues</u>				
Interest	\$ 115	\$ 25	\$ 21	\$ (4)
Total revenues	<u>115</u>	<u>25</u>	<u>21</u>	<u>(4)</u>
<u>Expenditures</u>				
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues over expenditures	<u>115</u>	<u>25</u>	<u>21</u>	<u>(4)</u>
<u>Other financing sources</u>				
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in Fund Balance	115	25	21	(4)
Fund balance - beginning	<u>1,905</u>	<u>1,878</u>	<u>1,878</u>	<u>-</u>
Fund balance – ending	<u>\$ 2,020</u>	<u>\$ 1,903</u>	<u>\$ 1,899</u>	<u>\$ (4)</u>

See independent auditor's report.

Town of Amite City

BUDGETARY COMPARISON SCHEDULE  
ECONOMIC DEVELOPMENT FUND  
For the Year Ended June 30, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
<u>Revenues</u>				
Interest	\$ 8,500	\$ 8,500	\$ 7,479	\$ (1,021)
Total revenues	<u>8,500</u>	<u>8,500</u>	<u>7,479</u>	<u>(1,021)</u>
<u>Expenditures</u>				
TEDF Dues	2,055	2,055	2,055	-
Chamber of Commerce	13,200	13,200	13,200	-
W. -Mulberry Extension	250,000	250,000	515,990	(265,990)
Miscellaneous Expense	-	-	396	(396)
Downtown parking lot	-	-	1,200	(1,200)
Purchase of Office Building	200,000	207,000	357,045	(150,045)
Total Expenditures	<u>465,255</u>	<u>472,255</u>	<u>889,886</u>	<u>(417,631)</u>
(Deficiency) of revenues over expenditures	(456,755)	(463,755)	(882,407)	(418,652)
<u>Other financing sources</u>				
Operating transfers in:				
Sales Tax Fund	78,000	76,125	82,165	6,040
General Fund	92,500	-	-	-
Contributed Capital	-	-	505,000	505,000
Loan Proceeds	-	-	150,000	150,000
Total other financing sources	<u>170,500</u>	<u>76,125</u>	<u>737,165</u>	<u>661,040</u>
Net change in Fund Balance	(286,255)	(387,630)	(145,242)	242,388
Fund balance - beginning	<u>882,013</u>	<u>796,229</u>	<u>796,229</u>	<u>-</u>
Fund balance – ending	<u>\$ 595,758</u>	<u>\$ 408,599</u>	<u>\$ 650,987</u>	<u>\$ 242,388</u>

See independent auditor's report.

Town of Amite City

BUDGETARY COMPARISON SCHEDULE  
ARTS COUNCIL FUND  
For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
<u>Revenues</u>				
Interest	\$ 725	\$ 725	\$ 644	\$ (81)
Miscellaneous - Ticket sales	800	-	-	-
Art grant	-	-	-	-
Total revenues	1,525	725	644	(81)
<u>Expenditures</u>				
Art Development	10,000	10,000	6,401	3,599
Entergy	2,000	1,500	1,236	264
Christmas Decorations	-	9,300	11,595	(2,295)
Memorial Wall	-	-	484	(484)
Park Project	-	-	55	(55)
Total expenditures	12,000	20,800	19,771	1,029
(Deficiency) of revenues over expenditures	(10,475)	(20,075)	(19,127)	948
<u>Other financing sources</u>				
Operating transfers in:				
General Fund	12,000	12,000	12,000	-
Total other financing sources	12,000	12,000	12,000	-
Net change in Fund Balance	1,525	(8,075)	(7,127)	948
Fund balance - beginning	60,139	61,831	61,831	-
Fund balance – ending	\$ 61,664	\$ 53,756	\$ 54,704	\$ 948

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, 2020

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Town's proportion of the net pension liability	.158%	.134%	.1259%	.1079%	.1072%	.1338%
Town's proportionate share of the net pension liability	\$ 991,227	\$ 1,047,141	\$ 1,179,794	\$ 942,641	\$ 906,411	\$ 1,215,146
Town's covered-employee payroll	\$ 347,727	\$ 353,166	\$ 321,150	\$ 320,808	\$ 417,848	\$ 384,640
Town's proportionate share of the net pension liability as a percentage of its covered-employee payroll	285.05%	296.50%	367.37%	293.83%	216.92%	315.92%
Plan fiduciary net position as a percentage of the total pension liability	75.10%	70.73%	66.04%	70.08%	71.89%	71.01%

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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, 2019, (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, 2020

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Contractually required contribution	\$ 112,601	\$ 104,912	\$ 102,261	\$ 97,313	\$ 134,757	\$ 125,009
Contributions in relation to the contractually required contribution	\$ 112,601	\$ 104,912	\$ 102,261	\$ 97,313	\$ 134,757	\$ 125,009
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Town's covered-employee payroll	\$ 347,727	\$ 353,166	\$ 321,150	\$ 320,808	\$ 417,848	\$ 384,640
Contributions as a percentage of covered-employee payroll	32.38%	29.70%	31.84%	30.33%	32.23%	32.80%

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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, 2019, (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, 2020

**Milton Bel, Mayor  
July 2019 – January 2020**

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 17,500
Benefits - Insurance	12,078
Benefits – Medicare	254
Telephone	232
Workers Compensation Insurance	<u>108</u>
	<u>\$ 30,172</u>

**Walter Daniels, Mayor  
February 2020 – June 2020**

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 12,500
Benefits - Medicare	181
Telephone	533
Workers Compensation Insurance	<u>77</u>
	<u>\$ 13,291</u>

**Agency Head: Jerry Trabona, elected Chief of Police**

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 81,094
State Supplemental Pay	6,000
Benefits – Insurance	21,340
Benefits – Retirement (32.50% MPERS)	28,306
Benefits – Medicare	1,263
Registration fees to conferences and dues	51
Telephone	531
Workers Compensation Insurance	<u>6,215</u>
	<u>\$ 144,800</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, 2020

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	\$ 612,873	\$ 612,873	\$ -
Water and sewer penalties	31,468	14,272	17,196
Sewer revenues	771,149	-	771,149
Water and sewer taps	3,638	1,819	1,819
Reconnect fees	7,515	3,758	3,757
Interest earned on water account	27,470	27,470	-
Interest earned on sewer treatment	8,981	-	8,981
Miscellaneous	2,905	1,453	1,452
Total selected revenues	<u>1,465,999</u>	<u>661,645</u>	<u>804,354</u>
 <u>Selected Expenses</u>			
Salaries	344,588	172,294	172,294
FICA tax expense	27,064	13,532	13,532
Employee benefits	75,136	37,568	37,568
Water repairs, materials & supplies	89,842	89,842	-
Sewer repairs, materials & supplies	683,962	-	683,962
Dues	575	575	-
Insurance	19,493	9,747	9,746
Professional fees	52,501	26,251	26,250
Bad debt expense	10,166	5,083	5,083
Miscellaneous expense	6,993	3,497	3,496
Water testing	19,876	19,876	-
Sewer testing	33,518	-	33,518
Office expense	13,180	6,590	6,590
Online Fees	1,432	716	716
Truck expense	11,019	5,510	5,509
Water truck fuel	8,032	4,016	4,016
Utilities-water	32,636	32,636	-
Utilities-sewer	53,746	-	53,746
Total selected expenses	<u>1,483,759</u>	<u>427,733</u>	<u>1,056,026</u>
 Excess (Deficiency) Revenues	 <u>(17,760)</u>	 <u>\$ 233,912</u>	 <u>\$ (251,672)</u>

Town of Amite City  
 UTILITIES REVENUE BONDS - ADDITIONAL INFORMATION (continued)  
 As of and for the Year Ended June 30, 2020

- b. Balance Sheet (Statement of Net Position) of the System - See page 11 of annual financial report.
- 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, 2020.
- d. Insurance policies in force at June 30, 2020 **(UNAUDITED)**:

1) Insurer: Louisiana Municipal Risk Management Agency, expiring May 1, 2021,  
 (has been renewed on May 1, 2020):

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, 2021,  
 (has been renewed on January 1, 2020)

Policy Limit	Risk Covered
Louisiana Statutes	Worker's Compensation

3) Insurer: Rod Prejean & Associates

Policy Limit	Risk Covered
\$968,685	Commercial auto & physical damage, expiring January 5, 2021
\$73,000	Commercial inland marine, expiring July 22, 2020 (has been renewed to July 22, 2020)

Town of Amite City  
 UTILITIES REVENUE BONDS - ADDITIONAL INFORMATION (continued)  
 As of and for the Year Ended June 30, 2020

4) Insurer:	Western Surety Company, expiring November 26, 2020	
	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
	\$100,000	Bond on Accountant
	\$10,000	Police / Notary bonds on ten policemen. Bonds are for five years. All are current.
5) Insurer:	Schilling & Reid, expiring March 28, 2021	
	Policy Limit	Risk Covered
	\$3,180,000 Coinsurance of 90% - Deductible \$5,000 Windstorm / Hail Deductible \$5,000	Commercial Property Coverage
	\$345,000 Coinsurance of 80% Deductible \$5,000 Windstorm/Hail Deductible \$5,000	Commercial Property Coverage
	\$225,000 \$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, 2020

6) Insurer:	Moore & Jenkins, expiring November 7, 2020
Policy Limit	Risk Covered
\$1,000,000 / \$3,000,000	Water and Sewer general liability
\$4,458,526	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 1,740 water users and 1,511 users of the sewerage system at June 30, 2020.  
 There were 1,401 residential and 339 commercial water users at June 30, 2020.  
 There were 1,211 residential and 300 commercial sewer users at June 30, 2020.
- 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 15 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, 2020

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, 2020, 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 21, 2020.

#### **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 findings 2020-01, and 2020-03, 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 consider finding 2020-02 described in the accompanying schedule of the current year findings to be a significant deficiency.

**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 2020-04, 2020-05, and 2020-06.

**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 21, 2020

Town of Amite City

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
For the Year Ended June 30, 2020

<b>SECTION 1. INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS</b>	
2019-01 Lack of Internal Controls (Repeated from Prior Year)	See current year finding 2020-01
2019-02 Lack of Internal Control over Bid Items	See current year finding 2020-02
2019-03 Lack of Internal Control over Cemetery Receipts	See current year finding 2020-03
2019-04 Local Government Budget Act Violations (Repeated from Prior Year)	See current year finding 2020-04
2019-05 Public Bid Law Violation (Repeated from Prior Year)	Resolved
2019-06 Issuance of Debt without Proper Authorization	See current year finding 2020-05
2019-07 Compliance with Louisiana Revised Statute 38:2241 – Written Contract and Bond	Resolved
2019-08 Lack of Internal Control over Fuel Purchases – Water and Street Departments.	Resolved
<b>SECTION 2. INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS</b>	
NONE	
<b>SECTION 3. MANAGEMENT LETTER</b>	
NONE	

Town of Amite City

SCHEDULE OF CURRENT YEAR AUDIT FINDINGS  
Year Ended June 30, 2020

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**SECTION I - SUMMARY OF AUDITOR'S RESULTS**

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I have audited the financial statements of Town of Amite City, Louisiana (Town) as of and for the year ended June 30, 2020, and have issued my report thereon dated December 21, 2020. 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. My audit of the financial statements as of June 30, 2020, resulted in:

- An unqualified opinion has been expressed on the financial statements of the governmental activities, the business-type activity, each major fund, and the fiduciary funds of the Town.

Report on Internal Control and Compliance Material to the Financial Statements

Internal control

Material weaknesses identified?                      X   yes          no

Significant deficiencies identified not

considered to be material weaknesses?                      X   yes          no

Compliance

Noncompliance material to financial statements noted?                      X   yes          no

Management Letter

Was a management letter issued?                           yes      X  no

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## SECTION II - FINANCIAL STATEMENT FINDINGS

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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*.

### **2020- 01 Lack of Internal Controls (Repeated from prior year)**

An effective design or operation of an internal control would allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis.

The Town had the following internal control issues:

A sufficient review of the general ledger is not being performed. Audit tests revealed that in the General Fund that the prepaid insurance of \$89,640 from the prior year was not reversed and the current prepaid insurance of \$47,092 was not accrued. In the General Fund, the restricted UMB bank account was not reconciled nor was the activity recorded for the FYE June 30, 2020. In the Waterworks and Sewer Fund, depreciation expense of \$280,194 was not recorded and there were numerous coding errors.

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

### **2020-02 Internal Control over Bid Items (Repeated from prior year)**

An effective design or operation of an internal control would allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis.

During the fiscal year, the Town purchased bulk fuel in the amount of \$ 32,644. The Town advertised for bids in accordance with Louisiana R.S. 38:2212.1 and awarded the contract to the only bidder. The bid was structured as a fixed fee in addition to Marathon Rack Price. No one at city hall is verifying that the Town is being charged in accordance with bid price.

It is recommended that the Mayor assign someone to oversee the payment of bulk fuel invoices to verify that the bid price is being charged.

### **2020-03 Internal Control over Cemetery Receipts (Repeated from prior year)**

An effective design or operation of an internal control would allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis.

In addition management is responsible for design and implementation of programs and controls to prevent and detect fraud.

For the first half of the year, the Town used a two part receipt to record the burial permit/ interment fees. One copy is for the customer and the other is for the Town. At some point, the Town's copy is removed and filed in the "cemetery book". Beginning in January 2020, the Town began using a three part receipt book; with the third copy remaining in the receipt book. However an inspection of the new receipt book revealed, it is not pre-numbered and the unused books are not kept in a secure location. Per Town Ordinance No. 5-2001 as amended, the burial permit/interment fee is based off the residency of the deceased and the applicant.

The current application does not provide for the address of the deceased. There is no way to determine if the correct amount is being charged and collected by the Town. Twenty permits were selected for audit testing and all twenty failed to have the signature of the Town employee who was preparing the permit. The form has a place for that information. The same person that fills out the bill of sale is the same person that fills in the payment receipt book and collects the cash and checks. The payment receipt book along with the payment is delivered to the front office for the girls to prepare the deposit for the day.

In addition to burial permit/interment fees, the Town collects fees from the sale of cemetery plots. Town Ordinance No. 5-2001, as amended, sets the amount to be charged and collected for the sale of the plots. Prices vary depending on the cemetery, residency, and number of years of residency in Amite. The Town uses a standard 3-part receipt book. The cemetery custodian hand fills out the receipt with the name of the purchaser, their mailing address, and which cemetery plot they purchased. The cemetery custodian collects the money from the purchaser and then gives to the girls up front to make the deposit. At a later date, a bill of sale is prepared in Word. Two copies are printed; one is mailed to the purchaser and the other is placed in the cemetery book in alphabetical order. There was no way to test what the amount of cemetery plot sales should have been.

Lastly, the Town collects a fee for pouring a slab. There is no documentation to test to determine who and what amount should be collected. There is only a receipt issued to the recipient from the General Fund receipt book.

It is recommended that all payments for cemetery fees be made at the front window by the customer where all the Town collections are received. It is recommended that the Town develop new bill of sale forms for all types of cemetery revenues. These new forms should be triplicate, pre-numbered, provide for all required necessary information as required by Ordinance No. 5-2001 to determine the correct fee, and the unused forms should be stored in the vault with a log in/out sheet. The Mayor should require that the form be completed properly and be signed and dated by the employee completing the form.

**2020-04 Local Government Budget Act Violations (Repeated from prior year)**

**A)** Louisiana Revises Statute 39:1307 requires a political subdivision with total proposed expenditures of five hundred thousand or more for the general fund and any special revenue fund to afford the public an opportunity to participate and the political subdivision shall publish a notice stating the proposed budget is available for public inspection.

The Town failed to have published the notice of public hearing for both the original and amended budgets for FYE June 30, 2020.

**B)** Louisiana Revised Statute 39:1311 requires a political subdivision to amend its operating budget when:

- a) Total revenues and other sources fail to meet total budgeted revenues and other sources by five (5) percent or more.

The following individual fund had actual revenues and other sources that failed to meet budgeted amounts for the year ended June 30, 2020

<u>Fund</u>	Budget	Actual	Unfavorable Variance	Percent
Revenues:				
Capital Improvement Fund	\$25	\$21	\$4	16.0%

**C) Louisiana Revised Statute 39:1311 requires a political subdivision to amend its operating budget when:**

a) Total actual expenditures and other uses exceed the total budgeted expenditures and used by five (5) percent or more.

<u>Fund</u>	Budget	Actual	Unfavorable Variance	Percent
Expenditures				
General Fund	\$4,562,261	\$4,903,405	\$341,144	7.48%
Sales Tax Fund	\$3,149,395	\$3,320,903	\$171,508	5.45%
Economic Development Fund	\$472,255	\$889,886	\$417,631	88.43%

The Town failed to amend the budgets for the Capital Improvements Fund, General Fund, Sales tax Fund, and Economic Development Fund by an adequate amount for the fiscal year ended June 30, 2020.

It is recommended that the Town monitor its financial statements at least quarterly and amend the budget as needed.

**2020-05 Issuance of Debt without Proper Authorization (Repeated from prior year)**

Louisiana R.S. 33:406 requires that Any act of the board which would provide for the appropriation of funds, the incurrence of debt, or the issuance of bonds or other evidences of indebtedness shall be by ordinance.

Louisiana R.S. 39:1410.60 states that no municipality shall have authority to borrow, incur debt, or to issue bonds, or other evidences of debt without the consent and approval of the State Bond Commission.

On January 7, 2020, the Town Council passed Resolution No. 1- 2020 authorizing the purchase of the buildings next door to city hall for \$350,000; with \$200,000 payable now and the balance of \$150,000 payable in 2 annual installments of \$75,000 each beginning January 10, 2021 with no interest.

The Town did not request State Bond Commission approval.

It is recommended that the Town adhere to state law when incurring any debt.

**2020-06 Appointment of Official Journal**

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

The Town selected their official journal at the August 6, 2019 meeting.

It is recommended that the Town Clerk remind the Council in advance of the June meeting about the official journal selection and the importance of staying in compliance with State law.

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**SECTION III - FEDERAL FINANCIAL ASSISTANCE**

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NONE



Town of Amite City

MANAGEMENT'S CORRECTIVE ACTION PLAN  
For Current Year Audit Findings for the Year Ended June 30, 2020

<b>SECTION 1. INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS</b>	
<b>Finding Reference No.</b>	<b>Management's Corrective Action Plan</b>
2020- 01 Lack of Internal Controls (Repeated from Prior Year)	The new administration will be appointing a new Town Clerk at the January 05, 2021 meeting. It will be emphasized to her to resolve this matter.
2020-02 Internal Control over Bid Items (Repeated from prior year)	The previous Mayor passed away unexpectedly in January 2020 before assigning an employee to this task. The Mayor concurs with the auditor's recommendation.
2020-03 Internal Control over Cemetery Receipts (Repeated form Prior Year)	The previous Mayor passed away unexpectedly in January 2020, then Covid-19 hit in March of 2020, and changes were not implemented. The Mayor concurs with the recommendations of the auditor and will prioritize the implementation.
2020-04 Local Government Budget Act Violations (Repeated from Prior Year)	The new administration will be appointing a new Town Clerk at the January 05, 2021 meeting. It will be emphasized to her the importance of the budget process and compliance.
2020-05 Issuance of Debt without Proper Authorization (Repeated from Prior Year)	The Town council along with the previous Mayor relied on the advice of the Town's legal counsel.
2020-06 Appointment of Official Journal	The Mayor concurs with the auditor's recommendations.

Date Submitted: 12-28-2020

Auditee: Walter Danner