

**TOWN OF AMITE CITY**

Louisiana

**ANNUAL FINANCIAL REPORT**

As of and for the Year Ended

June 30, 2016

# TOWN OF AMITE CITY

Louisiana

## ANNUAL FINANCIAL REPORT As of and for the Year Ended June 30, 2016

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## INDEPENDENT AUDITOR'S REPORT

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

### **Report on the Financial Statements**

I have audited the accompanying financial statements of the governmental activities, the business-type activity, each major fund, and the fiduciary funds of the Town of Amite City, Louisiana, (the Town) as of and for the year ended June 30, 2016, 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, 2016, 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 53 through 62 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 28, 2016, 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.

A handwritten signature in blue ink that reads "Lee Gray, CPA". The signature is written in a cursive, flowing style.

Certified Public Accountant

December 28, 2016

## **BASIC FINANCIAL STATEMENTS**

Town of Amite City

STATEMENT OF NET POSITION

June 30, 2016

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activity</u>	<u>Total</u>
<u>Assets</u>			
Cash and cash equivalents	\$1,001,688	\$ 1,312,498	\$ 2,314,186
Receivables, net	341,710	122,023	463,733
Prepaid insurance	53,449	-	53,449
Internal balances	24,870	(24,870)	-
Restricted cash, cash equivalents, and investments	6,827	970,224	977,051
Capital assets, net	<u>1,565,060</u>	<u>7,892,330</u>	<u>9,457,390</u>
Total assets	<u>2,993,604</u>	<u>10,272,205</u>	<u>13,265,809</u>
<u>Deferred Outflow of Resources</u>	<u>233,847</u>	<u>-</u>	<u>233,847</u>
<u>Liabilities</u>			
Accounts, salaries, and other payables	95,032	24,808	119,840
Accrued liabilities	-	13,064	13,064
Utility customer deposits	-	132,068	132,068
Noncurrent liabilities:			
Due within one year	48,000	133,355	181,355
Due in more than one year	52,090	4,575,865	4,627,955
Net pension liability	<u>1,047,141</u>	<u>-</u>	<u>1,047,141</u>
Total liabilities	<u>1,242,263</u>	<u>4,879,160</u>	<u>6,121,423</u>
<u>Deferred Inflow of Resources</u>	<u>183,906</u>	<u>-</u>	<u>183,906</u>
<u>Net Position</u>			
Net investment in capital assets	1,565,060	3,183,110	4,748,170
Restricted for:			
Debt service	-	838,156	838,156
Law enforcement	6,827	-	6,827
Unrestricted	<u>229,395</u>	<u>1,371,779</u>	<u>1,601,174</u>
Total Net Position	<u>\$1,801,282</u>	<u>\$ 5,393,045</u>	<u>\$ 7,194,327</u>

The accompanying notes are an integral part of this statement.

Town of Amite City

**STATEMENT OF ACTIVITIES**  
**For the Year Ended June 30, 2016**

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
Governmental Activities:							
General government	\$1,112,572	\$ -	\$ -	\$ -	\$(1,112,572)	\$ -	\$(1,112,572)
Public safety - police	1,522,644	165,908	138,794	5,055	(1,212,887)	-	(1,212,887)
Public safety - fire	305,000	-	-	-	(305,000)	-	(305,000)
Streets	838,697	-	5,300	-	(833,397)	-	(833,397)
Sanitation	273,754	296,321	-	-	22,567	-	22,567
Community center	21,964	19,355	-	-	(2,609)	-	(2,609)
Cemetery	11,442	29,725	-	-	18,283	-	18,283
Parks and recreation	23,509	-	-	-	(23,509)	-	(23,509)
Economic development	15,740	-	-	-	(15,740)	-	(15,740)
Intergovernmental	11,941	-	-	-	(11,941)	-	(11,941)
Art development	16,770	-	-	-	(16,770)	-	(16,770)
Miscellaneous programs	39,721	-	-	-	(39,721)	-	(39,721)
Total governmental activities	4,193,754	511,309	144,094	5,055	(3,533,296)	-	(3,533,296)
Business-type Activities:							
Waterworks and sewer	1,170,505	1,466,547	-	30,455	-	326,497	326,497
Total business-type activity	1,170,505	1,466,547	-	30,455	-	326,497	326,497
Total	\$5,364,259	\$1,977,856	\$144,094	\$35,510	(3,533,296)	326,497	(3,206,799)
General Revenues:							
Taxes:							
Property taxes					150,773	-	150,773
Franchise taxes					160,375	-	160,375
Sales taxes					2,981,616	-	2,981,616
Alcoholic beverage tax					8,534	-	8,534
Licenses and permits					300,540	-	300,540
Investment earnings					3,524	8,042	11,566
Miscellaneous					9,230	3,437	12,667
Intergovernmental					100,131	-	100,131
Gain from disposal of capital assets					3,197	-	3,197
Support Revenues					23,664	-	23,664
Total general revenues					3,741,584	11,479	3,753,063
Change in Net Position							
Net position - beginning					1,592,994	5,055,069	6,648,063
Net position - ending					\$ 1,801,282	\$5,393,045	\$ 7,194,327

The accompanying notes are an integral part of this statement.

Town of Amite City  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2016

	<u>General Fund</u>	<u>Sales Tax Fund</u>	<u>Capital Improvements Fund</u>	<u>Economic Development Fund</u>	<u>Arts Council Fund</u>	<u>Total Governmental Funds</u>
<u>Assets</u>						
Cash	\$ 205,620	\$ 93,534	\$128,151	\$507,396	\$66,987	\$1,001,688
Receivables, net	98,120	243,590	-	-	-	341,710
Prepaid insurance	53,449	-	-	-	-	53,449
Due from other funds						
General Fund	-	-	-	185,000	6,547	191,547
Waterworks Fund	24,870	-	-	-	-	24,870
Sales Tax Fund	-	-	-	19,276	-	19,276
Restricted cash	<u>6,827</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,827</u>
Total assets	<u>\$ 388,886</u>	<u>\$337,124</u>	<u>\$128,151</u>	<u>\$711,672</u>	<u>\$73,534</u>	<u>\$1,639,367</u>
<u>Liabilities</u>						
Accounts, salaries, and other payables	\$ 92,585	\$ -	\$ -	\$ 1,102	\$ 295	\$93,982
Due to other funds -						
Arts Council Fund	6,547	-	-	-	-	6,547
Economic Development Fund	185,000	19,276	-	-	-	204,276
Bond Agency Fund	<u>1,050</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,050</u>
Total liabilities	<u>285,182</u>	<u>19,276</u>	<u>-</u>	<u>1,102</u>	<u>295</u>	<u>305,855</u>
<u>Fund Balance</u>						
Restricted: Law enforcement - Drug seizures	6,827	-	-	-	-	6,827
Committed: Economic Development	-	-	-	710,570	-	710,570
Promotion of the Arts	-	-	-	-	73,239	73,239
To Pay DEQ and USDA loans	-	317,848	-	-	-	317,848
Assigned: Capital Improvements	-	-	128,151	-	-	128,151
Unassigned	<u>96,877</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>96,877</u>
Total fund balance	<u>103,704</u>	<u>317,848</u>	<u>128,151</u>	<u>710,570</u>	<u>73,239</u>	<u>1,333,512</u>
Total liabilities and fund balance	<u>\$ 388,886</u>	<u>\$337,124</u>	<u>\$128,151</u>	<u>\$711,672</u>	<u>\$73,534</u>	<u>\$1,639,367</u>

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, 2016

Fund balances - total governmental funds	\$1,333,512
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.  
These assets consist of:

Governmental capital assets, net of depreciation	1,565,060
--	-----------

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	(100,090)
Net pension liability	(1,047,141)

Deferred outflows and inflows are not financial resources or currently payable. These consist of:

Deferred outflows	233,847
Deferred inflows	<u>(183,906)</u>

Net position of governmental activities	<u>\$1,801,282</u>
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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, 2016

	General Fund	Sales Tax Fund	Capital Improvements Fund	Economic Development Fund	Arts Council Fund	Total Governmental Funds
<u>Revenues</u>						
Taxes	\$ 311,148	\$2,981,616	\$ -	\$ -	\$ -	\$ 3,292,764
Licenses and permits	300,540	-	-	-	-	300,540
Intergovernmental	257,813	-	-	-	-	257,813
Fines and forfeitures	137,525	-	-	-	-	137,525
Sanitation service fees	296,321	-	-	-	-	296,321
Prisoner housing fees	16,512	-	-	-	-	16,512
Subpoena & bond appearance fees	7,550	-	-	-	-	7,550
Rentals & recreational	19,355	-	-	-	-	19,355
Miscellaneous	48,384	1,184	304	3,126	569	53,567
Total Revenues	<u>1,395,148</u>	<u>2,982,800</u>	<u>304</u>	<u>3,126</u>	<u>569</u>	<u>4,381,947</u>
<u>Expenditures</u>						
General government	1,081,789	19,380	-	-	-	1,101,169
Public safety - police	1,506,549	-	-	-	-	1,506,549
Public safety - fire	305,000	-	-	-	-	305,000
Streets	837,337	-	-	-	-	837,337
Sanitation	249,486	-	-	-	-	249,486
Community center	12,868	-	-	-	-	12,868
Cemetery	11,442	-	-	-	-	11,442
Parks and recreation	15,040	-	-	-	-	15,040
Economic development	-	-	-	15,740	-	15,740
Intergovernmental	11,941	-	-	-	-	11,941
Art development	-	-	-	-	16,770	16,770
Miscellaneous	39,721	-	-	-	-	39,721
Total Expenditures	<u>4,071,173</u>	<u>19,380</u>	<u>-</u>	<u>15,740</u>	<u>16,770</u>	<u>4,123,063</u>
Excess (deficiency) of revenues over expenditures	<u>(2,676,025)</u>	<u>2,963,420</u>	<u>304</u>	<u>(12,614)</u>	<u>(16,201)</u>	<u>258,884</u>
<u>Other Financing</u>						
<u>Sources (Uses)</u>						
Operating transfers in	2,840,000	-	50,000	274,540	25,080	3,189,620
Operating transfers out	(25,080)	(3,164,540)	-	-	-	(3,189,620)
Total other financing sources (uses)	<u>2,814,920</u>	<u>(3,164,540)</u>	<u>50,000</u>	<u>274,540</u>	<u>25,080</u>	<u>-</u>
Net change in Fund Balances	138,895	(201,120)	50,304	261,926	8,879	258,884
Fund balances (deficit), beginning of year,	<u>(35,191)</u>	<u>518,968</u>	<u>77,847</u>	<u>448,644</u>	<u>64,360</u>	<u>1,074,628</u>
Fund balances, end of year	<u>\$ 103,704</u>	<u>\$ 317,848</u>	<u>\$128,151</u>	<u>\$710,570</u>	<u>\$ 73,239</u>	<u>\$ 1,333,512</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, 2016

Net change in fund balances - total governmental funds	\$258,884
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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	55,664
Depreciation expense	(168,331)

In the statement of activities, only the gain on the sale of equipment is reported, whereas in the government funds, the proceeds from the sale increase financial resources. Thus, the changes in net position differs from the change in fund balance by the cost of the equipment disposed of.

(3,570)

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	(5,186)
Loss on disposition of capital assets	(595)
Pension expense for GASB 68	47,758

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.	<u>23,664</u>
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Change in net position of governmental activities	<u>\$208,288</u>
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The accompanying notes are an integral part of this statement.

Town of Amite City  
STATEMENT OF NET POSITION  
PROPRIETARY FUND  
June 30, 2016

	<u>Business-type Activity</u> <u>Waterworks and</u> <u>Sewer Fund</u>
<u>Assets</u>	
<u>Current Assets</u>	
Cash	\$ 1,312,498
Accounts receivable, net	122,023
Total current assets	<u>1,434,521</u>
<u>Restricted Assets</u>	
Cash, cash equivalents, and investments	<u>970,224</u>
<u>Non-current Assets</u>	
Capital assets (net of accumulated depreciation)	<u>7,892,330</u>
Total assets	<u>10,297,075</u>
<u>Liabilities</u>	
<u>Current Liabilities (payable from current assets)</u>	
Accounts payable	24,808
Compensated absences payable	13,064
Due to General Fund	24,870
Total current liabilities (payable from current assets)	<u>62,742</u>
<u>Current Liabilities (payable from restricted assets)</u>	
Customer deposits	132,068
Revenue bonds payable	133,355
Total current liabilities (payable from restricted assets)	<u>265,423</u>
<u>Non-current Liabilities</u>	
Revenue bonds payable	<u>4,575,865</u>
Total non-current liabilities	<u>4,575,865</u>
Total liabilities	<u>4,904,030</u>
<u>Net Position</u>	
Net investment in capital assets	3,183,110
Restricted for Debt Service	838,156
Unrestricted	<u>1,371,779</u>
Total net position	<u>\$ 5,393,045</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, 2016

Business-type Activity  
Waterworks and  
Sewer Fund

Operating Revenues

Charges for services -	
Water sales	\$ 619,437
Sewer charges	802,484
Delinquent charges	29,860
Connection charges	14,766
Miscellaneous	3,437
Total operating revenues	<u>1,469,984</u>

Operating Expenses

Salaries	283,062
Payroll taxes	21,654
Employee benefits	80,140
Electricity -	
Water pumps	28,489
Sewerage plant	74,244
Repairs/Supplies -	
Water system	90,259
Sewerage system	69,684
Insurance	19,358
Truck expense	24,707
Office expense	20,342
Sewerage testing	14,419
Professional fees	7,613
Other	12,606
Depreciation	272,728
Total operating expenses	<u>1,019,305</u>
Net operating income	<u>450,679</u>

Non-operating Revenues (Expenses)

Capital Grants	30,455
Interest income	8,042
Interest expense	(151,200)
Total non-operating expenses	<u>(112,703)</u>

Change in net position 337,976

Total Net Position, Beginning 5,055,069

Total Net Position, Ending \$5,393,045

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, 2016

Business-type Activity  
Waterworks and  
Sewer Fund

Cash flows from operating activities:

Receipts from customers	\$1,328,148
Payments to suppliers	(366,412)
Payments to employees	(384,856)
Net cash provided by operating activities	<u>576,880</u>

Cash flows from capital and related financing activities:

Grant proceeds	30,455
Payments on USDA loans	(60,395)
Payments on DEQ loan	(69,000)
Interest paid	(151,200)
Purchase of capital assets	(58,785)
Net cash (used) for capital and related financing activities	<u>(308,925)</u>

Cash flows from investing activities:

Interest income	<u>8,042</u>
Net cash provided by investing activities	<u>8,042</u>

Net increase in cash and cash equivalents 275,997

Cash balance - beginning of year 1,036,501

Cash balance - end of year \$1,312,498

Reconciliation of operating income to net  
cash provided by operating activities:

Operating income	\$ 450,679
Adjustments to reconcile operating income	
to net cash provided by operating activities:	
Depreciation expense	272,728
Change in assets and liabilities:	
Receivables, net	875
Due to other funds	1,694
Accounts and other payables	(6,385)
Restricted assets	<u>(142,711)</u>
Net cash provided by operating activities	<u>\$ 576,880</u>

The accompanying notes are an integral part of this statement.

Town of Amite City  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
June 30, 2016

	<u>Agency Funds</u>		
	<u>Bond Money</u>	<u>Prisoner Personal</u>	
	<u>Fund</u>	<u>Money Fund</u>	<u>Total</u>
<u>Assets</u>			
Cash	\$ 9,595	\$487	\$10,082
Due from General Fund	<u>1,050</u>	<u>-</u>	<u>1,050</u>
Total Assets	<u>10,645</u>	<u>487</u>	<u>11,132</u>
<u>Liabilities</u>			
Due to defendants	10,645	-	10,645
Due to prisoners	<u>-</u>	<u>487</u>	<u>487</u>
Total Liabilities	<u>10,645</u>	<u>487</u>	<u>11,132</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, 2016

**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.

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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.

*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.

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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.

**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.

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

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period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The Town reports the following major governmental funds:

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

Special Revenue Funds:

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

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

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

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

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.

**NOTES TO FINANCIAL STATEMENTS**

**As of and for the Year Ended June 30, 2016**

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.

**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.



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**H. RESTRICTED ASSETS**

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

**I. CAPITAL ASSETS**

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

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

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

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

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:

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- 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.

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.



NOTES TO FINANCIAL STATEMENTS

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**K. LONG-TERM OBLIGATIONS**

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

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

**L. RESTRICTED NET POSITION**

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

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

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

**M. FUND EQUITY**

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

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

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

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

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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.

- **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. 4-1999.

- **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.

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**NOTES TO FINANCIAL STATEMENTS**  
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**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.

**P. ELIMINATION AND RECLASSIFICATION**

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

**Q. AD VALOREM TAXES**

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

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

**R. SALES TAXES**

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

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

**BUDGETS**

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

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

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The original proposed budget for the General Fund and all special revenue funds was made available for public inspection on May 20, 2015. A public hearing was held at the Town's city hall on June 22, 2015. The original budget was adopted on June 22, 2015.

The budgets of the General Fund and all special revenue funds were amended once during the fiscal year with the final amendment taking place on May 3, 2016.

(3) DEPOSITS AND INVESTMENTS

At June 30, 2016, the Town had deposits and investments (book balances) totaling \$3,301,319 (including \$10,082 in the fiduciary funds) as follows:

Petty cash	\$ 345
Interest-bearing demand deposits	3,233,616
Investment in 12-month certificate of deposit	67,358
Total	<u>\$3,301,319</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, 2016, the Town has \$3,418,019 in deposits (collected bank balances). These deposits are secured from risk by \$250,000 of federal deposit insurance and \$3,168,019 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.

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(4) **RECEIVABLES**

Receivables at June 30, 2016, consist of the following:

<u>Class of Receivables</u>	<u>General</u>	<u>Special Revenue</u>	<u>Enterprise</u>	<u>Total</u>
Taxes -				
Franchise	\$36,209	\$ -	\$ -	\$ 36,209
Sales	-	243,590	-	243,590
Occupational licenses	25,345	-	-	25,345
Accounts -				
Prisoner housing fees	5,463	-	-	5,463
Garbage	23,261	-	-	23,261
Water and Sewer	-	-	130,756	130,756
Less: Allowance for Uncollectibles	(2,605)	-	(8,733)	(11,338)
Intergovernmental				
Beer taxes	2,127	-	-	2,127
Department of Public Safety	8,320	-	-	8,320
Totals	<u>\$98,120</u>	<u>\$243,590</u>	<u>\$122,023</u>	<u>\$463,733</u>

An allowance account for taxes receivable is not considered necessary.

(5) **AD VALOREM TAXES**

For the year ended June 30, 2016, taxes of 4.94 mills were levied on property with assessed valuations totaling \$25,213,493. Total taxes levied were \$124,555. Taxes receivable at June 30, 2016, were nil.

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

Restricted assets were applicable to the following at June 30, 2016:

Governmental Funds:

General Fund - Drug seizure cash	<u>\$6,827</u>
	<u>\$6,827</u>

Proprietary Fund:

Customers' deposits - cash and investments	\$132,068
Revenue Bond requirements funds - DEQ & USDA	<u>838,156</u>
	<u>\$970,224</u>

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(7) **CAPITAL ASSETS**

The following is a summary of changes in capital assets for the fiscal year ended June 30, 2016:

<u>Governmental Activities:</u>	<u>Balance</u> <u>06/30/15</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>06/30/16</u>
Capital assets not depreciated:				
Land and land improvements	\$ 585,882	\$ -	\$ -	\$ 585,882
Construction in progress	37,185	-	-	37,185
Total capital assets, not depreciated	<u>623,067</u>	<u>-</u>	<u>-</u>	<u>623,067</u>
Capital assets, being depreciated:				
Buildings	1,240,260	-	-	1,240,260
Improvements	515,727	-	-	515,727
Infrastructure	-	27,128	-	27,128
Vehicles	664,027	7,912	29,572	642,367
Office Equipment	22,882	-	-	22,882
Furniture & Fixtures	25,793	-	1,224	24,569
Machinery & Equipment	507,826	20,624	1,590	526,860
Total capital assets, being depreciated	<u>2,976,515</u>	<u>55,664</u>	<u>32,386</u>	<u>2,999,793</u>
Less: Accumulated depreciation:				
Buildings	644,308	31,104	-	675,412
Improvements	395,422	10,952	-	406,374
Infrastructure	-	1,130	-	1,130
Vehicles	405,032	95,657	25,407	475,282
Office Equipment	17,726	1,609	-	19,335
Furniture & Fixtures	24,649	1,144	1,224	24,569
Machinery & Equipment	430,553	26,735	1,590	455,698
Total accumulated depreciation	<u>1,917,690</u>	<u>168,331</u>	<u>28,221</u>	<u>2,057,800</u>
Total capital assets, being depreciated, net	<u>1,058,825</u>	<u>(112,667)</u>	<u>4,165</u>	<u>941,993</u>
Governmental activities capital assets, net	<u>\$1,681,892</u>	<u>\$(112,667)</u>	<u>\$ 4,165</u>	<u>\$1,565,060</u>

Depreciation was charged to governmental functions as follows:

General government	\$ 13,136
Public safety	76,934
Streets	35,002
Sanitation	25,694
Parks and recreation	8,469
Community center	9,096
Total	<u>\$168,331</u>

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**NOTES TO FINANCIAL STATEMENTS**  
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The following is a summary of changes in capital assets for the business-type activity for the fiscal year ended June 30, 2016:

<u>Business-type activity:</u>	<u>Balance 06/30/15</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance 06/30/16</u>
Capital assets, not being depreciated				
Land - water	\$ 36,392	\$ -	\$ -	\$ 36,392
Land - sewer	25,957	-	-	25,957
Inactive Assets	200	-	200	-
Construction in progress	-	22,320	-	22,320
Total capital assets not being depreciated	<u>62,549</u>	<u>22,320</u>	<u>200</u>	<u>84,669</u>
Capital assets, being depreciated				
Wells	1,024,245	-	-	1,024,245
Storage tanks	643,730	-	-	643,730
Water lines and meters	2,249,945	13,715	-	2,263,660
Sewerage system	6,614,566	22,750	-	6,637,316
Equipment	295,695	-	34,007	261,688
Total capital assets, being depreciated	<u>10,828,181</u>	<u>36,465</u>	<u>34,007</u>	<u>10,830,639</u>
Less accumulated depreciation for:				
Wells	197,657	23,012	-	220,669
Storage tanks	312,917	11,407	-	324,324
Water lines and meters	650,308	50,550	-	700,858
Sewerage system	1,448,892	165,280	-	1,614,172
Equipment	174,683	22,479	34,207	162,955
Total accumulated depreciation	<u>2,784,457</u>	<u>272,728</u>	<u>34,207</u>	<u>3,022,978</u>
Total capital assets, being depreciated, net	<u>8,043,724</u>	<u>(236,263)</u>	<u>(200)</u>	<u>7,807,661</u>
Business-type activities capital assets, net	<u>\$ 8,106,273</u>	<u>\$(213,943)</u>	<u>\$ -</u>	<u>\$ 7,892,330</u>

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

Waterworks and Sewer Fund	<u>\$272,728</u>
Total	<u>\$272,728</u>

(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:



Town of Amite City

NOTES TO FINANCIAL STATEMENTS

As of and for the Year Ended June 30, 2016

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 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 29.5 percent of annual covered payroll. The contribution requirements of plan members and the Town are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. In accordance with state statute, the Systems receive insurance premium taxes. These additional sources of income are used as employer contributions and are considered support from non-employer contributing entities, but are not considered special funding situations. Non-employer contribution are recognized as revenue and excluded from pension expense for the year ended June 30, 2016. The Town of Amite City contributions to the System for the years ending June 30, 2016, 2015, and 2014, were \$104,912, \$112,601, and \$124,561, 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, 2016, the Town reported a liability of \$1,047,141 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, 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, 2015, the Town's proportion was .134 percent.



Town of Amite City

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended June 30, 2016

For the year ended June 30, 2016, the Town recognized pension expense of \$61,597. At June 30, 2016, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 19,241
Changes of assumptions	91,370	151
Net difference between projections and actual earnings on pension plan investments	-	19,886
Changes in proportion and differences between Town contributions and proportionate share of contributions	37,565	144,628
Town contributions subsequent to the measurement date	<u>104,912</u>	<u>-</u>
Total	<u>\$233,847</u>	<u>\$183,906</u>

\$104,912 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, 2017. 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:	
2017	\$(23,891)
2018	\$(23,891)
2019	\$(37,696)
2020	\$(30,507)
2021	-
Thereafter	-

*Actuarial assumptions.* The total pension liability in June 30, 2015, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation date	June 30, 2015	
Actuarial cost method	Entry Age Normal Cost	
Investment rate of return	7.5% (Net of investment expense)	
Expected Remaining Service lives	2015 - 4 Years	2014 - 4 Years
Inflation rate	2.875%	
Mortality	Mortality assumptions were set based upon an experience study performed by the prior actuary on plan data for the period July 1, 2009 through June 30, 2014. The RP-2000 Employee Mortality Table was selected for active members. The RP-2000 Healthy Annuitant Mortality Table was selected for healthy annuitants and beneficiaries.	

Town of Amite City

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended June 30, 2016

The RP-2000 Disabled Lives Morality Table was selected for disabled annuitants.

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

The forecast long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and an adjustment for the effect of rebalancing/diversification. The resulting forecasted long-term rate of return is 8.28% for the year ended June 30, 2015.

Best estimates of arithmetic nominal rates of return for each major asset class included in the System's target allocation as of June 30, 2015, are summarized in the following table:

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-term Expected Portfolio Real Rate of Return</u>
Equity	52%	3.47%
Fixed Income	20%	0.46%
Alternatives	23%	1.15%
Other	5%	0.20%
Totals	100%	5.28%
Inflation		3.00%
Expected Nominal Returns		8.28%

*Discount Rate.* The discount rate used to measure the total pension liability was 7.50%. 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.

Town of Amite City

**NOTES TO FINANCIAL STATEMENTS**  
As of and for the Year Ended June 30, 2016

*Sensitivity to Changes in Discount Rate:*

The following presents the net pension liability of the participating employers calculated using the discount rate of 7.5%, 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 6.5% or one percentage point higher 8.5% than the current date as of June 30, 2015.

	Changes in Discount Rate		
	1% Decreased	Current Discount Rate	1% Increase
	6.5%	7.5%	8.5%
Net Pension Liability	<u>\$1,455,935</u>	<u>\$1,047,141</u>	<u>\$704,579</u>

(9) **DEFERRED COMPENSATION PLAN**

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

(10) **RETIREMENT SYSTEM**

Employees of the Town who are not participants in the Municipal Police Employees' Retirement System of Louisiana are members of the social security system. In addition to employee payroll deductions, Town funds are remitted to match the employee contributions. Aggregate contributions to the social security system for the year ended June 30, 2016, were \$253,930 of which \$126,965 was contributed by the Town.

(11) **COMPENSATED ABSENCES**

At June 30, 2016, employees of the Town have accumulated and vested \$113,154 of employee leave benefits which was computed in accordance with GASB Codification Section C60. Of this amount, \$100,090 is recorded as an obligation of the General Fund. The leave liability for employees of the Enterprise Fund of \$13,064 is accounted for within the fund.

(12) **LEASES**

The Town records items under capital leases as assets and obligations in the accompanying financial statements. There were no capital leases as of June 30, 2016.

Town of Amite City

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended June 30, 2016

(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, 2016:

	<u>Balance</u> <u>06/30/15</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>06/30/16</u>	<u>Due Within</u> <u>One Year</u>
<u>Governmental Activities:</u>					
Compensated absences	\$ 94,904	\$ 60,879	\$55,693	\$ 100,090	\$48,000
Net Pension Liability	991,227	55,914	-	1,047,141	-
Total government activities	<u>\$1,086,131</u>	<u>\$116,793</u>	<u>\$55,693</u>	<u>\$1,147,231</u>	<u>\$48,000</u>
<u>Business-type Activities:</u>					
Revenue bonds payable - DEQ	\$ 725,000	\$ -	\$ 69,000	\$ 656,000	\$ 71,000
Revenue bonds payable - USDA - Sewer	2,174,920	-	31,074	2,143,846	32,161
Revenue bonds payable - USDA - Water	<u>1,938,695</u>	<u>-</u>	<u>29,321</u>	<u>1,909,374</u>	<u>30,194</u>
Total business-type activities	<u>\$4,838,615</u>	<u>\$ -</u>	<u>\$129,395</u>	<u>\$4,709,220</u>	<u>\$133,355</u>

**B. BONDS**

Revenue bonds payable are comprised of the following issue:

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

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

\$656,000

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

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

\$2,143,846

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

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

\$1,909,374

Town of Amite City

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended June 30, 2016

**C. DEBT SERVICE REQUIREMENTS TO MATURITY**

1. The annual requirements to amortize the Revenue Bonds - DEQ debt outstanding as of June 30, 2016, including interest, are as follows:

Revenue Bonds Payable - DEQ

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 71,000	\$16,072	\$ 87,072
2018	74,000	14,333	88,333
2019	77,000	12,520	89,520
2020	80,000	10,633	90,633
2021	83,000	8,673	91,673
2022-2024	<u>271,000</u>	<u>13,451</u>	<u>284,451</u>
	<u>\$656,000</u>	<u>\$75,682</u>	<u>\$731,682</u>

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

2. The annual requirements to amortize the Revenue Bonds - USDA - Sewer debt outstanding as of June 30, 2016, including interest, are as follows:

Revenue Bonds Payable - USDA - Sewer

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 32,161	\$ 75,035	\$ 107,196
2018	33,286	73,910	107,196
2019	34,451	72,745	107,196
2020	35,657	71,539	107,196
2021	36,905	70,291	107,196
2022-2026	204,829	331,152	535,981
2027-2031	243,273	292,708	535,981
2032-2036	288,932	247,049	535,981
2037-2041	343,160	192,821	535,981
2042-2046	407,567	128,414	535,981
2047-2051	<u>483,625</u>	<u>51,920</u>	<u>535,545</u>
	<u>\$2,143,846</u>	<u>\$1,607,584</u>	<u>\$3,751,430</u>

Town of Amite City

NOTES TO FINANCIAL STATEMENTS

As of and for the Year Ended June 30, 2016

3. The annual requirements to amortize the Revenue Bonds - USDA - Water debt outstanding as of June 30, 2016, including interest, are as follows:

Revenue Bonds Payable - USDA - Water

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 30,194	\$ 57,288	\$ 87,482
2018	31,100	56,382	87,482
2019	32,033	55,449	87,482
2020	32,994	54,488	87,482
2021	33,984	53,498	87,482
2022-2026	185,838	251,572	437,410
2027-2031	215,437	221,973	437,410
2032-2036	249,750	187,660	437,410
2037-2041	289,529	147,881	437,410
2042-2046	335,644	101,766	437,410
2047-2051	389,103	48,307	437,410
2052	83,768	2,520	86,288
	<u>\$1,909,374</u>	<u>\$1,238,784</u>	<u>\$3,148,158</u>

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

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

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

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

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



Town of Amite City

NOTES TO FINANCIAL STATEMENTS

As of and for the Year Ended June 30, 2016

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, 2016, 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).

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, 2016, 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, 2016, the Town was in compliance with this covenant.

Town of Amite City

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended June 30, 2016

(15) COMPLIANCE WITH UTILITIES REVENUE BONDS COVENANTS - DEQ

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

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

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

For the fiscal year ended June 30, 2016, operating receipts for the system totaled \$1,478,026. For the same period, operating disbursements, including required deposits into the various debt service funds, totaled \$1,132,208. The Town was in compliance with items a., b., c., and d. of the above rate covenant for the year ended June 30, 2016.

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



Town of Amite City

NOTES TO FINANCIAL STATEMENTS

As of and for the Year Ended June 30, 2016

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, 2016, 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, 2016, 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, 2016, 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, 2016.

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, 2016, 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, 2016, the Town was in **compliance** with this requirement.

Town of Amite City

NOTES TO FINANCIAL STATEMENTS

As of and for the Year Ended June 30, 2016

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

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

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

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

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

Moneys from the Utilities System Fund shall be transferred into the "Sinking Fund" monthly in advance on or before the twentieth (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, 2016, the Town was in **compliance** with this covenant.

Town of Amite City

NOTES TO FINANCIAL STATEMENTS

As of and for the Year Ended June 30, 2016

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, 2016, the Town was in compliance with this covenant.

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

There is to be established and maintained with a Fiscal Agent Bank pursuant to the Authorizing Ordinance a separately identifiable fund or account designated as the "Utilities Depreciation and Contingency Fund". There shall be transferred to the Contingency Fund, on or before the twentieth (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, 2016, 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, 2016, the Town was in compliance with this covenant.

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

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

Town of Amite City

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended June 30, 2016

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

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

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

For the fiscal year ended June 30, 2016, operating receipts for the system totaled \$1,478,026. For the same period, operating disbursements, including required deposits into the various debt service funds, totaled \$1,132,208. The Town was in compliance with items a., b., c., d., and e. of the above rate covenant for the year ended June 30, 2016.

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, 2016, 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

Town of Amite City

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended June 30, 2016

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, 2016, 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, 2016.

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, 2016, the Town was in **compliance** with this covenant.

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

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

- Utilities System Fund - The bond ordinance and the Loan and Pledge Agreement require that all revenues of the System shall be deposited in a separately identifiable account to be established with the Town's fiscal agent bank and designated as the "Utilities System Fund". The revenues deposited into the Utilities System Fund shall be expended in the following priority:
  - 1.) Pay all reasonable and necessary expenses of operating and maintaining the Water System.
  - 2.) Establish and fund a Sinking Fund as follows:

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

Moneys from the Utilities System Fund shall be transferred into the "Sinking Fund" monthly in advance



Town of Amite City

NOTES TO FINANCIAL STATEMENTS

As of and for the Year Ended June 30, 2016

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, 2016, 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, 2016, the Town was in compliance with this covenant.

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

There is to be established and maintained with a Fiscal Agent Bank pursuant to the Authorizing Ordinance a separately identifiable fund or account designated as the "Utilities Depreciation and Contingency Fund". There shall be transferred to the Contingency Fund, on or before the twentieth (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, 2016, 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, 2016, the Town was in compliance with this covenant.

Town of Amite City

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended June 30, 2016

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

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

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

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

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

For the fiscal year ended June 30, 2016, operating receipts for the system totaled \$1,478,026. For the same period, operating disbursements, including required deposits into the various debt service funds, totaled \$1,132,208. The Town was in compliance with items a., b., c., d., and e. of the above rate covenant for the year ended June 30, 2016.

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.

Town of Amite City

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended June 30, 2016

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, 2016, 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, 2016, 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, 2016.

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, 2016, the Town was in **compliance** with this covenant.

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

A portion of the proceeds of a 2% sales and use tax levied by the Town net of collection expenses (2015 \$2,905,664; 2016 \$2,963,420) 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.



Town of Amite City

**NOTES TO FINANCIAL STATEMENTS**  
**As of and for the Year Ended June 30, 2016**

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

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

The dedication is based on adoption of Ordinance No. 1-2011 on January 4, 2011. All of the revenues received in any fiscal year and not required to be paid in such fiscal year into any of the above noted dedications shall be regarded as surplus and may be used for any lawful corporate purpose.

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

**(21) CHANGES IN AGENCY FUNDS**

A summary of changes in agency fund balances follows:

	<u>Balances at June 30, 2015</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balances at June 30, 2016</u>
Bond Money Agency Fund	\$25,606	\$157,056	\$172,017	\$10,645
Prisoner Personal Money Agency Fund	<u>709</u>	<u>2,397</u>	<u>2,619</u>	<u>487</u>
Total	<u>\$26,315</u>	<u>\$159,453</u>	<u>\$174,636</u>	<u>\$11,132</u>

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

A. Balances due to/from other funds at June 30, 2016, consist of the following:

Due to the General Fund from the Waterworks and Sewer Fund for Garbage Fees collected, employee health insurance paid by the General Fund, and less other items.	\$ 24,870
Due to the Arts Council Fund from the General Fund for the balance of the required annual transfer.	6,547
Due to the Economic Development Fund from the General Fund to offset cash shortage.	185,000
Due to the Economic Development Fund from the Sales Tax Fund for the balance of the required annual transfer per Ordinance 10-2003.	19,276
Due to the Bond Money Agency Fund from the General Fund for overpayments made during the year.	<u>1,050</u>
	<u>\$236,743</u>

Town of Amite City

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended June 30, 2016

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

	<u>Due From Other Funds</u>	<u>Due to Other Funds</u>
Balance Sheet - Governmental Funds	\$235,693	\$211,873
Statement of Net Position - Proprietary Fund	-	24,870
Statement of Fiduciary Net Position - Fiduciary Fund	<u>1,050</u>	<u>-</u>
	<u>\$236,743</u>	<u>\$236,743</u>

B. Interfund transfers at June 30, 2016, consist of the following:

From the Sales Tax Fund to the General Fund to subsidize operations.	\$2,840,000
From the Sales Tax Fund to the Economic Development Fund as required by Ordinance 10-2003.	274,540
From the Sales Tax Fund to the Capital Improvement Fund as required by Ordinance 4-2016.	50,000
From the General Fund to the Arts Council Fund for the required transfer of franchise-cable tax.	<u>25,080</u>
	<u>\$3,189,620</u>

(23) LITIGATION AND CLAIMS

At June 30, 2016, the Town is involved in litigation or is aware of various claims totaling an undetermined amount. Legal counsel for the Town has determined that the losses (if any) cannot be reasonably estimated at this time; accordingly, no liability has been recorded in these financial statements.

Claims and litigation costs of \$2,675 were paid or payable and recorded as a current-year expenditure in the General Fund.

Town of Amite City

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended June 30, 2016

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

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

Milton "Buddy" Bel, Mayor	\$ 14,400
Jerry Trabona, Chief of Police	67,260
<u>Town Council</u>	
Jonathon Foster	8,400
Charles C. Currier	8,400
Roseline A. Sumrall	8,400
Arthur Leonard	8,400
Emanuel Zander	8,400
	<u>\$123,660</u>

Compensation paid to the board members of the Town of Amite City's Planning and Zoning Commission for the year ended June 30, 2016, is as follows:

Mike Potts	\$150
Wash Edwards	25
Irma Kelly	175
	<u>\$350</u>

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

For the year ended June 30, 2016, 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 \$122,451 of on behalf payments as revenue and as expense in the General Fund.

(26) **RISK MANAGEMENT**

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

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

Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. The Town does not have a deposit policy for custodial credit risk. As of June 30, 2016, \$3,168,019 of the Town's bank balances are exposed to custodial credit risk. The \$3,168,019 is uninsured but collateralized with securities held by the pledging institution's trust department or agent, but not in the Town's name.

Town of Amite City

NOTES TO FINANCIAL STATEMENTS

As of and for the Year Ended June 30, 2016

(28) **SUBSEQUENT EVENTS**

Subsequent to June 30, 2016, the following events occurred:

- On July 21, 2016, the Town was awarded a \$19,600 grant from USDA.
- On September 22, 2016, the Town was approved for a FY 2015-2016 LGAP grant of \$ 8,125 for drainage improvements.
- On November 1, 2016, the Town Council approved the painting of a mural for a cost of \$17,500. The Town will lease the side of the building from the owner.
- On November 16, 2016, the Town Council approved the payment of \$34,271.16 to Roy Hendrick to settle the on going litigation.

## **REQUIRED SUPPLEMENTAL INFORMATION**

Town of Amite City

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND-SUMMARY

For the Year Ended June 30, 2016

	Original	Final	Actual	Variance with Final Budget Favorable (Unfavorable)
<u>Revenues</u>	<u>Budget</u>	<u>Budget</u>	<u>Amounts</u>	
Taxes	\$ 308,132	\$ 315,500	\$ 311,148	\$ (4,352)
Licenses and permits	295,000	298,500	300,540	2,040
Intergovernmental	270,425	289,925	257,813	(32,112)
Fines and forfeitures	183,500	158,500	137,525	(20,975)
Sanitation service fees	310,000	323,000	296,321	(26,679)
Prisoner housing fees	12,000	22,000	16,512	(5,488)
Subpoena & bond appearance fees	7,000	8,000	7,550	(450)
Rentals and recreational	19,000	19,000	19,355	355
Miscellaneous	37,350	48,050	48,384	334
Total revenues	<u>1,442,407</u>	<u>1,482,475</u>	<u>1,395,148</u>	<u>(87,327)</u>
<u>Expenditures</u>				
Current-				
General government	1,433,451	1,433,213	1,081,789	351,424
Public safety- police	1,320,930	1,320,930	1,506,549	(185,619)
Public safety- fire	305,000	305,000	305,000	-
Streets	821,740	816,740	837,337	(20,597)
Sanitation	281,000	281,000	249,486	31,514
Community Center	11,000	11,000	12,868	(1,868)
Cemetery	8,900	9,738	11,442	(1,704)
Parks and recreation	35,400	35,400	15,040	20,360
Intergovernmental (DMV)	10,820	10,820	11,941	(1,121)
Miscellaneous	31,523	31,423	39,721	(8,298)
Total expenditures	<u>4,259,764</u>	<u>4,255,264</u>	<u>4,071,173</u>	<u>184,091</u>
(Deficiency) of revenues over expenditures	<u>(2,817,357)</u>	<u>(2,772,789)</u>	<u>(2,676,025)</u>	<u>96,764</u>
<u>Other financing sources (uses)</u>				
Transfers in	2,840,000	2,840,000	2,840,000	-
Transfers out	(22,000)	(24,500)	(25,080)	(580)
Total other financing sources	<u>2,818,000</u>	<u>2,815,500</u>	<u>2,814,920</u>	<u>(580)</u>
Net change in Fund Balance	643	42,711	138,895	96,184
Fund balance (deficit) - beginning	<u>1,400</u>	<u>(35,191)</u>	<u>(35,191)</u>	<u>-</u>
Fund balance - ending	<u>\$ 2,043</u>	<u>\$ 7,520</u>	<u>\$ 103,704</u>	<u>\$ 96,184</u>

See independent auditor's report.

Town of Amite City

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND - DETAIL

For the Year Ended June 30, 2016

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
<u>Revenues</u>				
Taxes-				
Ad Valorem	\$ 130,632	\$ 138,000	\$ 150,773	\$ 12,773
Public utilities franchise	177,500	177,500	160,375	(17,125)
Licenses and permits-				
Occupational licenses	277,000	277,000	272,170	(4,830)
Chain store licenses	10,000	10,000	9,104	(896)
Permits	8,000	11,500	19,266	7,766
Intergovernmental-				
Beer taxes	10,000	10,000	8,534	(1,466)
Federal grants	30,000	30,000	5,397	(24,603)
LGAP Grant	7,125	7,125	-	(7,125)
State grants	18,000	7,500	-	(7,500)
La HWY Safety Commisison Grant	6,000	6,000	-	(6,000)
Drug asset funds	5,000	5,000	-	(5,000)
State highway maintenance	5,300	5,300	5,300	-
Motions money	3,000	3,000	-	(3,000)
Department of Motor Vehicles	60,000	80,000	100,131	20,131
On behalf payments by the state	126,000	126,000	122,451	(3,549)
In school officer-TPSB	-	10,000	16,000	6,000
Fines and forfeitures	183,500	158,500	137,525	(20,975)
Charges for services-				
Garbage fees	310,000	323,000	296,321	(26,679)
Prisoner housing fees	12,000	22,000	16,512	(5,488)
Subpoena & bond appearance fees	7,000	8,000	7,550	(450)
Rentals and recreational	19,000	19,000	19,355	355
Miscellaneous revenues-				
Coke Fund	200	300	317	17
Cemetary	25,000	28,000	29,725	1,725
Sale of Fixes Assets	3,000	3,000	-	(3,000)
Interest	500	500	676	176
Miscellaneous	5,000	12,000	13,220	1,220
Planning & Zoning	250	250	125	(125)
Accident reports	3,400	4,000	4,321	321
Total revenues	<u>\$ 1,442,407</u>	<u>\$ 1,482,475</u>	<u>\$ 1,395,148</u>	<u>\$ (87,327)</u>

(Continued)

See independent auditor's report.

Town of Amite City

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND - DETAIL

For the Year Ended June 30, 2016

	Original	Final	Actual	Variance with Final Budget Favorable (Unfavorable)
<u>General Government</u>	<u>Budget</u>	<u>Budget</u>	<u>Amounts</u>	
Salaries - Mayor and Council	\$ 50,400	\$ 56,400	\$ 56,400	\$ -
Salaries - Town Clerk	70,663	70,663	72,157	(1,494)
Salaries - Clerical & Clerk of Court	141,000	105,000	107,798	(2,798)
Retirement contributions	45,000	45,000	45,266	(266)
Employee benefits	430,000	450,000	89,045	360,955
Payroll taxes	142,000	142,000	140,497	1,503
Attorney	28,000	28,000	29,134	(1,134)
Audit and accounting services	37,500	50,000	52,545	(2,545)
Insurance (all departments)	310,000	310,000	319,664	(9,664)
Office expense	15,000	15,000	19,981	(4,981)
Official journal	7,000	4,500	3,916	584
City Hall utilities	11,000	11,000	10,571	429
City Hall telephones	6,000	6,000	5,426	574
City Hall maintenance	1,000	1,000	-	1,000
Convention expense	3,500	3,500	2,409	1,091
Dues	2,000	2,000	1,325	675
Ad Valorem collection fees	-	800	12,733	(11,933)
Assessor and tax roll	2,754	2,754	2,737	17
Public relations	300	300	-	300
Compliance officer expense	6,500	4,500	3,680	820
Medical expense	2,000	2,000	1,597	403
Miscellaneous	10,148	12,000	11,447	553
Contract services	1,150	1,800	2,567	(767)
Magistrate judge and city prosecutor	47,421	47,421	47,421	-
Litter program	3,200	3,200	1,900	1,300
Janitorial - city hall	4,000	4,000	3,560	440
Amite Pride Salaries	20,000	19,000	19,422	(422)
Amite Pride expenses	15,000	15,000	9,172	5,828
Library Parking Lot	2,000	1,000	-	1,000
Mayor's court expense	3,500	4,000	3,849	151
Subpoena wages	6,000	6,000	5,123	877
Election expense	1,790	1,750	-	1,750
LGAP grant expense	7,125	7,125	-	-
Downtown Coordinator	500	500	447	53
Total General Government	<u>\$ 1,433,451</u>	<u>\$ 1,433,213</u>	<u>\$ 1,081,789</u>	<u>\$ 351,424</u>

(Continued)

See independent auditor's report.



Town of Amite City

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND - DETAIL

For the Year Ended June 30, 2016

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
<u>Public Safety - Police</u>				
Salaries - Chief of Police	\$ 66,430	\$ 66,430	\$ 67,260	\$ (830)
Salaries and benefits	788,000	779,000	993,791	(214,791)
In School Officer	-	16,000	20,325	(4,325.00)
On behalf payments by state	126,000	126,000	122,451	3,549
Retirement contributions	130,000	120,000	104,912	15,088
Auto fuel	70,000	64,000	45,487	18,513
Auto repairs	18,000	18,000	29,488	(11,488)
Uniforms	9,000	9,000	7,427	1,573
Repairs and maintenance	9,000	9,000	5,001	3,999
Prisoner expense	17,000	17,000	17,378	(378)
Office expense	22,000	32,000	35,103	(3,103)
Schools - conventions	5,000	5,000	4,328	672
Utilities	17,000	17,000	25,388	(8,388)
Equipment rent	2,000	2,000	792	1,208
Capital acquisitions	-	7,750	19,486	(11,736)
Equipment	16,000	8,250	2,510	5,740
Drug Fund Expenditures	5,000	5,000	-	5,000
Grant expense	19,000	18,000	5,422	12,578
Informant monies	1,500	1,500	-	1,500
Total Public Safety - Police	<u>\$ 1,320,930</u>	<u>\$ 1,320,930</u>	<u>\$ 1,506,549</u>	<u>\$ (185,619)</u>
<u>Public Safety - Fire</u>				
Fire Protection District No. 1	\$ 305,000	\$ 305,000	\$ 305,000	\$ -
Total Public Safety - Fire	<u>\$ 305,000</u>	<u>\$ 305,000</u>	<u>\$ 305,000</u>	<u>\$ -</u>
<u>Streets</u>				
Salaries -Street & Water Superintendent	\$ 74,240	\$ 74,240	\$ 74,608	\$ (368)
Salaries and benefits	355,000	355,000	462,254	(107,254)
Street and traffic lights	100,000	100,000	93,557	6,443
Equipment fuel	40,000	33,000	26,760	6,240
Landfill	15,000	15,000	14,536	464
Materials and supplies	84,000	64,000	57,202	6,798
Uniforms	11,000	11,000	12,963	(1,963)
Utilities	9,000	9,000	7,141	1,859
USDA Truck Grant	10,500	10,500	-	10,500
Street vehicle maintenance	43,000	43,000	44,474	(1,474)
Drainage	45,000	45,000	12,732	32,268
Mosquito spraying	5,000	5,000	(18)	5,018
Street overlay	-	27,000	27,128	(128)
Equipment acquisitions	30,000	25,000	4,000	21,000
Total Streets	<u>\$ 821,740</u>	<u>\$ 816,740</u>	<u>\$ 837,337</u>	<u>\$ (20,597)</u>

(Continued)

See independent auditor's report.

Town of Amite City

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND - DETAIL

For the Year Ended June 30, 2016

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
<u>Sanitation</u>				
Salaries and Benefits	\$ 76,000	\$ 76,000	\$ 81,945	\$ (5,945)
Equipment repairs and supplies	82,000	82,000	62,899	19,101
Fuel	41,000	41,000	12,516	28,484
Landfill	82,000	82,000	92,126	(10,126)
Total Sanitation	<u>\$ 281,000</u>	<u>\$ 281,000</u>	<u>\$ 249,486</u>	<u>\$ 31,514</u>
 <u>Community Center</u>				
Utilities	\$ 8,000	\$ 8,000	\$ 8,150	\$ (150)
Repairs and supplies	3,000	3,000	3,438	(438)
Salaries	-	-	1,280	(1,280)
Total Community Center	<u>\$ 11,000</u>	<u>\$ 11,000</u>	<u>\$ 12,868</u>	<u>\$ (1,868)</u>
 <u>Cemetery</u>				
Materials, supplies, and fuel	\$ 5,000	\$ 7,275	\$ 7,737	\$ (462)
Miscellaneous	3,000	1,563	2,479	(916)
Utilities	900	900	1,226	(326)
Total Cemetery	<u>\$ 8,900</u>	<u>\$ 9,738</u>	<u>\$ 11,442</u>	<u>\$ (1,704)</u>
 <u>Parks and Recreation</u>				
Salaries and Benefits	\$ 18,000	\$ 5,000	\$ -	\$ -
Repairs, supplies, and beautification	8,500	21,500	8,784	12,716
Utilities	7,000	7,000	6,159	841
Equipment repairs	1,200	1,200	-	1,200
Fuel	700	700	97	603
Total Parks and Recreation	<u>\$ 35,400</u>	<u>\$ 35,400</u>	<u>\$ 15,040</u>	<u>\$ 20,360</u>
 <u>Intergovernmental (DMV)</u>				
Maintenance and utilities	\$ 10,820	\$ 10,820	\$ 11,941	\$ (1,121)
Total intergovernmental	<u>\$ 10,820</u>	<u>\$ 10,820</u>	<u>\$ 11,941</u>	<u>\$ (1,121)</u>

(Continued)

See independent auditor's report.

Town of Amite City

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND - DETAIL

For the Year Ended June 30, 2016

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
<u>Miscellaneous</u>				
Coroner	\$ 8,000	\$ 8,000	\$ 4,881	\$ 3,119
Senior citizens	10,000	10,000	21,751	(11,751)
Planning and zoning	600	500	350	150
Animal shelter	12,423	12,423	12,423	-
Chamber of Commerce	500	500	316	184
Total Miscellaneous	<u>\$ 31,523</u>	<u>\$ 31,423</u>	<u>\$ 39,721</u>	<u>\$ (8,298)</u>
<u>Other Financing Sources (Uses)</u>				
Operating transfers in:				
Sales Tax Fund	\$ 2,840,000	\$ 2,840,000	\$ 2,840,000	\$ -
Operating transfers out:				
Arts Council Fund	<u>(22,000)</u>	<u>(24,500)</u>	<u>(25,080)</u>	<u>(580)</u>
Total Other Financing Sources (Uses)	<u>\$ 2,818,000</u>	<u>\$ 2,815,500</u>	<u>\$ 2,814,920</u>	<u>\$ (580)</u>

(Concluded)

See independent auditor's report.

Town of Amite City

BUDGETARY COMPARISON SCHEDULE

SALES TAX FUND

For the Year Ended June 30, 2016

	<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	\$ 2,890,000	\$2,890,000	\$2,981,616	\$91,616
Interest	300	1,000	1,184	184
Total revenues	<u>2,890,300</u>	<u>2,891,000</u>	<u>2,982,800</u>	<u>91,800</u>
<u>Expenditures</u>				
General government -				
Collection fees	<u>18,785</u>	<u>18,785</u>	<u>19,380</u>	<u>(595)</u>
Total expenditures	<u>18,785</u>	<u>18,785</u>	<u>19,380</u>	<u>(595)</u>
Excess of revenues over expenditures	<u>2,871,515</u>	<u>2,872,215</u>	<u>2,963,420</u>	<u>91,205</u>
<u>Other financing (uses)</u>				
Operating transfers (out):				
General Fund	(2,840,000)	(2,840,000)	(2,840,000)	-
Economic Development Fund	(72,250)	(272,250)	(274,540)	(2,290)
Capital Improvement Fund	-	(50,000)	(50,000)	-
Total other financing (uses)	<u>(2,912,250)</u>	<u>(3,162,250)</u>	<u>(3,164,540)</u>	<u>(2,290)</u>
Net change in Fund Balance	(40,735)	(290,035)	(201,120)	88,915
Fund balance - beginning	<u>215,389</u>	<u>518,968</u>	<u>518,968</u>	<u>-</u>
Fund balance - ending	<u>\$ 174,654</u>	<u>\$ 228,933</u>	<u>\$ 317,848</u>	<u>\$88,915</u>

See independent auditor's report.

Town of Amite City

BUDGETARY COMPARISON SCHEDULE  
CAPITAL IMPROVEMENTS FUND  
For the Year Ended June 30, 2016

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
<u>Revenues</u>				
Interest	\$ 200	\$ 300	\$ 304	\$ 4
Total revenues	<u>200</u>	<u>300</u>	<u>304</u>	<u>4</u>
<u>Expenditures</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues over expenditures	<u>200</u>	<u>300</u>	<u>304</u>	<u>4</u>
<u>Other financing sources</u>				
Operating transfers in:				
Sales Tax Fund	<u>-</u>	<u>50,000</u>	<u>50,000</u>	<u>-</u>
Total other financing sources	<u>-</u>	<u>50,000</u>	<u>50,000</u>	<u>-</u>
Net change in Fund Balance	200	50,300	50,304	4
Fund balance - beginning	<u>77,873</u>	<u>77,847</u>	<u>77,847</u>	<u>-</u>
Fund balance - ending	<u>\$78,073</u>	<u>\$128,147</u>	<u>\$128,151</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, 2016

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
<u>Revenues</u>				
Sidewalk Grant	\$504,000	\$ -	\$ -	\$ -
Interest	465	1,000	1,126	126
Other	-	2,000	2,000	-
Total revenues	<u>504,465</u>	<u>3,000</u>	<u>3,126</u>	<u>126</u>
<u>Expenditures</u>				
Sidewalk Grant	630,000	-	-	-
TEDF Dues	2,055	2,180	2,180	-
Chamber	13,200	13,440	13,560	(120)
Total expenditures	<u>645,255</u>	<u>15,620</u>	<u>15,740</u>	<u>(120)</u>
(Deficiency) of revenues over expenditures	<u>(140,790)</u>	<u>(12,620)</u>	<u>(12,614)</u>	<u>6</u>
<u>Other financing sources</u>				
Operating transfers in:				
Sales Tax Fund	<u>72,250</u>	<u>272,250</u>	<u>274,540</u>	<u>2,290</u>
Total other financing sources	<u>72,250</u>	<u>272,250</u>	<u>274,540</u>	<u>2,290</u>
Net change in Fund Balance	(68,540)	259,630	261,926	2,296
Fund balance - beginning	<u>448,041</u>	<u>448,644</u>	<u>448,644</u>	<u>-</u>
Fund balance - ending	<u>\$ 379,501</u>	<u>\$708,274</u>	<u>\$710,570</u>	<u>\$2,296</u>

See independent auditor's report.

Town of Amite City

**BUDGETARY COMPARISON SCHEDULE**  
**ARTS COUNCIL FUND**  
**For the Year Ended June 30, 2016**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
<u>Revenues</u>				
Interest	\$ 145	\$ 225	\$ 234	\$ 9
Miscellaneous - Ticket sales	962	375	335	(40)
Total revenues	<u>1,107</u>	<u>600</u>	<u>569</u>	<u>(31)</u>
<u>Expenditures</u>				
Art Development	14,000	18,380	15,265	3,115
Entergy	245	1,325	1,505	(180)
Memorial Wall	-	12,750	-	12,750
Total expenditures	<u>14,245</u>	<u>32,455</u>	<u>16,770</u>	<u>15,685</u>
(Deficiency) of revenues over expenditures	<u>(13,138)</u>	<u>(31,855)</u>	<u>(16,201)</u>	<u>15,654</u>
<u>Other financing sources</u>				
Operating transfers in: General Fund	<u>22,000</u>	<u>24,500</u>	<u>25,080</u>	<u>580</u>
Total other financing sources	<u>22,000</u>	<u>24,500</u>	<u>25,080</u>	<u>580</u>
Net change in Fund Balance	8,862	(7,355)	8,879	16,234
Fund balance - beginning	<u>64,360</u>	<u>64,360</u>	<u>64,360</u>	<u>-</u>
Fund balance - ending	<u>\$73,222</u>	<u>\$57,005</u>	<u>\$73,239</u>	<u>\$16,234</u>

See independent auditor's report.

Town of Amite City

SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET  
PENSION LIABILITY MUNICIPAL POLICE EMPLOYEES' RETIREMENT SYSTEM  
For the Year Ended June 30, 2016

	<u>2015</u>	<u>2016</u>
Town's proportion of the net pension liability (asset)	.158%	.134%
Town's proportionate share of the net pension liability (asset)	\$991,227	\$1,047,141
Town's covered-employee payroll	\$347,727	\$353,166
Town's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	285.05%	296.50%
Plan fiduciary net position as a percentage of the total pension liability	75.10%	70.73%

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, 2015, (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, 2016

	<u>2015</u>	<u>2016</u>
Contractually required contribution	\$112,601	\$104,912
Contributions in relation to the contractually required contribution	<u>112,601</u>	<u>104,912</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>
Town's covered-employee payroll	\$347,727	\$353,166
Contributions as a percentage of covered-employee payroll	32.38%	29.70%

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, 2015, (measurement date).

See independent auditor's report.

Town of Amite City

SCHEDULE OF COMPENSATION, BENEFITS,  
AND OTHER PAYMENTS TO AGENCY HEAD  
For the Year Ended June 30, 2016

Milton Bel, Mayor

<u>Purpose</u>	<u>Amount</u>
Salary	\$14,400
Benefits - Insurance	14,253
Benefits - Medicare	209
Mileage reimbursement	1,657
Telephone	951
Worker's Compensation Insurance	95
	<u>\$31,565</u>

Agency Head - Jerry Trabona, Elected Chief of Police

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 67,260
State Supplemental Pay	6,000
Benefits - Insurance	14,599
Benefits - Retirement (29.5% MPERS)	21,612
Benefits - Medicare	975
Registration fees to conferences and dues	360
Telephone	679
Travel (lodging and meals)	492
Worker's Compensation Insurance	5,527
	<u>\$117,504</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, 2016

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	\$ 619,437	\$619,437	\$ -
	Water and sewer penalties	29,860	13,011	16,849
	Sewer revenues	802,484	-	802,484
	Water and sewer taps	3,527	1,764	1,763
	Reconnect fees	11,239	5,619	5,620
	Interest earned on water account	6,067	6,067	-
	Interest earned on sewer treatment	1,975	-	1,975
	Miscellaneous	<u>3,437</u>	<u>1,718</u>	<u>1,719</u>
	Total selected revenues	<u>1,478,026</u>	<u>647,616</u>	<u>830,410</u>
	<u>Selected Expenses</u>			
	Salaries	283,062	141,531	141,531
	FICA tax expense	21,654	10,827	10,827
	Employee benefits	80,140	40,070	40,070
	Water repairs, materials & supplies	90,259	90,259	-
	Sewer repairs materials, & supplies	69,684	-	69,684
	Dues	500	500	-
	Insurance	19,358	9,679	9,679
	Professional fees	7,613	3,806	3,807
	Miscellaneous expense	11,806	5,903	5,903
	Sewer testing	14,419	-	14,419
	Office expense	20,342	10,171	10,171
	Online Fees	301	151	150
	Truck expense	8,219	4,109	4,110
	Water truck fuel	16,488	8,244	8,244
	Utilities-water	28,489	28,489	-
	Utilities-sewer	<u>74,244</u>	<u>-</u>	<u>74,244</u>
	Total selected expenses	<u>746,578</u>	<u>353,739</u>	<u>392,839</u>
	Excess Revenues	<u>\$ 731,448</u>	<u>\$293,877</u>	<u>\$437,571</u>

Town of Amite City

UTILITIES REVENUE BONDS - ADDITIONAL INFORMATION (continued)

As of and for the Year Ended June 30, 2016

- 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, 2016.
- d. Insurance policies in force at June 30, 2016 **(UNAUDITED)**:
- 1) Insurer: Louisiana Municipal Risk Management Agency, expiring May 1, 2017,  
(has been renewed to May 1, 2016):

<u>Policy Limit</u>	<u>Risk Covered</u>
\$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, 2016,  
(has been renewed to January 1, 2017)

<u>Policy Limit</u>	<u>Risk Covered</u>
Louisiana Statutes	Worker's Compensation

- 3) Insurer: Rod Prejean & Associates

<u>Policy Limit</u>	<u>Risk Covered</u>
\$646,385	Commercial auto & physical damage, expiring January 5, 2017
\$62,000	Commercial inland marine, expiring July 22, 2016

Town of Amite City

UTILITIES REVENUE BONDS - ADDITIONAL INFORMATION (continued)

As of and for the Year Ended June 30, 2016

4) Insurer: Western Surety Company, expiring November 26, 2016

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

\$15,000

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

Western Surety Company

\$10,000

Police / Notary bonds on ten policemen.  
Bonds are for five years. All are current.

Town of Amite City  
UTILITIES REVENUE BONDS - ADDITIONAL INFORMATION (continued)  
As of and for the Year Ended June 30, 2016

5) Insurer: Schilling & Reid, expiring March 28, 2017

Policy Limit

Risk Covered

\$3,405,000

Commercial Property Coverage

Coinurance of 90% - Deductible \$5,000

Windstorm / Hail Deductible \$5,000

See policy for specific limits/  
\$5,000 deductible

Business Personal Property

6) Insurer: Moore & Jenkins, expiring November 7, 2016

Policy Limit

Risk Covered

\$1,000,000 / \$3,000,000

Water and Sewer general liability

\$3,637,915

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 1,722 water users and 1,545 users of the sewerage system at June 30, 2016.

There were 1,408 residential and 314 commercial water users at June 30, 2016.

There were 1,262 residential and 283 commercial sewer users at June 30, 2016.

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

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

h. Schedule of monthly water and sewer rates:

Water Rates

Residential Rates:

**METERED**

Inside the corporate limits

1. For the first three thousand (3,000) gallons of water, the customer shall pay a minimum charge of \$12.00.

2. For any water in excess of 3,000 gallons, the customer shall pay a charge of \$2.00 per thousand gallons.



Town of Amite City

UTILITIES REVENUE BONDS - ADDITIONAL INFORMATION (continued)

As of and for the Year Ended June 30, 2016

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.

Town of Amite City

UTILITIES REVENUE BONDS - ADDITIONAL INFORMATION (concluded)

As of and for the Year Ended June 30, 2016

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.

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 twenty-four 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, 2016, 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 28, 2016.

**Internal Control Over Financial Reporting**

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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. I consider finding 2016-01 described in the accompanying schedule of current year findings to be a material weakness.

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

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. I did not identify any deficiencies in internal control over financial reporting that I consider to be a significant deficiency as defined above.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Town's financial statements are free from material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed the following instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings as item 2016-02, 2016-03, and 2016-04.

### **The Town's Response to the Findings**

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

### **Purpose of this Report**

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

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

  
Certified Public Accountant

December 28, 2016



Town of Amite City

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
For the Year Ended June 30, 2016

<b>SECTION 1. INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS</b>		
2015-01	Lack of Internal Controls	Unresolved. See current year finding 2016-01.
2015-02	Compliance with R.S. 39:1311, Budget	Resolved.
2015-03	Compliance with R.S. 33:404.1, Compensation of Municipal Officers	Resolved.
2015-04	Compliance with Ordinance No. 2-2002 , Employee Policy Manual, Time Accounting	Unresolved. See current year finding 2016-02.
<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, 2016

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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, 2016, and have issued my report thereon dated December 28, 2016. 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, 2016, 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?        yes   X   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*.

### 2016- 01 Lack of Internal Controls

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

The Town had the following internal control issues:

1. **Repeated from Prior Years-Segregation of Duties** - The Town Clerk is the sole employee involved in the recording, processing, summarizing, and reporting the Town's financial data. She also lacks the financial expertise to prepare year-end adjusting entries and draft year end financial statements as required by GASB 34.

The limited size of the Town precludes an adequate segregation of duties and other features of an adequate system of internal control, although to employ such controls may not be cost beneficial. No change is recommended

2. **Repeated from Prior Year** - A review of the general ledger is not being performed. There were numerous coding errors identified during the audit.

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.

3. **Partially Resolved from Prior Year** - The defendant's bond money was not reconciled during FYE June 30, 2016. The current Mayor's Court Clerk attempted to print out the reports needed to reconcile each month. However, the reports were not the correct ones and the Town Clerk did not perform her monthly reconciliation.

It is recommended that the Mayor assign the reconciliation to the Assistant Town Clerk.

4. **Partially Resolved from Prior Year - Internal Control over Utility Accounts Receivable**

No reconciliation was performed between the general ledger and the utility billing software at all during the year. The receivables were never correct per the general ledger during the fiscal year audited.

The problems with the billing software not generating the necessary reports at month end has been addressed. The vendor is still working on some of the bugs in the reports.

It is recommended that the Assistant to the Mayor perform her portion of the monthly reconciliation and forward the worksheet with all reports to the Town Clerk. The Town Clerk then should complete the reconciliation. Proof of the monthly reconciliation should be maintained.

5. **Internal Control over Prisoner Housing Revenue/Receivable**

During the audit, it was discovered that the Town failed to invoice the Louisiana Department of Public Safety and Corrections for prisoner housing fees for the six month period covering January 2016 thru June 2016. The clerk at the police department was not aware of this oversight until the auditor brought it to her attention.

A clerk at the Amite Police Department prepares and mails out the invoices for the monthly prisoner housing fees. The monies are mailed to the Amite City Hall. No one at city hall is placed with the responsibility of tracking the payments to the invoices. The clerk at the police department does not follow up with city hall.

It is recommended that the Mayor assign the Assistant Clerk to monitor the monthly invoicing for prisoner housing and follow up on uncollected receivables. The Assistant Clerk will notify the police department of any billing issues.

**2016-02 Compliance with Ordinance No. 2-2002 , Employee Policy Manual, Time Accounting (Repeated from Prior Year)**

Per the Employee Policy Manual, Time Accounting, Section:

1. Every employee of the Town, except for the city clerk, chief of police, city attorney, and the water and street superintendent must record his/her worked time in the following manner:
  - a) If using the time clock method, the employee shall record worked time on the time card assigned to them by use of the time clock (punch-in and out).
  - b) If using a sign-in sheet method, the employee shall sign in and out on the form provided by the Town. The employee shall indicate the date and time when signing in and out.
  - c) A department supervisor may elect to require the employee to use both a time card and sign-in sheet.

Town of Amite City  
SCHEDULE OF CURRENT YEAR AUDIT FINDINGS

(continued)

Per the Employee Policy Manual, Time Accounting, Section:

8. Any employee who falsifies a time card or sign-in sheet may be dismissed or otherwise disciplined.

The Downtown Coordinator refuses to punch a time card at the city hall or at the barn. He is using the sign-in sheet method. He has a notebook that he records his daily time in. At the end of the pay period, he then fills out the sign-in sheet. However, the notebook is never examined or turned in. The Mayor initials all sign-in sheets for authorization to pay.

The Downtown Coordinator reports directly to the Mayor.

An inspection of sign-in sheets from January 2016- thru June 2016, revealed that the Downtown Coordinator works different hours per week but continues to be paid only 20 hours per week or 40 hours per pay period.

Per the Town Clerk, the Downtown Coordinator is a part time employee, not subject to benefits as per the Mayor. However, the Downtown Coordinator is being paid a salary, regardless of the actual hours worked. In all instances, he was under paid based on the actual time turned in.

The Town Clerk should pay the Downtown Coordinator the actual time worked and approved by the Mayor. The Mayor should require the Downtown Coordinator to punch a time card at city hall and inform him that he will not work more than 20 hours per week.

**2016-03 1974 Louisiana Constitution, Article VII, Section 14 Violation**

Article VII, Section 14 of the 1974 Louisiana Constitution states that funds, credit, property, or things of value of any political subdivision shall not be loaned, pledged, or donated to or for any person, association, or corporation, public or private.

Located inside the fenced area of the water tower on Foulks Lanes, the Town has some old dog kennels from when the Town operated a dog pound. During the audit, it was discovered that an employee of the town is housing his beagles there. There is no lease agreement between the Town and the employee.

If the Town wants to continue to allow the employee to use the kennels then:

1. The kennels need to be separated from the drinking water supply of the Town. Currently, the employee has access to the water tower and the chlorinator; and
2. A lease needs to be entered into between the employee and the Town for an amount not less than the fair market rents.

**2016-04 Abuse of office**

Louisiana R.S. 42:1116 states that no public servant shall use the authority of his office or position, directly or indirectly, in a manner intended to compel or coerce any person or other public servant to provide himself, any other public servant, or other person with anything of economic value.

During the course of my audit, it was discovered that the assistant police chief and other employees of the Amite Police Department have represented to the local Walmart that the Amite Police Department has a police canine and have been receiving free dog food for the department. It appears that this activity has been going on for more than 2 years.

The Amite Police Department has not had a police canine for over 15 years.

It is recommended that the Town Council instruct the Chief of Police to notify Walmart immediately of the situation and to instruct his staff that this activity will no longer be tolerated. The Town Council should also instruct the Chief of Police to immediately hold an ethics training class with an instructor from the Louisiana Board of Ethics in which attendance is mandatory.

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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, 2016

<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>
2016- 01 Lack of Internal Controls (Repeated from Prior Year)	Mayor concurs with auditor's recommendation.
2016-02 Compliance with Ordinance No. 2-2002, Employee Policy Manual, Time Accounting (Repeated from Prior Year)	Mayor will require employee to punch a time clock and sign in and limit work to 20 hours per week.
2016-03 1974 Louisiana Constitution, Article VII, Section 14 Violation	The Mayor will take the auditor's recommendation under advisement.
2016-04 Abuse of office	Chief of police was unavailable and a response will be provided at a later date.

Date Submitted: 12/29/16 Auditee: M. Am B. B. B.