

**TOWN OF AMITE CITY**

Louisiana

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**ANNUAL FINANCIAL REPORT**

As of and for the Year Ended  
June 30, 2021

**TOWN OF AMITE CITY**

Louisiana

**ANNUAL FINANCIAL REPORT**  
As of and for the Year Ended June 30, 2021

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## INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and fiduciary funds of the **TOWN OF AMITE CITY (TOWN)**, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise of 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 the 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.

### Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the *Louisiana Governmental Audit Guide*, and the standards applicable to financial audits contained in the *Governmental Auditing Standards*, issue by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.



## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities and each major fund of the Town as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the budgetary comparison information and schedules of the Town's proportionate share of net pension liability and contributions for the Municipal Police Employees' Retirement System on pages 52 through 63 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the Management Discussion & Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinions on the basic financial statements is not affected by this missing information.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The schedule of compensation, benefits, and other payments to agency heads and the justice system funding schedule – collecting/disbursing entity, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

(continued)

The schedule of compensation, benefits, and other payments to agency heads and justice system funding schedule – collecting/disbursing entity are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit, and the procedures performed as described above, the schedule of compensation, benefits, and other payments to agency heads and justice system funding schedule – collecting/disbursing entity are fairly stated in all material respects in relation to the basic financial statements as a whole.

The utilities revenue bonds – additional information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on this information.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 28, 2021, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of our audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

*Faulk & Winkler, LLC*

Certified Public Accountants

Baton Rouge, Louisiana  
December 28, 2021

## **BASIC FINANCIAL STATEMENTS**

Town of Amite City

STATEMENT OF NET POSITION

June 30, 2021

	Governmental Activities	Business-type Activity	Total
<u>Assets</u>			
Cash and cash equivalents	\$ 697,752	\$ 1,002,002	\$ 1,699,754
Investments	842,069	-	842,069
Receivables, net	460,463	352,475	812,938
Prepaid insurance	40,562	1,728	42,290
Internal balances	(174,504)	174,504	-
Restricted cash, cash equivalents, and investments	14,911	1,612,046	1,626,957
Capital assets, net	2,571,939	7,652,706	10,224,645
Total assets	<u>4,453,192</u>	<u>10,795,461</u>	<u>15,248,653</u>
<u>Deferred Outflow of Resources</u>	<u>404,464</u>	<u>-</u>	<u>404,464</u>
<u>Liabilities</u>			
Accounts, salaries, and other payables	201,800	76,590	278,390
Accrued liabilities	-	10,000	10,000
Utility customer deposits	-	157,070	157,070
Contract Retainage Payable	-	32,049	32,049
Contract Payable	-	318,349	318,349
Noncurrent liabilities:			
Due within one year	186,467	160,200	346,667
Due in more than one year	74,620	3,831,238	3,905,858
Net pension liability	1,150,947	-	1,150,947
Total liabilities	<u>1,613,834</u>	<u>4,585,496</u>	<u>6,199,330</u>
<u>Deferred Inflow of Resources</u>	<u>132,739</u>	<u>-</u>	<u>132,739</u>
<u>Net Position</u>			
Net investment in capital assets	2,416,880	3,310,870	5,727,750
Restricted for:			
Debt service	-	1,454,976	1,454,976
Law enforcement	8,534	-	8,534
Street capital purchase	6,377	-	6,377
Unrestricted	679,292	1,444,119	2,123,411
Total Net Position	<u>\$ 3,111,083</u>	<u>\$ 6,209,965</u>	<u>\$ 9,321,048</u>

The accompanying notes are an integral part of this statement.

Town of Amite City  
**STATEMENT OF ACTIVITIES**  
For the Year Ended June 30, 2021

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	\$ 1,426,393	\$ -	\$ 24,432	\$ 2,450	\$ (1,399,511)	\$ -	\$ (1,399,511)
Public safety - police	1,828,361	136,606	382,450	-	(1,309,305)	-	(1,309,305)
Public safety - fire	320,000	-	-	-	(320,000)	-	(320,000)
Streets	1,041,030	-	26,117	-	(1,014,913)	-	(1,014,913)
Sanitation	285,451	324,221	-	-	38,770	-	38,770
Community center	14,443	10,300	-	-	(4,143)	-	(4,143)
Cemetery	46,899	34,500	-	-	(12,399)	-	(12,399)
Parks and recreation	90,471	-	-	-	(90,471)	-	(90,471)
Economic development	46,698	-	-	-	(46,698)	-	(46,698)
Intergovernmental	15,064	-	-	-	(15,064)	-	(15,064)
Art development	7,022	-	-	-	(7,022)	-	(7,022)
Miscellaneous programs	<u>40,870</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(40,870)</u>	<u>-</u>	<u>(40,870)</u>
Total governmental activities	<u>5,162,702</u>	<u>505,627</u>	<u>432,999</u>	<u>2,450</u>	<u>(4,221,626)</u>	<u>-</u>	<u>(4,221,626)</u>
Business-type Activities:							
Waterworks and sewer	<u>1,435,903</u>	<u>1,421,038</u>	<u>-</u>	<u>490,649</u>	<u>-</u>	<u>475,784</u>	<u>475,784</u>
Total business-type activity	<u>1,435,903</u>	<u>1,421,038</u>	<u>-</u>	<u>490,649</u>	<u>-</u>	<u>475,784</u>	<u>475,784</u>
Total	\$ <u>6,598,605</u>	\$ <u>1,926,665</u>	\$ <u>432,999</u>	\$ <u>493,099</u>	<u>(4,221,626)</u>	<u>475,784</u>	<u>(3,745,842)</u>
General Revenues:							
Taxes:							
Property taxes					159,334	-	159,334
Franchise taxes					176,239	-	176,239
Sales taxes					3,831,310	-	3,831,310
Alcoholic beverage tax					14,154	-	14,154
Licenses and permits					288,188	-	288,188
Investment earnings					5,708	15,834	21,542
Miscellaneous					35,101	-	35,101
Intergovernmental					62,264	-	62,264
Support revenues-pension					<u>27,144</u>	<u>-</u>	<u>27,144</u>
Total general revenues and contributions					<u>4,599,442</u>	<u>15,834</u>	<u>4,615,276</u>
Change in Net Position					377,816	491,618	869,434
Net position - beginning, restated					<u>2,733,267</u>	<u>5,718,347</u>	<u>8,451,614</u>
Net position - ending					\$ <u>3,111,083</u>	\$ <u>6,209,965</u>	\$ <u>9,321,048</u>

The accompanying notes are an integral part of this statement.

Town of Amite City  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2021

	General Fund	Sales Tax Fund	Capital Improvements Fund	Economic Development Fund	Arts Council Fund	Total Governmental Funds
<u>Assets</u>						
Cash	\$ 340,683	\$ 3,158	\$ 1,910	\$ 294,817	\$ 57,184	\$ 697,752
Investments	842,069	-	-	-	-	842,069
Receivables, net	138,026	322,437	-	-	-	460,463
Prepaid insurance	40,562	-	-	-	-	40,562
Due from other funds- General Fund	-	-	-	87,000	-	87,000
Restricted cash	14,911	-	-	-	-	14,911
Total assets	\$ 1,376,251	\$ 325,595	\$ 1,910	\$ 381,817	\$ 57,184	\$ 2,142,757
<u>Liabilities</u>						
Accounts, salaries, and other payables	\$ 199,172	\$ -	\$ -	\$ 2,542	\$ 86	\$ 201,800
Due to other funds - Economic Development Fund	87,000	-	-	-	-	87,000
Waterworks Fund	174,504	-	-	-	-	174,504
Total liabilities	460,676	-	-	2,542	86	463,304
<u>Fund Balance</u>						
Nonspendable: Prepaid insurance	40,562	-	-	-	-	40,562
Restricted: Law enforcement	8,534	-	-	-	-	8,534
Grant Money: Future Purchase Vehicle	6,377	-	-	-	-	6,377
Committed: Economic Development	-	-	-	379,275	-	379,275
Promotion of the Arts	-	-	-	-	57,098	57,098
To Pay DEQ and USDA loans	-	325,595	-	-	-	325,595
Assigned: Capital Improvements	-	-	1,910	-	-	1,910
Unassigned	860,102	-	-	-	-	860,102
Total fund balance	915,575	325,595	1,910	379,275	57,098	1,679,453
Total liabilities and fund balance	\$ 1,376,251	\$ 325,595	\$ 1,910	\$ 381,817	\$ 57,184	\$ 2,142,757

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, 2021

Fund balances - total governmental funds	\$	1,679,453
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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	2,571,939
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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	(106,028)
Capital lease payable	(80,059)
Note from direct borrowing	(75,000)
Net pension liability	(1,150,947)

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

Deferred outflows-pension liability	404,464
Deferred inflows- pension liability	(132,739)

Net position of governmental activities	\$	<u>3,111,083</u>
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Town of Amite City

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
GOVERNMENTAL FUNDS  
For the Year Ended June 30, 2021

	General Fund	Sales Tax Fund	Capital Improvements Fund	Economic Development Fund	Arts Council Fund	Total Governmental Funds
<u>Revenues</u>						
Taxes	\$ 335,573	\$ 3,831,310	\$ -	\$ -	\$ -	\$ 4,166,883
Licenses and permits	288,188	-	-	-	-	288,188
Intergovernmental	526,840	-	-	-	-	526,840
Fines and forfeitures	98,536	-	-	-	-	98,536
Sanitation service fees	324,221	-	-	-	-	324,221
Prisoner housing fees	16,180	-	-	-	-	16,180
Subpoena & bond appearance fees	2,074	-	-	-	-	2,074
Rentals & recreational	10,300	-	-	-	-	10,300
Miscellaneous	77,310	128	11	2,287	416	80,152
Total Revenues	1,679,222	3,831,438	11	2,287	416	5,513,374
<u>Expenditures</u>						
General government	1,400,945	24,903	-	-	-	1,425,848
Public safety - police	1,733,663	-	-	-	-	1,733,663
Public safety - fire	320,000	-	-	-	-	320,000
Streets	1,010,803	-	-	-	-	1,010,803
Sanitation	277,236	-	-	-	-	277,236
Community center	20,177	-	-	-	-	20,177
Cemetery	46,899	-	-	-	-	46,899
Parks and recreation	84,521	-	-	-	-	84,521
Economic development	-	-	-	43,844	-	43,844
Intergovernmental	15,064	-	-	-	-	15,064
Art development	-	-	-	-	7,022	7,022
Miscellaneous	40,870	-	-	-	-	40,870
Debt Service:						
Principal	37,409	-	-	75,000	-	112,409
Interest	5,404	-	-	-	-	5,404
Total Expenditures	4,992,991	24,903	-	118,844	7,022	5,143,760
Excess (Deficiency) of revenues over expenditures	(3,313,769)	3,806,535	11	(116,557)	(6,606)	369,614
<u>Other Financing</u>						
<u>Sources (Uses)</u>						
Operating transfers in	3,948,900	-	-	94,845	9,000	4,052,745
Operating transfers out	(9,000)	(3,793,745)	-	(250,000)	-	(4,052,745)
Total other financing sources (uses)	3,939,900	(3,793,745)	-	(155,155)	9,000	-
Net change in Fund Balances	626,131	12,790	11	(271,712)	2,394	369,614
Fund balances, beginning of year, restated	289,444	312,805	1,899	650,987	54,704	1,309,839
Fund balances, end of year	\$ 915,575	\$ 325,595	\$ 1,910	\$ 379,275	\$ 57,098	\$ 1,679,453

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, 2021

Net change in fund balances - total governmental funds	\$	369,614
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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		56,638
Depreciation expense		(153,044)

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

Repayments of capital leases		37,409
Repayment of note from direct borrowing		75,000

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		6,164
Pension expense		(41,109)

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

Support revenues-pension		27,144
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Change in net position of governmental activities	\$	<u>377,816</u>
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Town of Amite City

STATEMENT OF NET POSITION

PROPRIETARY FUND

June 30, 2021

Business – type Activity  
Waterworks and  
Sewer Fund

Assets

Current Assets

Cash	\$ 1,002,002
Accounts receivable, net	352,475
Due from General Fund	174,504
Prepaid insurance	1,728
Total current assets	<u>1,530,709</u>

Restricted Assets

Cash, cash equivalents, and investments	<u>1,612,046</u>
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Non-current Assets

Capital assets (net of accumulated depreciation)	<u>7,652,706</u>
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Total assets	<u>10,795,461</u>
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Liabilities

Current Liabilities (payable from current assets)

Accounts, salaries, and other payables	76,590
Compensated absences payable	10,000
Contract retainage payable	32,049
Contract payable	318,349
Total current liabilities (payable from current assets)	<u>436,988</u>

Current Liabilities (payable from restricted assets)

Customer deposits	157,070
Revenue bonds payable	160,200
Total current liabilities (payable from restricted assets)	<u>317,270</u>

Non-current Liabilities

Revenue bonds payable	3,831,238
Total non-current liabilities	<u>3,831,238</u>

Total liabilities	<u>4,585,496</u>
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Net Position

Net investment in capital assets	3,310,870
Restricted for Debt Service	1,454,976
Unrestricted	<u>1,444,119</u>

Total net position.	<u>\$ 6,209,965</u>
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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, 2021

Business-type Activity  
Waterworks and  
Sewer Fund

Operating Revenues

Charges for services -

Water sales	\$ 614,497
Sewer charges	762,376
Delinquent charges	29,795
Connection charges	11,250
Miscellaneous	<u>3,120</u>
Total operating revenues	<u>1,421,038</u>

Operating Expenses

Salaries	394,214
Payroll taxes	29,689
Employee benefits	95,385
Electricity -	
Water pumps	30,281
Sewerage plant	83,318
Repairs/Supplies -	
Water system	78,300
Sewerage system	145,158
Insurance	39,354
Truck expense	23,742
Office expense	20,711
Water testing	20,110
Sewerage testing	25,022
Professional fees	38,329
Other	8,585
Depreciation	<u>272,260</u>
Total operating expenses	<u>1,304,458</u>

Net operating income	<u>116,580</u>
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Non-operating Revenues (Expenses)

Capital Grants	490,649
Interest income	15,834
Interest expense	<u>(131,445)</u>
Total non-operating expense	<u>375,038</u>

Change in net position	491,618
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Total Net Position, Beginning	<u>5,718,347</u>
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Total Net Position, Ending	<u>\$6,209,965</u>
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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, 2021

	<u>Business-type Activity</u> <u>Waterworks and</u> <u>Sewer Fund</u>
<u>Cash flows from operating activities:</u>	\$
Receipts from customers	1,195,897
Payments to suppliers	(143,214)
Payments to employees	(519,287)
Net cash provided by operating activities	<u>533,396</u>
<u>Cash flows from capital and related financing activities:</u>	
Grant proceeds	490,649
Payments on USDA loans	(70,890)
Payments on DEQ loan	(83,000)
Interest paid	(131,445)
Purchase of capital assets	(769,953)
Net cash (used) for capital and related financing activities	<u>(564,639)</u>
<u>Cash flows from investing activities:</u>	
Interest income	<u>15,834</u>
Net cash provided by investing activities	<u>15,834</u>
Net (decrease) in cash and cash equivalents	(15,409)
Cash and cash equivalents balance – beginning of year	<u>2,629,457</u>
Cash and cash equivalents balance – end of year	\$ <u>2,614,048</u>
<u>Reconciliation of operating income to net</u> <u>cash provided by operating activities:</u>	
Operating income	\$ 116,580
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation expense	272,260
Change in assets and liabilities:	
Receivables, net	(228,521)
Due from other funds	3,381
Prepaid Insurance	(29)
Accounts and other payables	369,725
Net cash provided by operating activities	\$ <u>533,396</u>
<u>Reconciliation of cash and cash equivalents to statement of net position</u>	
Cash	\$ 1,002,002
Restricted Assets	1,612,046
Cash and cash equivalents balance – end of year	\$ <u>2,614,048</u>

The accompanying notes are an integral part of this statement.

Town of Amite City

COMBING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES  
CUSTODIAL FUNDS  
June 30, 2021

	<u>Bond Money</u> <u>Fund</u>	<u>Prisoner</u> <u>Personal</u> <u>Money Fund</u>	<u>Total</u>
<u>Assets</u>			
Cash	\$ 12,745	\$ 741	\$ 13,486
Total Assets	12,745	741	13,486
<u>Liabilities</u>			
Due to defendants	12,745	-	12,745
Due to inmates	-	741	741
Total Liabilities	12,745	741	13,486
<u>Net Position</u>	\$ -	\$ -	\$ -

The accompanying notes are an integral part of this statement.

Town of Amite City

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
CUSTODIAL FUNDS  
June 30, 2021

	<u>Bond Money</u> <u>Fund</u>	<u>Prisoner</u> <u>Personal</u> <u>Money Fund</u>	<u>Total</u>
<u>Additions</u>			
Bonds	\$ 102,272	\$ -	\$ 102,272
Inmates personal money	-	331	331
Total Additions	\$ 102,272	\$ 331	\$ 102,603
<u>Deductions</u>			
Settled Deposits	\$ 102,272	\$ 331	\$ 102,603
Total Deductions	102,272	331	102,603
Net increase (decrease) in fiduciary net position	-	-	-
Net position- beginning	-	-	-
Net position- ending	\$ -	\$ -	\$ -

## **NOTES TO THE FINANCIAL STATEMENTS**

Town of Amite City

NOTES TO FINANCIAL STATEMENTS  
As of and for the Year Ended June 30, 2021

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

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

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



## NOTES TO FINANCIAL STATEMENTS

As of and for the Year Ended June 30, 2021

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

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

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

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

### **B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

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

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

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

**NOTES TO FINANCIAL STATEMENTS**

As of and for the Year Ended June 30, 2021

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

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

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

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

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

During the year, the Town implemented policies established under GASB Statement No. 84, *Fiduciary Activities*. This standard defines and establishes criteria for identifying and reporting fiduciary activities. The focus of the criteria is on (1) whether the Town controls the assets in a fiduciary activity and (2) there are separate identifiable beneficiaries with whom a fiduciary relationship exists. The standard is effective for annual reporting periods beginning after December 15, 2018. The Town will include the requirements of this standard, as applicable, in its June 30, 2021, financial statement. The implementation of GASB No. 84 did not financially effect the Town.

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period (within 60 days of year end). Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to claims and judgments, are recorded only when payment is due. Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The Town reports the following major governmental funds:

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

Special Revenue Funds:

The Sales Tax Fund accounts for the receipt and use of proceeds of the Town's 2% sales and use tax. The

Town of Amite City

NOTES TO FINANCIAL STATEMENTS

As of and for the Year Ended June 30, 2021

Town Council has dedicated a portion of collections of the sales and use tax, see Note 19 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 Fund accounts for bond money held by the Town on behalf of the defendants prior to Mayor's court.

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

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

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

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

**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

Town of Amite City

## NOTES TO FINANCIAL STATEMENTS

As of and for the Year Ended June 30, 2021

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.

Investments for the Town are reported at fair value. The state investment pool (LAMP) operates in accordance with state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

### **E. RECEIVABLES**

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

### **F. SHORT-TERM INTERFUND RECEIVABLES/PAYABLES**

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

### **G. PREPAIDS**

Prepaid insurance is reported using the consumption method.

### **H. RESTRICTED ASSETS**

Restricted assets consist of cash resources in the General Fund from drug seizures, grant money for the purchase of a vehicle, and cash resources of the enterprise fund set aside for repayment of customer deposits and debt services. See Notes 13, 15, and 17 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

Town of Amite City

NOTES TO FINANCIAL STATEMENTS

As of and for the Year Ended June 30, 2021

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:

- 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 calendar 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.



NOTES TO FINANCIAL STATEMENTS

As of and for the Year Ended June 30, 2021

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.

**K. LONG-TERM OBLIGATIONS**

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

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

**L. RESTRICTED NET POSITION**

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

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

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

**M. FUND EQUITY**

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

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

The Town has prepaid insurance which is a resource that is in a nonspendable form and therefore reported as Nonspendable Fund Balance.

NOTES TO FINANCIAL STATEMENTS

As of and for the Year Ended June 30, 2021

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

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

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

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

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

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

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

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

**N. ESTIMATES**

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

**NOTES TO FINANCIAL STATEMENTS**

As of and for the Year Ended June 30, 2021

**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 19 to these financial statements for details.

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

**A. BUDGET**

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

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

The original proposed budget for the General Fund and all special revenue funds was made available for public inspection on May 05, 2020. A public hearing was held at the Town's city hall on June 02, 2020 and October 06, 2020. The budget was adopted on October 06, 2020.

The budget of the General Fund, Economic Development Fund, and Capital Improvements Fund was amended once during the fiscal year with amendment taking place on May 24, 2021.

The Budget of the Arts Council Fund was amended twice during the fiscal year with the final amendment taking place on June 21, 2021.



NOTES TO FINANCIAL STATEMENTS

As of and for the Year Ended June 30, 2021

**B. REVENUES – ACTUAL AND BUDGET**

The following individual fund had actual expenditures and other uses that exceeded budgeted amounts for the year ended June 30, 2021

<u>Fund</u>	<u>Budget</u>	<u>Actual</u>	<u>Unfavorable Variance</u>	<u>Percent</u>
Sales Tax Fund	\$3,470,410	\$ 3,818,648	\$ (348,238)	10.03%

The Louisiana Local Government Budget Act requires a local government to amend its operating budget when the total revenue and other sources fail to meet total budgeted revenues and other sources by 5% or more. The Town failed to amend the budget for the Sales Tax Fund for the fiscal year ended June 30, 2021.

The excess expenditures were funded by available fund balance.

(3) **DEPOSITS AND INVESTMENTS**

At June 30, 2021, the Town had deposits and investments (book balances) totaling \$4,182,266 (including \$13,486 in the custodial funds) as follows:

Statements of net position:

Cash and cash equivalents	\$ 1,713,240
Investments	842,069
Restricted asset – cash, cash equivalents, and investments	<u>1,626,957</u>
Total cash, cash equivalents, and investments	<u>\$ 4,182,266</u>

Deposits, investments, and other (GASB 3 and 40 disclosures) as of June 30, 2021, consists of the following:

Cash on hand	\$ 345
Deposits with financial institutions:	
Interest-bearing demand deposits	3,267,640
Investments	
Louisiana Asset Management Pool	842,069
12-month certificate of deposit	<u>72,212</u>
Total deposits and investments	<u>\$ 4,182,266</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, 2021, the Town has \$3,444,231 in deposits (collected bank balances). These deposits are secured from risk by \$328,589 of federal deposit insurance and \$3,115,642 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

Town of Amite City

NOTES TO FINANCIAL STATEMENTS

As of and for the Year Ended June 30, 2021

upon demand.

The investment in the Louisiana Asset management Pool (LAMP) – an external investment pool – is stated at the value of the pool shares, which is the same as the fair value.

In accordance with GASB – 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, all investments are carried at fair value, with the estimate of fair value based on quoted market prices.

At June 30, 2021 the Town's investment balances are as follows:

	Carrying Amount	Fair Value
Louisiana Asset Management Pool	\$ 842,069	\$ 842,069

LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local government entities having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LSA-R.S 33:2955.

GASB Statement No. 40, Deposit and Investment Risk Disclosure, requires disclosure of credit risk, custodial credit risk, concentration of credit risk, interest rate risk, and foreign currency risk for all public entity investments.

LAMP is a 2a7-like investment pool. The following facts are relevant for 2a7-like investment pools:

- Credit risk: LAMP is rated AAAM by Standard's & Poor's.
- Custodial credit risk: LAMP participants' investments in the pool are evidenced by shares of the pool. Investments in pools should be disclosed, but not categorized because they are not evidenced by securities that exist in physical or book-entry form. The public entity's investment is with the pool, not the securities that make up the pool; therefore, no disclosure is required.
- Concentration of credit risk: Pooled investments are excluded from the 5 percent disclosure requirement.
- Interest rate risk: LAMP is designed to be highly liquid to give its participants immediate access to their account balances. LAMP prepares its own interest rate risk disclosure using the weighted average maturity (WAM) method. The WAM of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days or 762 days for U.S. Government floating/variable rate investments. The WAM for LAMP's total investments is 82 as of June 30, 2021.
- Foreign currency risk: Not applicable to 2a7-like pools.

The investments in LAMP are stated at fair value based on quoted market rates. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the net asset value of the pool shares.

LAMP, Inc. is subject to the regulatory oversight of the state treasurer and the board of directors. LAMP is not registered with the SEC as an investment company.

LAMP, Inc. issues an annual publicly available financial report that includes financial statements and required supplementary information for LAMP, Inc. That report may be obtained by writing to LAMP, Inc., 650 Poydras Street, Suite 2220, New Orleans, Louisiana 70130, or by calling (504) 525-5267.

Town of Amite City

**NOTES TO FINANCIAL STATEMENTS**

As of and for the Year Ended June 30, 2021

(4) **RECEIVABLES**

Receivables at June 30, 2021, consist of the following:

<u>Class of Receivables</u>	<u>General</u>	<u>Special Revenue</u>	<u>Enterprise</u>	<u>Total</u>
Taxes -				
Franchise and other	\$ 45,546	\$ -	\$ -	\$ 45,546
Occupational	48,629	-	-	48,629
Sales	-	322,437	-	322,437
Accounts -				
Prisoner housing fees	3,167	-	-	3,167
Garbage	34,611	-	-	34,611
Water and Sewer	-	-	123,216	123,216
Less: Allowance for Uncollectibles	(5,000)	-	(18,000)	(23,000)
Intergovernmental				
Beer Tax	3,638	-	-	3,638
Department of Public Safety	7,435	-	-	7,435
State Grant	-	-	247,259	247,259
Totals	\$ 138,026	\$ 322,437	\$ 352,475	\$ 812,938

An allowance account for taxes receivable is not considered necessary

(5) **AD VALOREM TAXES**

For the year ended June 30, 2021, taxes of 4.94 mills were levied on property with assessed valuations totaling \$27,176,063. Total taxes levied were \$134,324. Taxes receivable at June 30, 2021, were nil.

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

Restricted assets were applicable to the following at June 30, 2021:

Governmental Funds:

General Fund – Drug seizure cash	\$ 8,534
General Fund – Grant money for future purchase of vehicle	6,377
	<u>\$ 14,911</u>

Proprietary Fund:

Customers' deposit – cash and investments	\$ 157,070
Revenue Bond requirements funds – DEQ & USDA	1,454,976
	<u>\$ 1,612,046</u>

Town of Amite City

**NOTES TO FINANCIAL STATEMENTS**

As of and for the Year Ended June 30, 2021

(7) **CAPITAL ASSETS**

The following is a summary of changes in capital assets for the fiscal year ended June 30, 2021:

<u>Governmental Activities:</u>	<u>Balance 06/30/20</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance 06/30/21</u>
Capital assets not depreciated:				
Land and land improvements	\$ 1,381,872	\$ -	\$ -	\$ 1,381,872
Construction in progress	37,185	-	-	37,185
Inactive assets	45,857	20,459	-	66,316
Total capital assets, not depreciated	1,464,914	20,459	-	1,485,373
Capital assets, being depreciated:				
Buildings	1,320,505	-	-	1,320,505
Improvements	593,144	-	-	593,144
Infrastructure	277,665	-	-	277,665
Vehicles	957,216	12,500	20,459	949,257
Office Equipment	43,436	4,383	-	47,819
Furniture & Fixtures	31,126	-	-	31,126
Machinery & Equipment	596,397	39,755	-	636,152
Total capital assets, being depreciated	3,819,489	56,638	20,459	3,855,668
Less: Accumulated depreciation:				
Buildings	776,202	24,155	-	800,357
Improvements	458,339	16,457	-	474,796
Infrastructure	32,472	12,172	-	44,644
Vehicles	749,243	75,243	-	824,486
Office Equipment	29,027	4,815	-	33,842
Furniture & Fixtures	25,826	656	-	26,482
Machinery & Equipment	544,949	19,546	-	564,495
Total accumulated depreciation	2,616,058	153,044	-	2,769,102
Total capital assets, being depreciated, net	1,203,431	(96,406)	20,459	1,086,566
Governmental activities capital assets, net	\$ 2,668,345	\$ (75,947)	\$ 20,459	\$ 2,571,939

Depreciation was charged to governmental functions as follows:

General government	\$ 15,861
Public safety	66,895
Streets	38,873
Sanitation	8,265
Parks and recreation	13,187
Community center	7,109
Economic Development	2,854
Total	\$ 153,044

Town of Amite City

NOTES TO FINANCIAL STATEMENTS

As of and for the Year Ended June 30, 2021

The following is a summary of changes in capital assets for the business-type activity for the fiscal year ended June 30, 2021:

<u>Business-type activity:</u>	<u>Balance</u> <u>06/30/20</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>06/30/21</u>
Capital assets, not being depreciated				
Land – water	\$ 36,392	\$ -	\$ -	\$ 36,392
Land – sewer	25,957	-	-	25,957
Construction in progress	94,433	701,654	-	796,087
Total capital assets not being depreciated	<u>156,782</u>	<u>701,654</u>	<u>-</u>	<u>858,436</u>
Capital assets, being depreciated				
Wells	1,085,455	-	-	1,085,455
Storage tanks	643,730	-	-	643,730
Water lines and meters	2,353,284	13,800	-	2,367,084
Sewerage system	6,708,043	50,900	-	6,758,943
Equipment	332,267	3,599	-	335,866
Total capital assets, being depreciated	<u>11,122,779</u>	<u>68,299</u>	<u>-</u>	<u>11,191,078</u>
Less accumulated depreciation for:				
Wells	316,796	24,542	-	341,338
Storage tanks	369,955	11,407	-	381,362
Water lines and meters	908,414	52,942	-	961,356
Sewerage system	2,280,015	169,123	-	2,449,138
Equipment	249,368	14,246	-	263,614
Total accumulated depreciation	<u>4,124,548</u>	<u>272,260</u>	<u>-</u>	<u>4,396,808</u>
Total capital assets, being depreciated, net	<u>6,998,231</u>	<u>(203,961)</u>	<u>-</u>	<u>6,794,270</u>
Business-type activities capital assets, net	<u>\$ 7,155,013</u>	<u>\$ 497,693</u>	<u>\$ -</u>	<u>\$ 7,652,706</u>

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

Waterworks and Sewer Fund	\$ 272,260
Total	<u>\$ 272,260</u>

Town of Amite City

## NOTES TO FINANCIAL STATEMENTS

As of and for the Year Ended June 30, 2021

### (8) PENSION PLAN

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

#### Municipal Police Employees' Retirement System of Louisiana

*Plan Description.* All full-time police department employees engaged in law enforcement are required to participate in the System unless exempted. Employees who retire at any age with 25 years of creditable service or at age 50 with at least 20 years of creditable service or at age 55 with at least 12 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3-1/3 percent of their final-average salary for each year of creditable service. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified previously and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

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

*Funding Policy.* Plan members are required by state statute to contribute 10.0 percent of their annual covered salary and the Town is required to contribute at an actuarially determined rate. The current rate is 33.75% percent of annual covered payroll. The contribution requirements of plan members and the Town are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. In accordance with state statute, the Systems receive insurance premium taxes. These additional sources of income are used as employer contributions and are considered support from non-employer contributing entities, but are not considered special funding situations. Non-employer contributions are recognized as revenue and excluded from pension expense for the year ended June 30, 2021. The Town of Amite City contributions to the System for the years ending June 30, 2021, 2020, and 2019, were \$134,152, \$125,009, and \$134,757, 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, 2021, the Town reported a liability of \$1,150,947 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, 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, 2020, the Town's proportion was .124530 percent.

Town of Amite City

NOTES TO FINANCIAL STATEMENTS

As of and for the Year Ended June 30, 2021

For the year ended June 30, 2021, the Town recognized pension expense of \$175,261. At June 30, 2021, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 45,335
Changes of assumptions	27,349	28,404
Net difference between projections and actual earnings on pension plan investments	138,079	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	104,884	58,785
Town contributions subsequent to the measurement date	134,152	215
Total	\$ 404,464	\$ 132,739

\$134,152 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, 2022. 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:	
2022	\$ 36,448
2023	\$ 68,401
2024	\$ 6,719
2025	\$ 26,220
2026	\$ -
Thereafter	\$ -

*Actuarial assumptions.* The total pension liability in June 30, 2020, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation date June 30, 2020

Actuarial cost method Entry Age Normal Cost

Investment rate of return 2020- 6.950% 2019- 7.125% 2018- 7.20%  
(Net of investment expense)

Expected Remaining Service lives 2020- 4 years 2019- 4 Years 2018- 4 Years 2017 - 4 Years

Inflation rate 2020-2.5% 2019- 2.5% 2018- 2.60%

Mortality For annuitants and beneficiaries, the Pub-2010 Public Retirement Plan Mortality Table for Safety Below-Median Healthy Retirees multiplied by 115% for males and 125% for females, each with full generational projection using the MP2019 sale was used.

Town of Amite City

NOTES TO FINANCIAL STATEMENTS

As of and for the Year Ended June 30, 2021

For disabled lives, the Pub-2010 Public Retirement Plans Mortality Table for Safety Disable Retirees multiplied by 105% for males and 115% for females, each with full generational projection using the MP2019 scale was used.

For employees, the Pub-2010 Public Retirement Plans Mortality Table for Safety Below-Median Employees multiplied by 115% for males and 125% for females, each with full generational projection using the MP2019 scale was used.

Cost-of-Living Adjustments

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

The mortality rate assumption used was set based upon an experience study performed by the prior actuary on plan data for the period of July 1, 2014 through June 30, 2019, and review of similar law enforcement mortality. A change was made full generational mortality which combines the use of a base mortality table with appropriate mortality improvement scales. In order to set the base mortality table, actual plan mortality experience was assigned a credibility weighting and combined with a standard table to produce current levels of mortality.

Salary Increases, Including inflation and merit	Years of Service	Salary Growth Rate
	1-2	12.30%
	Above 2	4.70%

The best estimates of arithmetic rates of return for each major asset class included in the System's target allocation as of June 30, 2020, are summarized in the following table:

June 30, 2020		
Asset Class	Target Asset Allocation	Long-term Expected Portfolio Real Rate of Return
Equity	48.50%	3.08%
Fixed Income	33.50%	0.54%
Alternatives	18.00%	1.02%
Other	0.00%	0.00%
Totals	100%	4.64%
Inflation		2.55%
Expected Arithmetic Returns		7.19 %



Town of Amite City

**NOTES TO FINANCIAL STATEMENTS**

As of and for the Year Ended June 30, 2021

*Discount Rate.* The discount rate used to measure the total pension liability was 6.950%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates approved by PRSAC taking into consideration the recommendation of the System's actuary. Based on these assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investment was applied to all periods of projected benefit payments to determine pension liability.

*Sensitivity to Changes in Discount Rate:*

The following presents the net pension liability of the participating employers calculated using the discount rate of 6.950%, 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 5.950% or one percentage point higher 7.950% than the current date as of June 30, 2020.

	Changes in Discount Rate		
	1% Decreased	Current Discount Rate	1% Increase
	5.950%	6.950%	7.950%
Net Pension Liability	\$ 1,616,958	\$ 1,150,947	\$ 761,381

(9) **DEFERRED COMPENSATION PLAN**

The Town offers all town employees a deferred compensation plan created in accordance with Internal Revenue Code, Section 457. The Town matches the employees' contributions up to 10 percent of covered salaries. The assets of the plan are held in trust, (custodial account or annuity contract) as described in IRC Section 457 (g) for the exclusive benefit of the participants (employees) and their beneficiaries. The custodian thereof for the exclusive benefit of the participants holds the custodial account for the beneficiaries of this section 457 plan, and the assets may not be diverted to any other use. The Administrators are agents of the employer for purposes of providing direction to the custodian of the custodial account from time to time for the investment of the funds held in the account, transfer of assets to or from the account, and all other matters. In accordance with the provisions of GASB Statement 32, plan balances and activities are not reflected in the Town of Amite City's financial statements.

(10) **RETIREMENT SYSTEM**

Employees of the Town who are not participants in the Municipal Police Employees' Retirement System of Louisiana are members of the social security system. In addition to employee payroll deductions, Town funds are remitted to match the employee contributions. Aggregate contributions to the social security system for the year ended June 30, 2021, were \$299,331 of which \$149,665 was contributed by the Town.

(11) **COMPENSATED ABSENCES**

At June 30, 2021, employees of the Town have accumulated and vested \$116,028 of employee leave benefits which was computed in accordance with GASB Codification Section C60. Of this amount, \$106,028 is recorded as an obligation of the governmental activities. The leave liability for employees of the Enterprise Fund of \$10,000 is accounted for within the fund.

Town of Amite City

**NOTES TO FINANCIAL STATEMENTS**

As of and for the Year Ended June 30, 2021

**(12) NONCURRENT LIABILITIES**

**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, 2021:

Governmental Activities:	Balance 6/30/20	Additions	Reductions	Balance 6/30/21	Due Within One Year
Capital Leases	\$ 117,468	\$ -	\$ 37,409	\$ 80,059	\$ 39,130
Note from direct borrowing	150,000	-	75,000	75,000	75,000
Total Governmental Activities	\$ 267,468	\$ -	\$ 112,409	\$ 155,059	\$ 114,130

  

Business-type Activities:	Balance 6/30/20	Additions	Reductions	Balance 6/30/21	Due Within One Year
Revenue bonds payable DEQ	\$ 354,000	\$ -	\$ 83,000	\$ 271,000	\$ 87,000
Revenue bonds payable – USDA - Sewer	2,008,289	-	36,906	1,971,383	38,197
Revenue bonds payable USDA - Water	1,783,039	-	33,984	1,749,055	35,003
Total Bonds business- type activities	\$ 4,145,328	\$ -	\$ 153,890	\$ 3,991,438	\$ 160,200

**B. CAPITAL LEASES**

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

Assets:	Governmental Activities	Total
Vehicles	\$ 190,004	\$ 190,004
Less Accumulated Depreciation	(66,500)	(66,500)
Capital Assets, net	\$ 123,504	\$ 123,504

On August 9, 2019, the Town entered into a capital lease agreement at an interest rate of 4.60% with Municipal Asset Management Inc. The lease obligation is effective during the period from August 2019 to July 2022. Annual payments of principal and interest of \$42,818 began July 15, 2019. Total payments for the fiscal year ended June 30, 2021 are \$42,813 (principal of \$37,409 and interest of \$5,404).

**C. NOTES FROM DIRECT BORROWING**

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

Town of Amite City

**NOTES TO FINANCIAL STATEMENTS**

As of and for the Year Ended June 30, 2021

**D. BONDS**

Revenue bonds payable are comprised of the following issue:

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

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

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

\$ 271,000

- 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.

1,971,383

- 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.

1,749,055

Total Revenue Bonds Payable

\$ 3,991,438

**E. DEBT SERVICE REQUIREMENTS TO MATURITY**

Governmental Activities:

1. The annual requirements to amortize the Capital Lease debt outstanding as of June 30, 2021, including interest are as follows:

Capital Lease			
<u>Year ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 39,130	\$ 3,683	\$ 42,813
2023	40,929	1,883	42,812
	<u>\$ 80,059</u>	<u>\$ 5,566</u>	<u>\$ 85,625</u>

2. The annual requirements to amortize the Note from Direct Borrowing debt outstanding as of June 30, 2021, including interest are as follows:

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

Town of Amite City

**NOTES TO FINANCIAL STATEMENTS**

As of and for the Year Ended June 30, 2021

Business-type Activities:

3. The annual requirements to amortize the Revenue Bonds debt outstanding as of June 30, 2021, including interest, are as follows:

<u>Year Ending June 30</u>	<u>Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 160,200	\$ 128,118	\$ 288,318
2023	165,587	123,599	289,186
2024	172,052	118,929	290,981
2025	80,598	114,080	194,678
2026	83,228	111,450	194,678
2027-2031	458,710	514,681	973,391
2032-2036	538,682	434,709	973,391
2037-2041	632,689	340,702	973,391
2042-2046	743,211	230,180	973,391
2047-2051	872,726	100,664	973,390
2052	83,755	2,520	86,275
	<u>\$ 3,991,438</u>	<u>\$ 2,219,632</u>	<u>\$ 6,211,070</u>

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

During the year ended June 30, 2021, the Town had the following changes in noncurrent liabilities.

	<u>Balance</u> <u>06/30/20</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>06/30/21</u>	<u>Due Within</u> <u>One Year</u>
<u>Governmental Activities:</u>					
Compensated Absences	\$ 112,192	\$ 69,599	\$ 75,763	\$ 106,028	\$ 72,337
Total government activities	<u>\$ 112,192</u>	<u>\$ 69,599</u>	<u>\$ 75,763</u>	<u>\$ 106,028</u>	<u>\$ 72,337</u>

**(13) 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

NOTES TO FINANCIAL STATEMENTS

As of and for the Year Ended June 30, 2021

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

Money 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.

Money 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, 2021, 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, 2021, 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, 2021, the Town was in **compliance** with this covenant.

NOTES TO FINANCIAL STATEMENTS

As of and for the Year Ended June 30, 2021

(14) 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, 2021, operating receipts for the system totaled \$1,452,587. For the same period, operating disbursements, including required deposits into the various debt service funds, totaled \$1,438,283. The Town was in compliance with items a., b., c., and d. of the above rate covenant for the year ended June 30, 2021.

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

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

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

At June 30, 2021, the Town was in **compliance** with the delinquent utility customers section of the bond ordinance.



**NOTES TO FINANCIAL STATEMENTS**

As of and for the Year Ended June 30, 2021

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, 2021, 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, 2021, 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, 2021.

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, 2021, 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, 2021, the Town was in **compliance** with this requirement.

**(15) 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

Town of Amite City

NOTES TO FINANCIAL STATEMENTS

As of and for the Year Ended June 30, 2021

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

Money 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.

Money 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, 2021, the Town was in **compliance** with this covenant.

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

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

At June 30, 2021, 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, 2021, 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, 2021, the Town was in **compliance** with this covenant.



NOTES TO FINANCIAL STATEMENTS

As of and for the Year Ended June 30, 2021

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

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

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

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

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

For the fiscal year ended June 30, 2021, operating receipts for the system totaled \$1,452,588. For the same period, operating disbursements, including required deposits into the various debt service funds, totaled \$1,438,283. The Town was in compliance with items a., b., c., d., and e. of the above rate covenant for the year ended June 30, 2021.

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, 2021, the Town was in **compliance** with the delinquent utility customers section of the bond ordinance.

Town of Amite City

**NOTES TO FINANCIAL STATEMENTS**

As of and for the Year Ended June 30, 2021

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, 2021, 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, 2021.

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, 2021, the Town was in **compliance** with this covenant.

**(17) 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:

Money 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.

Money 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.

**NOTES TO FINANCIAL STATEMENTS**

As of and for the Year Ended June 30, 2021

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, 2021, 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, 2021, 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, 2021, 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, 2021, the Town was in **compliance** with this covenant.

(18) **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.

Town of Amite City

NOTES TO FINANCIAL STATEMENTS

As of and for the Year Ended June 30, 2021

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, 2021, operating receipts for the system totaled \$1,452,588. For the same period, operating disbursements, including required deposits into the various debt service funds, totaled \$1,438,283. The Town was in compliance with items a., b., c., d., and e. of the above rate covenant for the year ended June 30, 2021.

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, 2021, 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, 2021, 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, 2021.

**NOTES TO FINANCIAL STATEMENTS**

As of and for the Year Ended June 30, 2021

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, 2021, the Town was in **compliance** with this covenant.

(19) **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 (2021, \$3,806,407, 2020, \$3,322,620) are dedicated as follows:

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

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

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

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

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

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

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

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

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

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

Town of Amite City

**NOTES TO FINANCIAL STATEMENTS**

As of and for the Year Ended June 30, 2021

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

A. Balances due to/from other funds at June 30, 2021, consist of the following:

Due to the Economic Development Fund from the General Fund to offset cash shortage. \$ 87,000

Due to the Waterworks Fund from the General Fund to offset cash shortage 174,504  
\$ 261,504

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	\$ 87,000	\$ 261,504
Statement of Net Position - Proprietary Fund	<u>174,504</u>	<u>-</u>
	<u>\$ 261,504</u>	<u>\$ 261,504</u>

B. Interfund transfers at June 30, 2021, consist of the following:

From the Sales Tax Fund to the General Fund to subsidize operations	\$ 3,698,900
From the Sales Tax Fund to the Economic Development Fund as required by Ordinance 10-2003	94,845
From the General Fund to the Arts Council Fund for the required transfer of franchise-cable tax	9,000
From the Economic Development Fund to the General Fund to place in LAMP	<u>250,000</u>
	<u>\$ 4,052,745</u>

(21) **LITIGATION AND CLAIMS**

At June 30, 2021, the Town is involved in litigation or is aware of various claims totaling an undetermined amount.



Town of Amite City

NOTES TO FINANCIAL STATEMENTS

As of and for the Year Ended June 30, 2021

(22) **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:

Walter Daniels, Mayor	\$ 30,000
Jerry Trabona, Chief of Police (7/1/2020 - 12/31/2020)	44,290
Lendrick Francois, Chief of Police (1/1/2021 – 6/30/2021)	37,963
<u>Town Council</u>	
Jonathon Foster	11,400
Charles C. Currier (7/1/2020 – 12/31/2020)	5,700
Damon S. Ellzey (1/1/2021 – 6/30/2021)	5,700
Roseline A. Sumrall	11,400
Emmanuel Zanders	11,400
Kris Hart	11,400
	<u>\$169,253</u>

Compensation paid to the board members of the Town of Amite City's Planning and Zoning Commission for the year ended June 30, 2021, is as follows:

Wash Edwards	\$ 275
Irma Kelly	275
Chic Core	300
Mary Lou Lee	175
	<u>\$ 1,025</u>

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

For the year ended June 30, 2021 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 \$105,117 of on behalf payments as revenue and as expense in the General Fund.

(24) **RISKS AND UNCERTAINTIES**

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

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

(25) **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, 2021, \$3,444,231 of the Town's bank balances are exposed to custodial credit risk. The \$3,115,642 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, 2021

(26) RESTATED FUND BALANCE / NET POSITION

- A. The following funds beginning fund balance has been restated to reflect the retroactive recording of prior period adjustments to the June 30, 2020, balance:

General Fund

Fund balance at June 30, 2020	\$ 293,142
Increase in prior year Workers Compensation Insurance Payable	(3,698)
Fund balance at June 30, 2020, as restated	<u>\$ 289,444</u>

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

Net Position at June 30, 2020	\$ 2,736,965
Effect of prior period adjustments made to fund balance	(3,698)
Net position at June 30, 2020, as restated	<u>\$ 2,733,267</u>

As a result of the above prior period adjustments, the Change in Net Position for the year ended June 30, 2020, has been adjusted from \$2,736,965 to \$2,733,267 a difference of \$3,698.

(27) COMMITMENTS AND CONTINGENCIES

The Town had one active construction project as of June 30, 2021. At year end, the commitment was with the following contractor:

	<u>Spent to Date</u>	<u>Remaining Commitment</u>
Spinks Construction, Inc.	\$ 640,984	\$ 72,056

The Town had three professional service contracts as of June 30, 2021. At year end, the commitments were with the following professionals:

	<u>Spent to Date</u>	<u>Remaining Commitment</u>
Newell Engineering – Tycker Park	\$ 111,011	\$ 11,329
Data Center, LLC (redistricting)	\$ 10,000	\$ 10,000
Larry's Lawn Care	\$ 37,917	\$ 53,083

(28) OTHER MATTERS

On January 5, 2021, Councilman Emmanuel Zanders III was indicted on eight felony election fraud charges violating Louisiana's election integrity laws. He entered into a plea deal with the district attorney in July 2021, pleading guilty to one misdemeanor count and resigning as a city councilman.

On December 14, 2021, current Councilman Kristian Hart and former police chief Jerry Trabona were indicted by federal grand jury in New Orleans on criminally violating federal election laws as part of a scheme to pay for votes in a federal election in 2016. Both Hart and Trabona were scheduled to appear in the federal court located in New Orleans on December 17, 2021.

Management has determined that the charges for which the three elected city officials were indicted did not have an effect on the financial activities of the Town, nor the information included in these financial statements.



Town of Amite City

NOTES TO FINANCIAL STATEMENTS

As of and for the Year Ended June 30, 2021

(29) SUBSEQUENT EVENTS

Subsequent to June 30, 2021, the following events occurred:

- On July 6, 2021, the Town passed Resolution 7-2021 to approve the purchase of two police vehicles under state contract for \$98,045.
- On August 20, 2021, the Town passed a motion to purchase a garbage truck from Rivercity Hydraulics for \$115,000; only one bid was received.
- On September 21, 2021, the Town accepted the low bid from Talisheek, LLC in the amount of \$16,200 for the purchase of mitigation credits.

Subsequent events have been evaluated by management through December 28, 2021, the date the financial statements were available for issuance. No other events were noted requiring recording or additional disclosure in the financial statements for the year ending June 30, 2021.

## **REQUIRED SUPPLEMENTAL INFORMATION**

Town of Amite City

**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND-SUMMARY**  
**For the Year Ended June 30, 2021**

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
<u>Revenues</u>				
Taxes	\$ 320,000	\$ 317,000	\$ 335,573	\$ 18,573
Licenses and permits	267,500	212,000	288,188	76,188
Intergovernmental	223,085	507,262	526,840	19,578
Fines and forfeitures	100,000	100,000	98,536	(1,464)
Sanitation service fees	306,000	306,000	324,221	18,221
Prisoner housing fees	10,000	10,000	16,180	6,180
Subpoena & bond appearance fees	3,000	1,900	2,074	174
Rentals and recreational	13,000	7,500	10,300	2,800
Miscellaneous	53,550	48,978	77,310	28,332
Total revenues	<u>1,296,135</u>	<u>1,510,640</u>	<u>1,679,222</u>	<u>168,582</u>
<u>Expenditures</u>				
Current-				
General government	1,169,946	1,421,300	1,400,945	20,355
Public safety- police	1,783,000	1,865,513	1,733,663	131,850
Public safety- fire	320,000	320,000	320,000	-
Streets	830,785	1,019,500	1,010,803	8,697
Sanitation	286,500	288,000	277,236	10,764
Community Center	10,800	20,200	20,177	23
Cemetery	11,675	43,625	46,899	(3,274)
Parks and recreation	73,000	85,000	84,521	479
Intergovernmental (DMV)	14,500	14,200	15,064	(864)
Miscellaneous	50,298	35,950	40,870	(4,920)
Debt Service:				
Principal	-	-	37,409	(37,409)
Interest	-	-	5,404	(5,404)
Total expenditures	<u>4,550,504</u>	<u>5,113,288</u>	<u>4,992,991</u>	<u>120,297</u>
(Deficiency) of revenues over expenditures	<u>(3,254,369)</u>	<u>(3,602,648)</u>	<u>(3,313,769)</u>	<u>288,879</u>
<u>Other financing sources (uses)</u>				
Transfers in	3,363,750	3,600,900	3,948,900	348,000
Transfer to Arts Council	(12,000)	(9,000)	(9,000)	-
Transfer to Economic Development	(92,500)	-	-	-
Total other financing sources/(uses)	<u>3,259,250</u>	<u>3,591,900</u>	<u>3,939,900</u>	<u>348,000</u>
Net change in Fund Balance	4,881	(10,748)	626,131	636,879
Fund balance - beginning, restated	<u>18,470</u>	<u>293,142</u>	<u>289,444</u>	<u>(3,698)</u>
Fund balance - ending	<u>\$ 23,351</u>	<u>\$ 282,394</u>	<u>\$ 915,575</u>	<u>\$ 633,181</u>

See independent auditors' report.

Town of Amite City

**BUDGETARY COMPARISON SCHEDULE**

GENERAL FUND - DETAIL

For the Year Ended June 30, 2021

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
<u>Revenues</u>				
Taxes-				
Ad Valorem	\$ 152,000	\$ 149,000	\$ 159,334	\$ 10,334
Public utilities franchise	168,000	168,000	176,239	8,239
Licenses and permits-				
Occupational licenses	240,000	195,000	269,801	74,801
Chain store licenses & Beer Liquor	20,000	12,000	6,007	(5,993)
Permits	7,500	5,000	12,380	7,380
Intergovernmental-				
Beer taxes	10,000	13,000	14,154	1,154
Federal grants -Cares Act	-	305,852	305,852	-
LGAP Grant	8,285	8,285	8,285	-
Entergy Grant	-	5,000	4,940	(60)
Geaux Jobs Reimbursement	-	4,825	5,955	1,130
Drug Asset Fund	5,000	-	-	-
Law Enforcement Fees	-	(5,000)	(5,027)	(27)
Drug Forfeiture and DWI fines	1,500	-	-	-
State highway maintenance	5,300	5,300	5,300	-
Motions money	3,000	-	-	-
Department of Motor Vehicles	50,000	50,000	62,264	12,264
On behalf payments by the state	126,000	100,000	105,117	5,117
In school officer-TPSB	14,000	20,000	20,000	-
Fines and forfeitures	100,000	100,000	98,536	(1,464)
Charges for services-				
Garbage fees	306,000	306,000	324,221	18,221
Prisoner housing fees	10,000	10,000	16,180	6,180
Subpoena & bond appearance fees	3,000	1,900	2,074	174
Rentals and recreational	13,000	7,500	10,300	2,800
Miscellaneous revenues-				
Coke Fund	300	140	280	140
Cemetery	35,000	35,000	34,500	(500)
Interest	5,000	1,713	2,961	1,248
Miscellaneous	6,000	8,000	34,601	26,601
Planning & Zoning	250	125	125	-
Sale of Fixed Assets	3,000	-	-	-
Accident reports	4,000	4,000	4,843	843
Total revenues	<u>\$ 1,296,135</u>	<u>\$ 1,510,640</u>	<u>\$ 1,679,222</u>	<u>\$ 168,582</u>

(Continued)

See independent auditors' report.

Town of Amite City

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND - DETAIL

For the Year Ended June 30, 2021

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
<u>General Government</u>				
Salaries - Mayor and Council	\$ 87,000	\$ 87,000	\$ 87,000	\$ -
Salaries - Town Clerk	82,000	93,500	90,456	3,044
Salaries - Clerical & Clerk of Court	116,000	199,000	197,022	1,978
Retirement contributions	62,500	62,500	58,676	3,824
Employee benefits- Health, Life, Denta	105,000	135,000	135,852	(852)
Payroll taxes	147,115	157,000	163,659	(6,659)
Attorney	40,000	64,000	69,981	(5,981)
Audit and accounting services	50,000	40,000	27,841	12,159
Insurance (all departments)	330,000	350,000	319,146	30,854
Office expense	17,000	37,000	44,249	(7,249)
Official journal	2,500	2,500	2,114	386
City Hall utilities	11,000	17,000	16,330	670
City Hall telephones	4,500	11,000	9,349	1,651
City Hall maintenance	1,000	26,000	26,177	(177)
Convention expense	2,000	500	2,921	(2,421)
Dues	1,500	1,650	1,624	26
Ad Valorem collection fees	10,000	10,000	21,157	(11,157)
Assessor and tax roll	2,881	3,000	-	3,000
Public relations	300	-	-	-
Compliance officer expense	6,000	6,000	6,090	(90)
Medical expense	1,400	2,500	3,787	(1,287)
Miscellaneous	3,000	13,000	12,820	180
Contract services	-	1,600	1,894	(294)
Magistrate judge and city prosecutor	36,000	48,000	47,421	579
Litter program	2,000	2,000	1,018	982
Janitorial - city hall	4,000	4,000	3,560	440
Amite Pride Salaries	30,000	35,000	36,620	(1,620)
Amite Pride expenses	5,000	1,000	904	96
Mayor's court expense	4,000	5,400	4,997	403
Subpoena wages & Bond expense	4,000	300	300	-
Election expense	1,750	2,000	1,499	501
Equipment acquisition	-	2,450	5,433	(2,983)
Downtown Coordinator	500	500	303	197
Community Developer Exp	-	400	395	5
Consultants	-	500	350	150
Total General Government	<u>\$ 1,169,946</u>	<u>\$ 1,421,300</u>	<u>\$ 1,400,945</u>	<u>\$ 20,355</u>

(Continued)

See independent auditors' report.

Town of Amite City

**BUDGETARY COMPARISON SCHEDULE**

**GENERAL FUND - DETAIL**

For the Year Ended June 30, 2021

	Original	Final	Actual	Variance with Final Budget Favorable (Unfavorable)
	Budget	Budget	Amounts	
<u>Public Safety - Police</u>				
Salaries - Chief of Police	\$ 82,000	\$ 83,000	\$ 82,459	\$ 541
Salaries and benefits	1,203,000	1,237,000	1,176,954	60,046
In School Officer	14,000	24,000	25,350	(1,350)
On behalf payments by state	126,000	100,000	105,117	(5,117)
Retirement contributions	118,000	140,000	134,152	5,848
Auto fuel	45,000	45,000	46,258	(1,258)
Auto repairs	20,000	25,000	24,878	122
Uniforms	11,500	11,500	14,291	(2,791)
Repairs and maintenance	8,000	11,000	9,997	1,003
Prisoner expense	17,000	12,000	9,239	2,761
Office expense	30,000	44,000	33,571	10,429
Schools - conventions	7,000	5,000	6,135	(1,135)
Utilities	25,000	35,000	20,929	14,071
Equipment rent	2,000	2,000	2,022	(22)
Capital acquisitions	7,000	3,000	18,625	(15,625)
Equipment	13,000	40,000	18,258	21,742
Vehicle Lease	42,000	42,813	-	42,813
Medical	-	3,000	3,172	(172)
Police Misc	-	600	671	(71)
Evidence Storage	-	1,600	1,585	15
Grant expense	5,000	-	-	-
Subpeona Wages	1,000	-	-	-
Informant monies	1,500	-	-	-
Drug Fund /Miscellaneous expense	5,000	-	-	-
Total Public Safety - Police	<u>\$ 1,783,000</u>	<u>\$ 1,865,513</u>	<u>\$ 1,733,663</u>	<u>\$ 131,850</u>
<u>Public Safety - Fire</u>				
Fire Protection District No. 1	\$ 320,000	\$ 320,000	\$ 320,000	\$ -
Total Public Safety - Fire	<u>\$ 320,000</u>	<u>\$ 320,000</u>	<u>\$ 320,000</u>	<u>\$ -</u>

(Continued)

See independent auditors' report.

Town of Amite City

**BUDGETARY COMPARISON SCHEDULE**

**GENERAL FUND - DETAIL**

For the Year Ended June 30, 2021

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
<u>Streets</u>				
Salaries and benefits	\$ 520,000	\$ 745,000	\$ 723,296	\$ 21,704
Street and traffic lights	80,000	100,000	101,352	(1,352)
Equipment fuel	20,000	12,000	7,080	4,920
Landfill	25,000	25,000	20,777	4,223
Materials and supplies	40,000	50,000	60,411	(10,411)
Uniforms	12,000	15,000	13,365	1,635
Utilities	10,000	14,000	13,516	484
Street vehicle maintenance	40,000	40,000	56,045	(16,045)
Street Drainage	25,000	5,000	1,805	3,195
District Public Works	50,000	-	-	-
Mosquito spraying	500	-	-	-
LGAP Grant	8,285	12,500	12,500	-
Christmas Lights	-	1,000	656	344
Total Streets	<u>\$ 830,785</u>	<u>\$ 1,019,500</u>	<u>\$ 1,010,803</u>	<u>\$ 8,697</u>
<u>Sanitation</u>				
Salaries and Benefits	\$ 103,500	\$ 97,000	\$ 90,075	\$ 6,925
Equipment repairs, supplies, uniform	72,000	80,000	72,161	7,839
Fuel	22,000	18,000	17,369	631
Landfill	89,000	93,000	97,631	(4,631)
Total Sanitation	<u>\$ 286,500</u>	<u>\$ 288,000</u>	<u>\$ 277,236</u>	<u>\$ 10,764</u>
<u>Community Center</u>				
Salaries and Benefits	\$ 800	\$ 1,200	\$ 1,280	\$ (80)
Utilities	5,000	7,000	6,747	253
Repairs and supplies	5,000	12,000	11,600	400
Equipment acquisition	-	-	550	(550)
Total Community Center	<u>\$ 10,800</u>	<u>\$ 20,200</u>	<u>\$ 20,177</u>	<u>\$ 23</u>
<u>Cemetery</u>				
Salaries	\$ -	\$ 13,500	\$ 16,806	\$ (3,306)
Office Supplies	-	1,200	-	1,200
Materials, supplies, and fuel	7,275	9,000	27,083	(18,083)
Cemetery slab	3,000	18,000	1,313	16,687
Miscellaneous	500	1,000	674	326
Utilities	900	925	1,023	(98)
Total Cemetery	<u>\$ 11,675</u>	<u>\$ 43,625</u>	<u>\$ 46,899</u>	<u>\$ (3,274)</u>

(Continued)

See independent auditors' report.

Town of Amite City

**BUDGETARY COMPARISON SCHEDULE**

**GENERAL FUND - DETAIL**

For the Year Ended June 30, 2021

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
<u>Parks and Recreation</u>				
Repairs, supplies, and beautification	\$ 3,000	\$ 3,000	\$ 2,388	\$ 612
Utilities	5,000	6,000	6,300	(300)
Contract Mowing	65,000	76,000	75,833	167
Total Parks and Recreation	<u>\$ 73,000</u>	<u>\$ 85,000</u>	<u>\$ 84,521</u>	<u>\$ 479</u>
<u>Intergovernmental (DMV)</u>				
Maintenance, Repairs and Supplies	\$ 4,000	\$ 5,700	\$ 6,960	\$ (1,260)
Utilities	6,000	5,500	5,458	42
Janitorial	4,500	3,000	2,646	354
Total intergovernmental	<u>\$ 14,500</u>	<u>\$ 14,200</u>	<u>\$ 15,064</u>	<u>\$ (864)</u>
<u>Miscellaneous</u>				
Coroner	\$ 6,000	\$ 12,000	\$ 12,598	\$ (598)
Dilapidated Properties	25,000	10,800	10,800	-
Senior citizens	6,000	12,000	16,207	(4,207)
Planning and zoning	375	1,000	1,025	(25)
Animal shelter	12,423	-	-	-
Chamber of Commerce	500	150	240	(90)
Total Miscellaneous	<u>\$ 50,298</u>	<u>\$ 35,950</u>	<u>\$ 40,870</u>	<u>\$ (4,920)</u>
<u>Debt Service</u>				
Principal	\$ -	\$ -	\$ 37,409	\$ (37,409)
Interest	-	-	5,404	(5,404)
Total Debt Service	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 42,813</u>	<u>\$ (42,813)</u>
<u>Other Financing Sources (Uses)</u>				
Operating transfers in:				
Sales Tax Fund	\$ 3,363,750	\$ 3,350,900	\$ 3,698,900	\$ 348,000
From Economic Development	-	250,000	250,000	-
Operating transfers (out):				
Arts Council Fund	(12,000)	(9,000)	(9,000)	-
Economic Development for Loan	(92,500)	-	-	-
Total Other Financing Sources (Uses)	<u>\$ 3,259,250</u>	<u>\$ 3,591,900</u>	<u>\$ 3,939,900</u>	<u>\$ 348,000</u>

(Concluded)

See independent auditors' report.



Town of Amite City

BUDGETARY COMPARISON SCHEDULE

SALES TAX FUND

For the Year Ended June 30, 2021

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
<u>Revenues</u>				
Sales taxes	\$ 3,450,000	\$ 3,450,000	\$ 3,831,310	\$ 381,310
Interest	500	500	128	(372)
Total revenues	<u>3,450,500</u>	<u>3,450,500</u>	<u>3,831,438</u>	<u>380,938</u>
<u>Expenditures</u>				
General government - Collection fees	<u>20,410</u>	<u>20,410</u>	<u>24,903</u>	<u>(4,493)</u>
Total expenditures	<u>20,410</u>	<u>20,410</u>	<u>24,903</u>	<u>(4,493)</u>
Excess of revenues over expenditures	<u>3,430,090</u>	<u>3,430,090</u>	<u>3,806,535</u>	<u>376,445</u>
<u>Other financing (uses)</u>				
Transfer to General Fund	(3,363,750)	(3,363,750)	(3,698,900)	(335,150)
Transfer to Economic Development	(86,250)	(86,250)	(94,845)	(8,595)
Total other financing (uses)	<u>(3,450,000)</u>	<u>(3,450,000)</u>	<u>(3,793,745)</u>	<u>(343,745)</u>
Net change in Fund Balance	(19,910)	(19,910)	12,790	32,700
Fund balance - beginning	<u>185,191</u>	<u>185,191</u>	<u>312,805</u>	<u>127,614</u>
Fund balance – ending	\$ <u>165,281</u>	\$ <u>165,281</u>	\$ <u>325,595</u>	\$ <u>160,314</u>

See independent auditors' report.

Town of Amite City

BUDGETARY COMPARISON SCHEDULE  
CAPITAL IMPROVEMENTS FUND  
For the Year Ended June 30, 2021

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
<u>Revenues</u>				
Interest	\$ 50	\$ 11	\$ 11	\$ -
Total revenues	50	11	11	-
<u>Expenditures</u>				
Total expenditures	-	-	-	-
Excess of revenues over expenditures	50	11	11	-
<u>Other financing sources</u>				
Total other financing sources	-	-	-	-
Net change in Fund Balance	50	11	11	-
Fund balance - beginning	1,902	1,899	1,899	-
Fund balance – ending	\$ 1,952	\$ 1,910	\$ 1,910	\$ -

See independent auditors' report.

Town of Amite City

**BUDGETARY COMPARISON SCHEDULE**  
**ECONOMIC DEVELOPMENT FUND**  
For the Year Ended June 30, 2021

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
<u>Revenues</u>				
Interest	\$ 8,500	\$ 2,000	\$ 2,287	\$ 287
Total revenues	<u>8,500</u>	<u>2,000</u>	<u>2,287</u>	<u>287</u>
<u>Expenditures</u>				
TEDF Dues	2,055	2,055	2,055	-
Chamber of Commerce	13,200	6,600	6,600	-
W. -Mulberry Extension	250,000	20,000	15,618	4,382
Downtown parking lot	-	-	1,200	(1,200)
Debt Service:				
Principal	200,000	75,000	75,000	-
Chamber Expenditure - AC	-	19,000	18,371	629
Total Expenditures	<u>465,255</u>	<u>122,655</u>	<u>118,844</u>	<u>3,811</u>
(Deficiency) of revenues over expenditures	(456,755)	(120,655)	(116,557)	4,098
<u>Other financing sources and (uses)</u>				
Operating transfers in:				
Sales Tax Fund	86,250	90,000	94,845	4,845
Loan Proceeds	92,500	-	-	-
Operating transfers (out):				
General Fund	-	(250,000)	(250,000)	-
Total other financing sources and (uses)	<u>178,750</u>	<u>(160,000)</u>	<u>(155,155)</u>	<u>4,845</u>
Net change in Fund Balance	(278,005)	(280,655)	(271,712)	8,943
Fund balance - beginning	<u>408,599</u>	<u>650,987</u>	<u>650,987</u>	<u>-</u>
Fund balance – ending	\$ <u>130,594</u>	\$ <u>370,332</u>	\$ <u>379,275</u>	\$ <u>8,943</u>

See independent auditors' report.

Town of Amite City

**BUDGETARY COMPARISON SCHEDULE**

**ARTS COUNCIL FUND**

For the Year Ended June 30, 2021

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
<u>Revenues</u>				
Interest	\$ 725	\$ 300	\$ 321	\$ 21
Miscellaneous - Ticket sales	800	100	95	(5)
Total revenues	<u>1,525</u>	<u>400</u>	<u>416</u>	<u>16</u>
<u>Expenditures</u>				
Art Development	10,000	7,000	5,041	1,959
Entergy	2,000	2,000	822	1,178
Christmas Decorations	-	1,500	1,159	341
Total expenditures	<u>12,000</u>	<u>10,500</u>	<u>7,022</u>	<u>3,478</u>
(Deficiency) of revenues over expenditures	<u>(10,475)</u>	<u>(10,100)</u>	<u>(6,606)</u>	<u>3,494</u>
<u>Other financing sources</u>				
Operating transfers in:				
General Fund	<u>12,000</u>	<u>9,000</u>	<u>9,000</u>	<u>-</u>
Total other financing sources	<u>12,000</u>	<u>9,000</u>	<u>9,000</u>	<u>-</u>
Net change in Fund Balance	1,525	(1,100)	2,394	3,494
Fund balance - beginning	<u>53,757</u>	<u>54,704</u>	<u>54,704</u>	<u>-</u>
Fund balance – ending	<u>\$ 55,282</u>	<u>\$ 53,604</u>	<u>\$ 57,098</u>	<u>\$ 3,494</u>

See independent auditors' 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, 2021

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Town's proportion of the net pension liability	.158%	.134%	.1259%	.1079%	.1072%	.1338%	.1245%
Town's proportionate share of the net pension liability	\$ 991,227	\$ 1,047,141	\$ 1,179,794	\$ 942,641	\$ 906,411	\$ 1,215,146	\$ 1,150,947
Town's covered-employee payroll	\$ 347,727	\$ 353,166	\$ 321,150	\$ 320,808	\$ 417,848	\$ 384,640	\$ 397,433
Town's proportionate share of the net pension liability as a percentage of its covered-employee payroll	285.05%	296.50%	367.37%	293.83%	216.92%	315.92%	289.60%
9 Plan fiduciary net position as a percentage of the total pension liability	75.10%	70.73%	66.04%	70.08%	71.89%	71.01%	70.94%

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, 2020, (measurement date).

See independent auditors' report.

Town of Amite City

SCHEDULE OF THE TOWN'S CONTRIBUTIONS  
MUNICIPAL POLICE EMPLOYEES' RETIREMENT SYSTEM  
For the Year Ended June 30, 2021

	2015	2016	2017	2018	2019	2020	2021
Contractually required contribution	\$ 112,601	\$ 104,912	\$ 102,261	\$ 97,313	\$ 134,757	\$ 125,009	\$ 134,152
Contributions in relation to the contractually required contribution	\$ 112,601	\$ 104,912	\$ 102,261	\$ 97,313	\$ 134,757	\$ 125,009	\$ 134,152
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Town's covered-employee payroll	\$ 347,727	\$ 353,166	\$ 321,150	\$ 320,808	\$ 417,848	\$ 384,640	\$ 397,433
Contributions as a percentage of covered-employee payroll	32.38%	29.70%	31.84%	30.33%	32.23%	32.80%	33.75%

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, 2020, (measurement date).

See independent auditors' report.

## **OTHER SUPPLEMENTAL INFORMATION**

Town of Amite City

SCHEDULE OF COMPENSATION, BENEFITS,  
AND OTHER PAYMENTS TO AGENCY HEADS  
For the Year Ended June 30, 2021

**Agency Head: Walter Daniels, Mayor**

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 30,000
Benefits – Medicare	435
Telephone	1,449
Workers Compensation Insurance	167
	<u>\$ 32,051</u>

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

July 1, 2020 – December 31, 2020

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 44,290
State Supplemental Pay	3,000
Benefits – Insurance	11,494
Benefits – Retirement (33.75% MPERS)	15,960
Benefits – Medicare	686
Telephone	237
Workers Compensation Insurance	2,768
	<u>\$ 78,435</u>

**Agency Head: Lendrick Francois, Elected Chief of Police**

January 1, 2021 – June 30, 2021

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 37,963
State Supplemental Pay	3,000
Benefits – Insurance	12,277
Benefits – Retirement (33.75% MPERS)	13,825
Benefits – Medicare	594
Telephone	258
Workers Compensation Insurance	2,310
	<u>\$ 70,227</u>

See independent auditors' report.



Town of Amite City

JUSTICE SYSTEM FUNDING SCHEDULE - COLLECTING/DISBURSING ENTITY  
For the Year Ended June 30, 2021

	First Six Month Period Ended 12/31/2020	Second Six Month Period Ended 06/30/2021
Amounts Collected – Beginning Balance	\$ 13,988	\$ 7,807
<u>Collections:</u>		
Bond Fees	40,019	62,253
Interest Earnings on Collected Balances	33	34
Total Collections	40,052	62,287
<u>Disbursements To Governments and Nonprofits:</u>		
Crime Stoppers of Tangipahoa, Inc., criminal court costs/fees	332	326
DHH-THI/SCI, criminal court costs/fees	70	125
Florida Parishes Juvenile Justice, criminal court costs/fees	915	855
Louisiana Commission of Law Enforcement, criminal court costs/fees	818	815
Louisiana Supreme Court, criminal court costs/fees	73	73
Louisiana State Treasurer, criminal court costs/fees	555	480
<u>Amounts "Self-Disbursed" to Collecting Agency:</u>		
Town of Amite City, Bond Fees	684	1,155
Town of Amite City, Criminal Fines - Other	39,858	50,618
<u>Disbursements to Individuals/3<sup>rd</sup> Party Collection or Processing Agencies:</u>		
Bond Fee Refunds	972	2,240
Payments to 3 <sup>rd</sup> Party Collection/Processing Agency	1,956	667
Total Disbursements/Retainage	46,233	57,354
Amounts Collected/Not Disbursed/Retained – Ending Balance	\$ 7,807	\$ 12,740

See independent auditors' report.

Town of Amite City

UTILITIES REVENUE BONDS - ADDITIONAL INFORMATION  
(without audit)

As of and for the Year Ended June 30, 2021

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	\$ 614,497	\$ 614,497	\$ -
Water and sewer penalties	29,795	13,422	16,373
Sewer revenues	762,376	-	762,376
Water and sewer taps	2,450	1,225	1,225
Reconnect fees	8,800	4,400	4,400
Interest earned on water account	11,030	11,030	-
Interest earned on sewer treatment	4,804	-	4,804
Miscellaneous	3,120	1,560	1,560
Total selected revenues	<u>1,436,872</u>	<u>646,134</u>	<u>790,738</u>
<u>Selected Expenses</u>			
Salaries	394,214	197,107	197,107
FICA tax expense	29,689	14,845	14,844
Employee benefits	95,385	47,693	47,692
Water repairs, materials & supplies	78,300	78,300	-
Sewer repairs, materials & supplies	145,158	-	145,158
Dues	668	668	-
Insurance	39,354	19,677	19,677
Professional fees	38,329	19,165	19,164
Miscellaneous expense	6,107	3,054	3,053
Water testing	20,110	20,110	-
Sewer testing	25,022	-	25,022
Office expense	20,711	10,356	10,355
Online Fees	1,810	905	905
Truck expense	23,742	11,871	11,871
Utilities-water	30,281	30,281	-
Utilities-sewer	83,318	-	83,318
Total selected expenses	<u>1,032,198</u>	<u>454,032</u>	<u>578,166</u>
Excess Revenues	\$ <u>404,674</u>	\$ <u>192,102</u>	\$ <u>212,572</u>

Town of Amite City  
 UTILITIES REVENUE BONDS - ADDITIONAL INFORMATION (continued) (without audit)  
 As of and for the Year Ended June 30, 2021

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 the fiscal year ended June 30, 2021.

d. Insurance policies in force at June 30, 2021:

1) Insurer: Louisiana Municipal Risk Management Agency, expiring May 1, 2022,  
 (has been renewed on May 1, 2021):

Policy Limit	Risk Covered
\$500,000	Automobile liability
\$500,000	Commercial general liability
\$500,000	Law Enforcement officer's comprehensive liability
\$500,000	Public officials' errors and omissions liability

2) Insurer: Louisiana Municipal Risk Management Agency, expiring January 1, 2022,  
 (has been renewed on January 1, 2021)

Policy Limit	Risk Covered
Louisiana Statutes	Worker's Compensation

3) Insurer: Rod Prejean & Associates

Policy Limit	Risk Covered
\$968,685	Commercial auto & physical damage, expiring January 5, 2022
\$73,000	Commercial inland marine, expiring July 22, 2021 (has been renewed to July 22, 2021)

Town of Amite City  
 UTILITIES REVENUE BONDS - ADDITIONAL INFORMATION (continued) (without audit)  
 As of and for the Year Ended June 30, 2021

4) Insurer:	Western Surety Company, expiring November 26, 2021	
Policy Limit		Risk Covered
\$1,000		Bond on city councilman
\$10,000		Bond each on four policemen
\$10,000		Bond on police chief
\$50,000		Bond on assistant clerk
\$25,000		Bond on clerk of court
\$15,000		Bond on clerk of court assistant
\$15,000		Bond on police clerk
\$100,000		Bond on purchasing agent
\$25,000		Bond on utility clerk
\$100,000		Bond on City Clerk
\$100,000		Bond on Mayor
\$100,000		Bond on Mayor Pro Tem
\$25,000		Bond on office clerk
\$15,000		Bond on Cemetery Custodian
\$100,000		Bond on Accountant
\$10,000		Police / Notary bonds on ten policemen. Bonds are for five years. All are current.
5) Insurer:	Schilling & Reid, expiring March 28, 2022	
Policy Limit		Risk Covered
\$3,280,000 Coinsurance of 90% - Deductible \$5,000 Windstorm / Hail Deductible \$5,000		Commercial Property Coverage
\$345,000 Coinsurance of 80% Deductible \$5,000 Windstorm/Hail Deductible \$5,000		Commercial Property Coverage
\$225,000 \$5,000 deductible		Business Personal Property

Town of Amite City  
 UTILITIES REVENUE BONDS - ADDITIONAL INFORMATION (continued) (without audit)  
 As of and for the Year Ended June 30, 2021

- |                           |  |
|---------------------------|--|
| 6) Insurer:               | Moore & Jenkins, expiring November 7, 2021 |
| Policy Limit              | Risk Covered                               |
| \$1,000,000 / \$3,000,000 | Water and Sewer general liability          |
| \$4,636,869               | 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 1,739 water users and 1,509 users of the sewerage system at June 30, 2021.
- There were 1,397 residential and 342 commercial water users at June 30, 2021.
- There were 1,209 residential and 300 commercial sewer users at June 30, 2021.
- f. Analysis of Additions, Replacements, and Improvements to the Physical Properties of the System - See note 7 to the financial statements.
- g. Analysis of Required Bank Accounts - See note 15 to the financial statements.
- h. Schedule of monthly water and sewer rates:

Water Rates

Residential Rates:

**METERED**

Inside the corporate limits

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

Outside the corporate limits

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

Town of Amite City  
UTILITIES REVENUE BONDS - ADDITIONAL INFORMATION (continued) (without audit)  
As of and for the Year Ended June 30, 2021

Commercial Rates:

**METERED**

Inside the corporate limits

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

Outside the corporate limits

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

**FLAT RATE**

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

Sewer Rates

Residential Rates:

**METERED**

Inside and outside the corporate limits

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

Commercial Rates:

**METERED**

Inside the corporate limits

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

Town of Amite City  
UTILITIES REVENUE BONDS - ADDITIONAL INFORMATION (concluded) (without audit)  
As of and for the Year Ended June 30, 2021

Outside the corporate limits

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

**FLAT RATE**

Inside the corporate limits

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

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

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





**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN  
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

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

We 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 activities, and each major fund, of the Town of Amite City (Town) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements and have issued our report thereon dated December 28, 2021.

**Internal Control Over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, describe in the accompanying schedule of finds and questioned costs as item 2021-001 that we consider to be a material weakness.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Town's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statement. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2021-002 and 2021-003.

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

The Town's responses to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Town's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

## **Purpose of this Report**

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

This report is intended solely for the information and use of the Town Council and management, the Louisiana Legislative Auditor, and federal and state agencies, and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statutes 24:513, this report is distributed by the Legislative Auditor as a public document.

*Faulk & Winkler, LLC*  
Certified Public Accountants

Baton Rouge, Louisiana  
December 28, 2021

**TOWN OF AMITE CITY, LOUISIANA**  
**SUMMARY OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS**

For the year ended June 30, 2021

**2020-001 Lack of Internal Controls**

This finding is considered resolved.

**2020-002 Internal Control over Bid Items**

This finding is considered resolved.

**2020-003 Internal Control over Cemetery Receipts**

This finding is considered resolved.

**2020-004 Local Government Budget Act Violations**

This finding has been reclassified as Item 2021-002.

**2020-005 Issuance of Debt without Proper Authorization**

This finding is considered resolved.

**2020-006 Appointment of Official Journal**

This finding has been reclassified as Item 2021-003.

**TOWN OF AMITE CITY, LOUISIANA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

For the year ended June 30, 2021

**1) Summary of Auditor's Results:**

A) The type of report issued on the financial statements: **Unmodified opinion.**

B) Significant deficiencies in internal control that were disclosed by the audit of financial statements: **None.**

C) Material weaknesses: **2021-001.**

D) Noncompliance which is material to the financial statements: **2021-002 and 2021-003.**

**2)** Finding relating to the financial statements reported in accordance with *Government Auditing Standards*: **2021-001.**

**3)** Findings relating to compliance reported in accordance with *Government Auditing Standards*: **2021-002 and 2021-003**

# **TOWN OF AMITE CITY, LOUISIANA**

## **SUMMARY OF FINDINGS AND QUESTIONED COSTS**

For the year ended June 30, 2021

### **3) FINDINGS – FINANCIAL STATEMENT**

#### **2021-001 Internal Control Over Human Resource Functions**

**Fiscal Year Finding Originated:** 2021

**Criteria:** Internal control over human resource functions is necessary to ensure the Town's employees are being paid appropriately and are in compliance with applicable labor laws.

**Condition:** The Town's employee policy states manual that every employee of the Town, except for the City Clerk, Chief of Police, City Attorney, and Superintendent of water and sewer must record his or her time working using the time clock method and/or tracking using a sign-in sheet method. While performing standard audit procedures over payroll and personnel functions, testing procedures identified that an employee of the Town was being compensated without proper evidence of time recording using either of methods stated in the Town's employee policy manual.

**Cause:** The Town does not have adequate controls in place to ensure that all employees with the exceptions the City Clerk, Chief of Police, City Attorney, and Superintendent of water and sewer are properly recording time worked under the methods stated in the Town's personnel policy.

**Effect:** For five periods of the fiscal year an employee was paid a total of approximately \$1,710 in compensation without evidence of time records. As a result, the Town is unable to determine if at any point of these pay periods if this employee was in fact fulfilling the responsibilities of their job description at a facility of the Town. Additionally, the lack of time records for these pay periods prevents the Town from ensuring the employee is working adequate hours related to their employment status, therefore, there is the potential that the employee is not receiving certain benefits that the employee is entitled to and/or the employee is not being paid in accordance with the minimum wage provisions under the Fair Labor Standards Act. Additionally, the Town may have violated Article VII, Section 14 of the Louisiana Constitution whereas any political subdivision shall not loan, pledge, or donate public funds.

**Recommendation:** The Town should implement procedures to strengthen control over human recourse functions to ensure all employees of the Town with the exceptions of those mentioned above are properly inputting time records as stated by the Town's employee policy manual.

**Views of responsible officials:** See management's corrective action plan following the summary of findings and questioned costs.

#### 4) FINDINGS – NONCOMPLIANCE

##### 2021-002 Local Government Budget Act

**Fiscal Year Finding Originated:** 2017

**Criteria:** In accordance with R.S. 39:1309, all political subdivisions must adopt the budget, including any amendments to the proposed budget, in an open meeting before the end of the prior fiscal year. Additionally, in accordance with R.S. 39:1310, an adopted budget must be amended whenever notification is received pursuant to R.S. 39:1311, or whenever there has been a change in operations upon which the original adopted budget was developed.

**Condition:** The Town did not adopt the annual budget until October 6, 2020, which was 98 days after the end of the prior fiscal year. Additionally, actual expenditures in the Town's Sales Tax Fund had an unfavorable variance of 10.03% of the final budgeted amounts.

**Cause:** The budget was not amended when actual expenditures were greater than the adopted budget by more than 5%. The cause in the delay of the adoption of the annual budget is unknown.

**Effect:** The Town may not be compliant with the Louisiana Local Government Budget Act.

**Recommendation:** We recommend that the Town adopt and amend budgets in accordance with the statute. Additionally, the budgets should be monitored on a continual basis. Additionally, the Town properly amended its original budget for the fiscal year ending June 30, 2021 in June of 2021.

**Views of responsible officials:** See management's corrective action plan following the summary of findings and questioned costs.

##### 2021-003 Appointment of Official Journal

**Fiscal Year Finding Originated:** 2017

**Criteria:** In accordance with R.S.43:141, a newspaper is to be selected as the official journal of the Town by the governing board at their first meeting in June of each year.

**Condition:** The Town failed to timely appoint a newspaper as the official journal by not appointing an official journal until August 14, 2020.

**Cause:** Unknown.

**Effect:** The Town may not be compliant with Louisiana R.S. 43:141.

**Recommendation:** We recommend that the Town appoints an official journal at each June council meeting going forward to remain in compliance with Louisiana R.S. 43:141. Additionally, the Town appointed a newspaper as the official journal in July of 2021.

**Views of responsible officials:** See management's corrective action plan following the summary of findings and questioned costs.



*Council*

Kris Hart

*District 1*

Jonathon Foster

*District 2*

Damon Ellzey

*District 4*

Rose Sumrall

*District 5*

Faulk & Winkler, LLC

Certified Public Accountants

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Lendrick Francois

*Chief of Police*

Walter Daniels, *Mayor*

December 28, 2021

Re: Responses to audit findings for the annual audit as of and for  
the Year Ended June 30, 2021

In your audit report for the annual audit of the Town of Amite City, Louisiana (Town) for the year ended June 30, 2021, you reported findings related to internal controls and compliance.

Below are the Town's responses to those findings.

**Finding 2021-001 Internal Control Over Human Resource Functions**

The Mayor agrees to adhere to the Town's existing policies for recording of time worked for all Town employees without management override.

**Finding 2021-002 Local Government Budget Act**

- a) The Mayor had submitted the proposed operating budget for the fiscal year ended June 30, 2021, to the council on May 5, 2020. The council rejected the budget on June 2, 2020, and made no recommendations to adjust the numbers at that meeting. The council did not attempt to adopt the budget until October 6, 2020, when a compromise was reached between the Mayor and the council.
- b) The 10.03% unfavorable variance in the Sales Tax fund for expenditures was purely an oversight. The budget was reviewed in April 2021 to determine if amending was necessary. At that time, revenues and expenditures appeared to be in compliance. The sales tax collections came in higher than anticipated for the remainder of the fiscal year. In turn, higher revenues mean higher collection fees and an increase in the required transfer out to other funds. Therefore, resulting in the Town's expenditures and other uses exceeding the 5% limit.

The Tow will continue to monitor all budgets and amend them in accordance with state law.

**Finding 2021-003 Appointment of Official Journal**

The Mayor concurs with the auditor's recommendation.

Respectfully submitted,

Walter Daniels, III, Mayor