

TOWN OF AMITE CITY

Louisiana



ANNUAL FINANCIAL REPORT

As of and for the Year Ended
June 30, 2023

TOWN OF AMITE CITY

Louisiana

ANNUAL FINANCIAL REPORT

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INDEPENDENT AUDITORS' REPORT

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

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the **TOWN OF AMITE CITY (TOWN)**, as of and for the year ended June 30, 2023, 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.

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, each major fund, and the aggregate remaining fund information of the Town as of June 30, 2023, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS), the *Louisiana Governmental Audit Guide*, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions.

Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, the *Louisiana Governmental Audit Guide*, and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, the *Louisiana Governmental Auditing Guide*, and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Town's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management discussion and analysis, 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 56 through 66 be presented to supplement the basic financial statements. Such information is the responsibility of management, 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.

Other Supplementary 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.

Such information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The 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, 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2023, 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 21, 2023

Required Supplementary Information (Part I)

TOWN OF AMITE CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
As of and for the Year Ended June 30, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the Town of Amite City's (Town) financial performance provides an overview of the Town's financial activities for the fiscal year ended June 30, 2023, with comparisons to the prior year, where appropriate.

Since Management's Discussion and Analysis (MD&A) is designed to focus on the current year's activities, resulting changes, and currently known facts, please read it in conjunction with the Town's financial statements, which begin on page 12.

FINANCIAL HIGHLIGHTS

The Town's net position from governmental and business-type activities increased approximately \$2.3 million as a result of this year's operations.

Total cost of all of the Town's programs was approximately \$7.2 million in 2023.

USING THIS ANNUAL REPORT

This discussion and analysis is intended to serve as an introduction to Town of Amite City's basic financial statements. This annual report consists of a series of financial statements. The Town's basic financial statements comprise four components: 1) government-wide financial statements, 2) fund financial statements, 3) fiduciary financial statements, and 4) notes to the financial statements. This report also contains required and other supplementary information in addition to the basic financial statements. The Statement of Net Position and the Statement of Activities (on pages 12 and 13) provide information about the activities of the Town as a whole and present a longer-term view of the Town's finances. Fund financial statements start on page 14. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Town's operations in more detail than the government-wide statements by providing information about the Town's most financially significant funds.

Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities

Our analysis of the Town as a whole begins on page 5. One of the most important questions asked about the Town's finances is "Is the Town as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the Town as a whole and about its activities in a way that helps answer this question. These statements include all assets, deferred outflows of resources, liabilities, and deferred inflows of resources using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. Accrual of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Town's *net position* and changes to them. You can think of the Town's net position, the difference between assets, what the citizens own, and liabilities, what the citizens owe, as one way to measure the Town's financial health, or *financial position*. Over time, increases or decreases in the Town's net position are one indicator of whether its *financial health* is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in the Town's property tax base and the condition of the Town's capital assets (roads, bridges, buildings, sewer and water lines, and equipment) to assess the *overall health* of the Town.

TOWN OF AMITE CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
As of and for the Year Ended June 30, 2023

The Condensed Statement of Activities and Changes In Net Position, reports on the Town's governmental and business-type activities:

- Governmental activities: most of the Town's basic services are reported here, including public safety for police and fire, road maintenance, garbage collection, and general administration. The Town's two percent sales and use tax, property taxes, and state and federal grants finance most of these activities.
- Business-type activities: the Town's water and sewer system is reported here. The services are primarily financed with user fees. The Town also receives federal and state grants.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Some funds are required to be established by State law. However, the Town establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money. The Town's three kinds of funds, governmental, proprietary, and fiduciary, use different accounting approaches.

Governmental Funds: most of the Town's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed *short-term view* of the Town's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs. We describe the relationship (or differences) between governmental *activities* (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in a reconciliation beside the fund financial statements.

Proprietary funds: The Town maintains one proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town uses enterprise funds to account for its water and sewer operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary funds financial statements provide separate information for water and sewer systems.

Fiduciary funds: Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources are not available to support the Town's own programs. The Town of Amite City is the trustee, or fiduciary, for assets that belong to others, such as the Bond Money Fund and the Prisoner Personal Money Fund. The Town is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. This fund is reported within the Fiduciary Fund category and is reported on a full accrual basis.

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 24 through 54 of this report.

FINANCIAL ANALYSIS

The following table provides a comparative summary of the Town's net position for the current and previous years. For more detailed information, see the Statement of Net Position on page 12 of this report.

TOWN OF AMITE CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
As of and for the Year Ended June 30, 2023

CONDENSED STATEMENT OF NET POSITION
June 30, 2023, and 2022

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
<u>Assets</u>						
Current Assets	\$ 4,260,729	\$ 2,109,851	\$ 768,064	\$ 1,251,009	\$ 5,028,793	\$ 3,360,860
Restricted Assets	15,322	741,254	1,937,161	1,544,901	1,952,483	2,286,155
Capital Assets, net	2,511,218	2,683,920	8,678,568	7,403,909	11,189,786	10,087,829
Right of use assets, net	329,418	-	-	-	329,418	-
Total Assets	<u>7,116,687</u>	<u>5,535,025</u>	<u>11,383,793</u>	<u>10,199,819</u>	<u>18,500,480</u>	<u>15,734,844</u>
<u>Deferred outflow of resources</u>						
	<u>863,184</u>	<u>329,809</u>	<u>25,350</u>	<u>-</u>	<u>888,534</u>	<u>329,809</u>
<u>Liabilities</u>						
Current Liabilities	334,771	1,102,146	747,927	568,427	1,082,698	1,670,573
Noncurrent Liabilities	324,713	4,385	4,095,886	3,582,151	4,420,599	3,586,536
Net Pension Liability	1,823,033	694,410	-	-	1,823,033	694,410
Total Liabilities	<u>2,482,517</u>	<u>1,800,941</u>	<u>4,843,813</u>	<u>4,150,578</u>	<u>7,326,300</u>	<u>5,951,519</u>
<u>Deferred inflow of resources</u>						
	<u>48,180</u>	<u>403,644</u>	<u>-</u>	<u>-</u>	<u>48,180</u>	<u>403,644</u>
<u>Net Position</u>						
Net Investment in Capital Assets	2,527,576	2,642,992	4,083,307	3,532,231	6,610,883	6,175,223
Restricted	15,322	14,953	1,768,199	1,384,641	1,783,521	1,399,594
Unrestricted	<u>2,906,276</u>	<u>1,002,304</u>	<u>713,824</u>	<u>1,132,369</u>	<u>3,620,100</u>	<u>2,134,673</u>
Total Net Position	<u>\$ 5,449,174</u>	<u>\$ 3,660,249</u>	<u>\$ 6,565,330</u>	<u>\$ 6,049,241</u>	<u>\$12,014,504</u>	<u>\$ 9,709,490</u>

Approximately 55.02% of the Town's net position reflect its investment in capital assets (land, buildings, equipment, and improvements) net of any outstanding related debt used to acquire those capital assets. These capital assets are used to provide services to citizens and do not represent resources available for future spending. Although, the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets cannot be used to liquidate these liabilities.

Approximately 14.84% of the Town's net position represent resources that are subject to external restriction on how they may be used. The Town's restricted net position consist of cash restricted for the capital purchases for the street department and law enforcement, and cash required to be restricted by debt covenants.

Approximately 30.14% of the Town's net position is unrestricted and available for any unforeseen expenditures.

TOWN OF AMITE CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
As of and for the Year Ended June 30, 2023

The table below provides a comparative summary of the changes in net position for the years ended June 30, 2023, and June 30, 2022. An analysis of the primary sources of these changes follows the table. For more detailed information, see page 13, the Statement of Activities.

CONDENSED STATEMENT OF ACTIVITIES AND CHANGES IN NET POSITION
For Years Ended June 30, 2023, and 2022

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Program Revenues:						
Charges for Services	\$ 646,378	\$ 552,001	\$ 1,585,237	\$ 1,427,239	\$ 2,231,615	\$ 1,979,240
Grants and Contributions						
Operating	1,675,472	167,109	-	31,975	1,675,472	199,084
Capital	16,292	237,568	298,231	57,261	314,523	294,829
Total Program Revenues	<u>2,338,142</u>	<u>956,678</u>	<u>1,883,468</u>	<u>1,516,475</u>	<u>4,221,610</u>	<u>2,473,153</u>
General Revenues:						
Taxes and Licenses	4,873,286	4,725,086	-	-	4,873,286	4,475,086
Investment Earnings	148,641	9,995	86,126	12,249	234,767	22,244
Miscellaneous	32,447	50,897	13,190	-	45,637	50,897
Intergovernmental	42,804	49,556	-	-	42,804	49,556
Gain from disposition of capital asset	5,806	9,850	-	-	5,806	9,850
Insurance proceeds	-	201,499	-	-	-	201,499
Support Revenues - Pension	39,764	29,112	-	-	39,674	29,112
Transfers	(175,000)	-	175,000	-	-	-
Total General Revenues	<u>4,967,658</u>	<u>5,075,995</u>	<u>274,316</u>	<u>12,249</u>	<u>5,241,974</u>	<u>5,088,244</u>
Total Revenues	<u>7,305,800</u>	<u>6,032,673</u>	<u>2,157,784</u>	<u>1,528,724</u>	<u>9,463,584</u>	<u>7,561,397</u>
Program Expenses:						
General Government	1,408,079	1,476,533	-	-	1,408,079	1,476,533
Public Safety – police/fire	2,114,751	1,774,436	-	-	2,114,751	1,774,436
Public Safety – fire	320,000	333,333	-	-	320,000	333,333
Streets	1,036,757	1,228,601	-	-	1,036,757	1,228,601
Sanitation	287,687	279,274	-	-	287,687	279,274
Community Center	24,189	55,062	-	-	24,189	55,062
Cemetery	78,344	95,865	-	-	78,344	95,865
Parks and recreation	127,704	115,534	-	-	127,704	115,534
Economic Development	22,943	37,972	-	-	22,943	37,972
Intergovernmental	29,891	38,738	-	-	29,891	38,738
Art development	23,567	12,615	-	-	23,567	12,615
Water and sewer operating expenses	-	-	1,641,695	1,689,448	1,641,695	1,689,448
Miscellaneous	42,963	35,544	-	-	42,963	35,544
Total Expenses	<u>5,516,875</u>	<u>5,483,507</u>	<u>1,641,695</u>	<u>1,689,448</u>	<u>7,158,570</u>	<u>7,172,955</u>
Change in Net Position	<u>1,788,925</u>	<u>549,166</u>	<u>516,089</u>	<u>(160,724)</u>	<u>2,305,014</u>	<u>388,442</u>
Net Position- beginning, restated	<u>3,660,249</u>	<u>3,111,083</u>	<u>6,049,241</u>	<u>6,209,965</u>	<u>9,709,490</u>	<u>9,321,048</u>
Net Position- ending	<u>\$ 5,449,174</u>	<u>\$ 3,660,249</u>	<u>\$ 6,565,330</u>	<u>\$ 6,049,241</u>	<u>\$ 12,014,504</u>	<u>\$ 9,709,490</u>

TOWN OF AMITE CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
As of and for the Year Ended June 30, 2023

Governmental Activities

The Town's governmental net position increased by \$1,788,925. The increase in Net Position is a result of grant money.

Business Type Activities

The Town's business-type net position increased by \$516,089. The increase in sewer is a result of revenues, grant proceeds, and a transfer from the general fund.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Town budgets were reviewed quarterly and amended one time during the year to reflect changes in forecasted revenues and expenditures. The final amendment for the General Fund, Sales Tax Fund, Economic Development Fund, and Arts Council Fund took place on May 16, 2023.

CAPITAL ASSETS, RIGHT OF USE ASSETS, AND DEBT ADMINISTRATION

Capital Assets

Town of Amite City's capital assets as of June 30, 2023, amount to \$11.2M, with \$2.5M in governmental activities and \$8.7M in the business-type activities (net of accumulated depreciation). Capital assets include land, construction in progress, buildings, improvements, vehicles, machinery and equipment, office equipment, roads, and bridges.

The total increase in the Town's Net investment in capital assets for the current year was 10.92%, or \$1,101,957.

CONDENSED SCHEDULE OF CAPITAL ASSETS (NET OF DEPRECIATION)
For Years Ended June 30, 2023, and 2022

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Land	\$ 1,381,872	\$ 1,381,872	\$ 62,349	\$ 62,349	\$ 1,444,221	\$ 1,444,221
Construction in Progress	37,185	37,185	1,562,537	-	1,599,722	37,185
Inactive Assets	3,193	66,316	-	-	3,193	66,316
Buildings and Improvements	583,368	595,350	-	-	583,368	595,350
Infrastructure	208,677	220,849	-	-	208,677	220,849
Vehicles **	64,505	40,337	-	-	64,505	40,337
Office Equipment	17,984	12,174	-	-	17,984	12,174
Furniture and Fixtures	3,332	3,988	-	-	3,332	3,988
Machinery & Equipment	211,102	240,345	46,897	58,242	257,999	298,587
Wells	-	-	695,033	719,575	695,033	719,575
Storage Tanks	-	-	239,554	250,961	239,554	250,961
Water Lines & Meters	-	-	2,099,951	2,171,787	2,099,951	2,171,787
Sewerage System	-	-	3,972,247	4,140,995	3,972,247	4,140,995
Capital Asset (Net)	<u>\$ 2,511,218</u>	<u>\$ 2,598,416</u>	<u>\$ 8,678,568</u>	<u>\$ 7,403,909</u>	<u>\$ 11,189,786</u>	<u>\$ 10,002,325</u>

** Restated for GASB 87, Leases.

Major capital asset events for year ended June 30, 2023, included the following:

The water loop and regional sewer treatment plant projects were started during the year with \$1,562,537 being recorded in construction in progress.

TOWN OF AMITE CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
As of and for the Year Ended June 30, 2023

Right of Use Assets

Town of Amite City's right of use assets as of June 30, 2023, amount to \$329,418 with 100% being governmental activities (net of accumulated amortization). Right of use assets include vehicles and police equipment.

Right of Use Assets, net increased \$243,914 for the current year or 285.26%.

CONDENSED SCHEDULE OF RIGHT OF USE ASSETS (NET OF AMORTIZATION)
For Years Ended June 30, 2023, and 2022

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Vehicles	\$ 47,504	\$ 85,504	\$ -	\$ -	\$ 47,504	\$ 85,504
Equipment	281,914	-	-	-	281,914	-
Right of Use Assets, net	<u>\$ 329,418</u>	<u>\$ 85,504</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 329,418</u>	<u>\$ 85,504</u>

Long-Term Debt

CONDENSED SCHEDULE OF LONG-TERM DEBT
For Years Ended June 30, 2023, and 2022

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Lease Liabilities	\$ 313,060	\$ 40,929	\$ -	\$ -	\$ 313,060	\$ 40,929
USDA Revenue Bonds	-	-	3,571,652	3,647,238	3,571,652	3,647,238
DEQ Revenue Bonds	-	-	591,786	-	591,786	-
Total	<u>\$ 313,060</u>	<u>\$ 40,929</u>	<u>\$ 4,163,438</u>	<u>\$ 3,647,238</u>	<u>\$ 4,476,498</u>	<u>\$ 3,688,167</u>

The current portion of the debt listed above is \$108,636.

THE TOWN AS A WHOLE

The Town's combined Net Position changed from a year ago, increasing from approximately \$9.7 million to \$12 million.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Town looks forward to 2024 with a cautious optimistic economic outlook of continued expansion and growth within the local economy. The Town has planned capital projects to include renovations to city hall and the construction of a new police department. Also, the Town is planning to construct a new state of the art sewer treatment plant. The Town continues to practice a conservative fiscal policy.

REQUEST FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Mark Kolwe, City Manager at (985) 748-8761 or Town of Amite City, P.O. Box 215, Amite, LA 70422.

BASIC FINANCIAL STATEMENTS

Town of Amite City

STATEMENT OF NET POSITION
June 30, 2023

	Governmental Activities	Business-type Activities	Total
<u>Assets</u>			
Cash and cash equivalents	\$ 4,019,407	\$ 73,436	\$ 4,092,843
Receivables, net	470,538	423,105	893,643
Prepaid insurance	40,117	2,190	42,307
Internal balances	(269,333)	269,333	-
Restricted assets-			
Cash and cash equivalents,	15,322	1,937,161	1,952,483
Capital assets, net	2,511,218	8,678,568	11,189,786
Right of use assets, net	329,418	-	329,418
Total assets	7,116,687	11,383,793	18,500,480
 <u>Deferred Outflow of Resources</u>	 863,184	 25,350	 888,534
<u>Liabilities</u>			
Accounts, salaries, and other payables	156,372	40,021	196,393
Compensated Absences Payable	38,678	6,500	45,178
Utility customer deposits	-	166,181	166,181
Contract Retainage Payable	-	17,880	17,880
Contract Payable	-	439,293	439,293
Unearned Grant Revenue-FEMA	108,007	-	108,007
Due to Bond Fund	1,130	-	1,130
Noncurrent liabilities:			
Due within one year	30,584	78,052	108,636
Due in more than one year	324,713	4,095,886	4,420,599
Net pension liability	1,823,033	-	1,823,033
Total liabilities	2,482,517	4,843,813	7,326,330
 <u>Deferred Inflow of Resources</u>	 48,180	 -	 48,180
<u>Net Position</u>			
Net investment in capital assets	2,527,576	4,083,307	6,610,883
Restricted for:			
Debt service	-	1,768,199	1,768,199
Law enforcement	8,945	-	8,945
Street capital purchase	6,377	-	6,377
Unrestricted	2,906,276	713,824	3,620,100
 Total Net Position	 \$ 5,449,174	 \$ 6,565,330	 \$ 12,014,504

The accompanying notes are an integral part of this statement.

Town of Amite City
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2023

<u>Functions/Programs</u>	<u>Expenses</u>	Program Revenues			Net (Expenses) Revenues, and Changes in Net Position		
		<u>Fines and Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Governmental Activities:							
General government	\$ 1,408,079	\$ -	\$ 538,074	\$ 12,793	\$ (857,212)	\$ -	\$ (857,212)
Public safety - police	2,114,751	127,230	679,892	3,499	(1,304,130)	-	(1,304,130)
Public safety - fire	320,000	-	-	-	(320,000)	-	(320,000)
Streets	1,036,757	-	392,665	-	(644,092)	-	(644,092)
Sanitation	287,687	449,323	32,154	-	193,790	-	193,790
Community center	24,189	15,425	1,014	-	(7,750)	-	(7,750)
Cemetery	78,344	54,400	18,558	-	(5,386)	-	(5,386)
Parks and recreation	127,704	-	11,480	-	(116,224)	-	(116,224)
Economic development	22,943	-	-	-	(22,943)	-	(22,943)
Intergovernmental	29,891	-	1,635	-	(28,256)	-	(28,256)
Art development	23,567	-	-	-	(23,567)	-	(23,567)
Miscellaneous programs	<u>42,963</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(42,963)</u>	<u>-</u>	<u>(42,963)</u>
Total governmental activities	<u>5,516,875</u>	<u>646,378</u>	<u>1,675,472</u>	<u>16,292</u>	<u>(3,178,733)</u>	<u>-</u>	<u>(3,178,733)</u>
Business-type Activities:							
Waterworks and sewer	<u>1,641,695</u>	<u>1,585,237</u>	<u>-</u>	<u>298,231</u>	<u>-</u>	<u>241,773</u>	<u>241,773</u>
Total business-type activity	<u>1,641,695</u>	<u>1,585,237</u>	<u>-</u>	<u>298,231</u>	<u>-</u>	<u>241,773</u>	<u>241,773</u>
Total	<u>\$ 7,158,570</u>	<u>\$ 2,231,615</u>	<u>\$ 1,675,472</u>	<u>\$ 314,523</u>	<u>(3,178,733)</u>	<u>241,773</u>	<u>(2,936,960)</u>
General Revenues:							
Taxes:							
Property taxes					158,212	-	158,212
Franchise taxes					192,477	-	192,477
Sales taxes					4,184,049	-	4,184,049
Alcoholic beverage tax					12,364	-	12,364
Licenses and permits					326,184	-	326,184
Investment earnings					148,641	86,126	234,767
Miscellaneous					32,447	13,190	45,637
Intergovernmental					42,804	-	42,804
Gain from disposition of capital assets					5,806	-	5,806
Support revenues-pension					39,674	-	39,674
Transfers					(175,000)	175,000	-
Total general revenues and transfers					<u>4,967,658</u>	<u>274,316</u>	<u>5,241,974</u>
Change in Net Position					1,788,925	516,089	2,305,014
Net position – beginning-restated					<u>3,660,249</u>	<u>6,049,241</u>	<u>9,709,490</u>
Net position - ending					<u>\$ 5,449,174</u>	<u>\$ 6,565,330</u>	<u>\$ 12,014,504</u>

The accompanying notes are an integral part of this statement.

Town of Amite City
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2023

	General Fund	Sales Tax Fund	Economic Development Fund	Arts Council Fund	Total Governmental Funds
<u>Assets</u>					
Cash	\$ 3,340,664	\$ 1,945	\$ 640,696	\$ 36,102	\$ 4,019,407
Receivables, net	119,486	351,052	-	-	470,538
Prepaid insurance	40,117	-	-	-	40,117
Due from other funds-					
General Fund	-	-	87,000	-	87,000
Restricted cash	15,322	-	-	-	15,322
Total assets	\$ 3,515,589	\$ 352,997	\$ 727,696	\$ 36,102	\$ 4,632,384
<u>Liabilities</u>					
Accounts, salaries, and other payables	\$ 156,212	\$ -	\$ -	\$ 160	\$ 156,372
Due to other funds -					
Economic Development Fund	87,000	-	-	-	87,000
Waterworks Fund	269,333	-	-	-	269,333
Bond Money Fund	1,130	-	-	-	1,130
Unearned Grant Revenue-FEMA	108,007	-	-	-	108,007
Total liabilities	621,682	-	-	160	621,842
<u>Fund Balance</u>					
Nonspendable: Prepaid insurance	40,117	-	-	-	40,117
Restricted: Law enforcement	8,945	-	-	-	8,945
Grant Money:					
Future Purchase Vehicle	6,377	-	-	-	6,377
Committed: Economic Development	-	-	727,696	-	727,696
Promotion of the Arts	-	-	-	35,942	35,942
To Pay USDA loans	-	352,997	-	-	352,997
Garbage Truck	59,315	-	-	-	59,315
Assigned Construction Projects	1,185,000	-	-	-	1,185,000
Unassigned	1,594,153	-	-	-	1,594,153
Total fund balance	2,893,907	352,997	727,696	35,942	4,010,542
Total liabilities and fund balance	\$ 3,515,589	\$ 352,997	\$ 727,696	\$ 36,102	\$ 4,632,384

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, 2023

Fund balances - total governmental funds	\$ 4,010,542
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	2,511,218
Right of use assets, net of amortization used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	329,418
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	(80,915)
Lease liability payable	(313,060)
Net pension liability	(1,823,033)
Deferred outflows and inflows are not financial resources or currently payable. These consist of:	
Deferred outflows-pension liability	863,184
Deferred inflows- pension liability	(48,180)
Net position of governmental activities	<u>\$ 5,499,174</u>

The accompanying notes are an integral part of this statement.

Town of Amite City

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2023

	General Fund	Sales Tax Fund	Economic Development Fund	Arts Council Fund	Non-Major Special Revenue Fund	Total Governmental Funds
<u>Revenues</u>						
Taxes	\$ 350,689	\$ 4,184,049	\$ -	\$ -	\$ -	\$ 4,534,738
Licenses and permits	326,184	-	-	-	-	326,184
Intergovernmental	1,798,943	-	-	-	-	1,798,943
Fines and forfeitures	57,569	-	-	-	-	57,569
Sanitation service fees	449,323	-	-	-	-	449,323
Prisoner housing fees	13,855	-	-	-	-	13,855
Subpoena & bond appearance fees	1,795	-	-	-	-	1,795
Rentals & recreational	15,425	-	-	-	-	15,425
Cemetery	54,400	-	-	-	-	54,400
Miscellaneous	158,879	750	21,024	2,418	17	183,088
Total Revenues	<u>3,227,062</u>	<u>4,184,799</u>	<u>21,024</u>	<u>2,418</u>	<u>17</u>	<u>7,435,320</u>
<u>Expenditures</u>						
General government	1,369,385	27,196	-	-	-	1,396,581
Public safety - police	2,042,962	-	-	-	-	2,042,962
Public safety - fire	320,000	-	-	-	-	320,000
Streets	1,010,416	-	-	-	-	1,010,416
Sanitation	267,607	-	-	-	-	267,607
Community center	16,520	-	-	-	-	16,520
Cemetery	78,344	-	-	-	-	78,344
Parks and recreation	120,021	-	-	-	-	120,021
Economic development	-	-	20,089	-	-	20,089
Intergovernmental	54,500	-	-	-	-	54,500
Art development	-	-	-	23,567	-	23,567
Miscellaneous	42,963	-	-	-	-	42,963
Debt Service:						
Principal	80,262	-	-	-	-	80,262
Interest	2,808	-	-	-	-	2,808
Total Expenditures	<u>5,405,788</u>	<u>27,196</u>	<u>20,089</u>	<u>23,567</u>	<u>-</u>	<u>5,476,640</u>
Excess (Deficiency) of revenues over expenditures	<u>(2,178,726)</u>	<u>4,157,603</u>	<u>935</u>	<u>(21,149)</u>	<u>17</u>	<u>1,958,680</u>
<u>Other Financing Sources</u>						
<u>(Uses)</u>						
Finance lease proceeds	352,393	-	-	-	-	352,393
Sale of Capital Asset	6,256	-	-	-	-	6,256
Operating transfers in	4,037,934	-	354,909	12,000	-	4,404,843
Operating transfers out	(438,451)	(4,139,458)	-	-	(1,934)	(4,579,843)
Total other financing sources (uses)	<u>3,958,132</u>	<u>(4,139,458)</u>	<u>354,909</u>	<u>12,000</u>	<u>(1,934)</u>	<u>183,649</u>
Net change in Fund Balances	1,779,406	18,145	355,844	(9,149)	(1,917)	2,142,329
Fund balances, beginning of year, restated	1,114,501	334,852	371,852	45,091	1,917	1,868,213
Fund balances, end of year \$	<u>2,893,907</u>	<u>352,997</u>	<u>727,696</u>	<u>35,942</u>	<u>-</u>	<u>4,010,542</u>

The accompanying notes are an integral part of this statement.

TOWN OF AMITE CITY

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2023

Net change in fund balances - total governmental funds \$ 2,142,329

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	52,756
Depreciation expense	(139,056)

Right of use assets 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 amortization expense. These differences consist of:

Right of use assets	352,393
Amortization expense	(108,479)

In the statement of activities, only the gain on the sale of equipment is reported, whereas in the governmental funds, the proceeds from the sale increases financial resources. Thus, the change in net assets differs from the change in fund balance by the cost of the equipment disposed of. (898)

The issuance of long-term debt (e.g. bonds, leases) 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.

Issuance of lease liability	(352,393)
Principal payments of lease liability	80,262

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	1,795
Pension expense	(279,458)

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	39,674
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Change in net position of governmental activities \$ 1,788,925

The accompanying notes are an integral part of this statement.

Town of Amite City
STATEMENT OF NET POSITION
PROPRIETARY FUND
June 30, 2023

	<u>Business – type Activity</u> <u>Waterworks and</u> <u>Sewer Fund</u>
<u>Assets</u>	
<u>Current Assets</u>	\$ 73,436
Cash and cash equivalents	
Accounts receivable, net	423,105
Due from General Fund	269,333
Prepaid insurance	2,190
Total current assets	768,064
<u>Restricted Assets</u>	
Cash and cash equivalents	1,937,161
<u>Non-current Assets</u>	
Capital assets (net of accumulated depreciation)	8,678,568
Total assets	11,383,793
<u>Deferred Outflow of Resources</u>	
Unamortized issuance costs	25,350
<u>Liabilities</u>	
<u>Current Liabilities (payable from current assets)</u>	
Accounts, salaries, and other payables	40,021
Compensated absences payable	6,500
Contract retainage payable	17,880
Contract payable	439,293
Total current liabilities (payable from current assets)	503,694
<u>Current Liabilities (payable from restricted assets)</u>	
Customer deposits	166,181
Revenue bonds payable	78,052
Total current liabilities (payable from restricted assets)	244,233
<u>Non-current Liabilities</u>	
Compensated absences payable	10,500
Revenue bonds payable	4,085,386
Total non-current liabilities	4,095,886
Total liabilities	4,843,813
<u>Net Position</u>	
Net investment in capital assets	4,083,307
Restricted for Debt Service	1,768,199
Unrestricted	713,824
Total net position	\$ 6,565,330

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, 2023

	<u>Business-type Activity</u> <u>Waterworks and</u> <u>Sewer Fund</u>
<u>Operating Revenues</u>	
Charges for services -	
Water sales	\$ 618,764
Sewer charges	909,648
Delinquent charges	33,665
Connection charges	23,160
Miscellaneous	13,190
Total operating revenues	<u>1,598,427</u>
<u>Operating Expenses</u>	
Salaries	416,208
Payroll taxes	31,840
Employee benefits	177,106
Electricity -	
Water pumps	46,470
Sewerage plant	126,595
Repairs/Supplies -	
Water system	102,951
Sewerage system	120,550
Insurance	42,943
Truck and equipment expense	66,500
Office expense	17,488
Water testing	19,930
Sewerage testing	32,896
Professional fees	19,820
Other	12,116
Amortization	1,313
Depreciation	287,878
Total operating expenses	<u>1,522,604</u>
Net operating income	<u>75,823</u>
<u>Non-operating Revenues (Expenses)</u>	
Transfer from General Fund	175,000
Capital Grants	298,231
Interest income	86,126
Interest expense	(119,091)
Total non-operating revenues	<u>440,266</u>
Change in net position	516,089
Total Net Position, Beginning	<u>6,049,241</u>
Total Net Position, Ending	<u>\$6,565,330</u>

The accompanying notes are an integral part of this statement.

Town of Amite City

STATEMENT OF CASH FLOWS
PROPRIETARY FUND
For the Year Ended June 30, 2023

	<u>Business-type Activity</u> <u>Waterworks and</u> <u>Sewer Fund</u>
<u>Cash flows from operating activities:</u>	
Receipts from customers	\$ 1,612,554
Payments to suppliers	(663,957)
Payments to employees	(625,154)
Net cash provided by operating activities	323,443
 <u>Cash flows from noncapital financing activities:</u>	
Transfer from general fund	175,000
 <u>Cash flows from capital and related financing activities:</u>	
Grant proceeds	167,230
Borrowings on USDA loans	591,786
Bond issuance cost	(26,264)
Payments on DEQ loan	(75,586)
Interest paid	(119,091)
Purchase of capital assets	(1,330,203)
Net cash (used) for capital and related financing activities	(792,128)
 <u>Cash flows from investing activities:</u>	
Interest income	86,126
Net cash provided by investing activities	86,126
 Net (decrease) in cash and cash equivalents	(207,559)
 Cash and cash equivalents balance – beginning of year	2,218,156
 Cash and cash equivalents balance – end of year	\$ 2,010,597
 <u>Reconciliation of operating income to net</u> <u>cash provided by operating activities:</u>	
Operating income	\$ 75,823
Adjustments to reconcile operating income	
to net cash provided by operating activities:	
Depreciation expense	287,878
Amortization expense	1,313
Change in assets and liabilities:	
Receivables, net	(12,891)
Due from other funds	27,018
Accounts and other payables	(55,698)
Net cash provided by operating activities	\$ 323,443
 <u>Reconciliation of cash and cash equivalents to statement of net position</u>	
Cash and cash equivalents	\$ 73,436
Restricted cash and cash equivalents	1,937,161
Total cash and cash equivalents	\$ 2,010,597

The accompanying notes are an integral part of this statement.

Town of Amite City

COMBING STATEMENT OF FIDUCIARY NET POSITION
CUSTODIAL FUNDS
June 30, 2023

	<u>Bond Money Fund</u>	<u>Prisoner Personal Money Fund</u>	<u>Total</u>
<u>Assets</u>			
Cash	\$ 4,992	\$ 781	\$ 5,773
Due From General Fund	<u>1,130</u>	<u>-</u>	<u>1,130</u>
Total Assets	<u>6,122</u>	<u>781</u>	<u>6,903</u>
<u>Liabilities</u>			
Due to defendants	6,122	-	6,122
Due to inmates	<u>-</u>	<u>781</u>	<u>781</u>
Total Liabilities	<u>6,122</u>	<u>781</u>	<u>6,903</u>
<u>Net Position</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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

For the Year Ended June 30, 2023

	<u>Bond Money</u> <u>Fund</u>	<u>Prisoner</u> <u>Personal</u> <u>Money Fund</u>	<u>Total</u>
<u>Additions</u>			
Bonds	\$ 66,667	\$ -	\$ 66,667
Inmates personal money	-	133	133
Total Additions	<u>\$ 66,667</u>	<u>\$ 133</u>	<u>\$ 66,800</u>
<u>Deductions</u>			
Settled Deposits	\$ 66,667	\$ 133	\$ 66,800
Total Deductions	<u>66,667</u>	<u>133</u>	<u>66,800</u>
Net increase (decrease) in fiduciary net position	-	-	-
Net position- beginning	-	-	-
Net position- ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of this statement.

NOTES TO THE FINANCIAL STATEMENTS

Town of Amite City

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2023

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 Town appropriates money for Fire District No. 1.

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.

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, 2023

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, 2023

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

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

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

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

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

The Town implemented 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 Town implemented GASB Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of the financial statement users by improving accounting and financial reporting for leases by governments. The Statement requires all leases (contracts that conveys control of the right to use another entity's nonfinancial asset as specified in the contract for a period of time in an exchange-like transaction) to be reported under a single accounting model for both lessors and lessees. Certain leases that were previously classified as operating leases are to be recognized as lease assets and liabilities. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

During the year, the Town implemented policies established under GASB Statement No. 96, *Subscription Based Information Technology Agreements (SBITAs)*. This statement provides guidance on the accounting and financial reporting for SBITAs for government end users. This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset – an intangible asset – and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including the implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. The adoption of this statement did not materially impact the Town's governmental or business-type activities for the year ended June 30, 2023.

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

Town of Amite City

NOTES TO FINANCIAL STATEMENTS

As of and for the Year Ended June 30, 2023

measurable and available only when cash is received by the government.

The Town reports the following major governmental funds:

General Fund

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

Special Revenue Funds:

The Sales Tax Fund accounts for the receipt and use of proceeds of the Town's 2% sales and use tax. The Town Council has dedicated a portion of collections of the sales and use tax, see Note 18 to these financial statements for details.

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 and amortization) 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 funds accounted for in this category by the Town are custodial 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

NOTES TO FINANCIAL STATEMENTS

As of and for the Year Ended June 30, 2023

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

Under state law, the municipality may invest in United States bonds, treasury notes, or certificates. These are classified as investments if their original maturities exceed 12 months; however, if the original maturities are 12 months or less, they are classified as cash equivalents.

E. RECEIVABLES AND LEASED ASSET 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.

Leased asset receivables are a result of leases in which the Town has entered into a contract with a lessee that delivers the right to use a nonfinancial asset of the Town as specified by the contract for a period of time in an exchange or exchange-like transaction. Such receivables are reported on the government – wide financial statements at present value of the lease payments to be received during the lease term. Additionally, the Town would recognize a deferred inflow of resources that is reported at the value of the lease receivable plus any payments received at or before the commencement of the lease for future periods. Assets of agreement entered into in which the Town is the lessor are retained as capital assets of the Town and are reported in the government-wide financial statements as described in the first paragraph of Note 1.I. The Town has not entered into any agreements delivering control of a right to use a nonfinancial asset to a lessee as described above at June 30, 2023.

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 and investment resources of the enterprise fund set aside for repayment of customer deposits and debt services. See Notes 14, 16, and 18 in regards to the revenue bond covenants that require the Town to set aside cash resources and revenue bond requirements.

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2023

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 and construction in progress, are depreciated using the straight-line method over the following estimated useful lives:

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

Right-of-use assets are a result of leases in which the Town has entered into a contract with a lessor that conveys control of the right-to-use the lessor's nonfinancial asset as specified by the contract for a period of time in an exchange or exchange-like transaction. Such assets are reported on the government – wide financial statements net of amortization. A corresponding lease liability be recognized on the government-wide financial statements at the commencement of the lease term at the present value of payments expected to be made during the lease term (less any lease incentives). Right-of -use assets are amortized at the lessor of the useful life or lease term. The Town entered into one agreement gaining control of the right-to-use a lessor's nonfinancial assets as described above at June 30, 2023.

A subscription-based information technology arrangement (SBITA) results from a contract that conveys control of the right-to-use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange like transaction. Such assets are recognized on the government – wide financial statements as a right-of-use SBITA, net of amortization. A corresponding subscription liability should be recognized on the government-wide financial statements at the present value of the subscription payments expected to be made during the subscription term. The Town has not entered into any agreements gaining control of the right-to-use SBITA assets as described above at June 30, 2023.

All right of use assets are amortized using the straight-line method over the following estimated useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Governmental activities -	
Vehicles	5 Years
Equipment	5 Years

NOTES TO FINANCIAL STATEMENTS

As of and for the Year Ended June 30, 2023

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.

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 recognized as a liability in the governmental activities statement of net position. 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.

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2023

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 noncurrent liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of Net Position. Bond premiums and discounts, if any, as well as issuance costs, if any, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

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

L. RESTRICTED NET POSITION

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

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

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

M. FUND EQUITY

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

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

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

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

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

- **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.

NOTES TO FINANCIAL STATEMENTS

As of and for the Year Ended June 30, 2023

The Town has committed resources in the Sales Tax Fund, the Economic Development Fund, the Arts Council Fund and the General Fund. In the Sales Tax Fund, the Town Council has committed these resources to 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. In the General Fund, the Town has committed resources for the future purchase of a garbage truck per Ordinance No. 16-2021.

- **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 resources in the General Fund. Assigned Fund Balance in the General Fund represents monies for the construction of a new city barn and for the Town match on future grants.

- **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. The General Fund is the only fund that is allowed to have a positive unassigned fund balance.

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

N. ESTIMATES

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

O. INTERFUND TRANSACTIONS

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

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.

NOTES TO FINANCIAL STATEMENTS

As of and for the Year Ended June 30, 2023

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 18 to these financial statements for details.

S. DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

In addition to assets, the Statement of Net Position or Balance Sheet will sometimes report a separate section for deferred outflows of resources. This separate financial element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenditure) until then. The Town's items that qualify for this category are pension liability and bond issuance cost and are reported in the Statement of Net Position.

In addition to liabilities, the Statement of Net Position, or Balance Sheet, will sometimes report separate sections for deferred inflows of resources. This separate financial element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) at that time. The Town's only item that qualifies for this category is pension liability. The amounts deferred and recognized as an inflow of resources in the period that the amounts become available.

(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 June 7, 2022. A public hearing was held at the Town's city hall on June 23, 2022. The budget was adopted on June 29, 2022.

The Budgets of the General Fund, Sales Tax Fund, Economic Development Fund, and Arts Council Fund were amended once during the fiscal year with the final amendment taking place on May 16, 2023.

Town of Amite City

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2023

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, 2023.

<u>Fund</u>	<u>Budget</u>	<u>Actual</u>	<u>Unfavorable Variance</u>	<u>Percent</u>
General Fund	\$ 5,558,433	\$ 5,844,239	\$ 285,801	5.14

The Louisiana Local Government Budget Act requires a local government to amend its operating budget when the total expenditures and other uses exceed total budgeted expenditures and other uses by 5% or more. The Town failed to amend the budget for the General Fund by an adequate amount for the fiscal year ended June 30, 2023.

3) **DEPOSITS AND INVESTMENTS**

At June 30, 2023, the Town had deposits and investments (book balances) totaling \$6,045,326 as follows:

Statements of net position:

Cash and cash equivalents	\$ 4,092,843
Restricted asset – cash and cash equivalents	<u>1,952,483</u>
Total cash and cash equivalents	<u>\$ 6,045,326</u>

Deposits, investments, and other (GASB 3 and 40 disclosures) as of June 30, 2023, consists of the following:

Cash on hand	\$ 345
Deposits with financial institutions:	
Interest-bearing demand deposits	6,038,604
Non-interest bearing demand deposits	<u>6,377</u>
Total deposits and investments	<u>\$ 6,045,326</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, 2023, the Town has \$6,220,418 in deposits (collected bank balances). These deposits are secured from risk by \$256,377 of federal deposit insurance and \$5,964,041 is uninsured but collateralized with securities held by the custodial bank in the name of the fiscal agent bank.

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

Town of Amite City

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2023

(4) **RECEIVABLES**

Receivables at June 30, 2023, 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	\$ 50,056	\$ -	\$ -	\$ 50,056
Occupational	13,406	-	-	13,406
Sales	-	351,052	-	351,052
Accounts -				
Prisoner housing fees	1,583	-	-	1,583
Garbage	39,962	-	-	39,962
Water and Sewer	-	-	130,374	130,374
Less: Allowance for Uncollectibles	(1,500)	-	(5,500)	(7,000)
Intergovernmental				
Beer Tax	3,186	-	-	3,186
State Grant	12,793	-	298,231	311,024
Totals	<u>\$ 119,486</u>	<u>\$ 351,052</u>	<u>\$ 423,105</u>	<u>\$ 893,643</u>

An allowance account for taxes receivable is not considered necessary

(5) **AD VALOREM TAXES**

For the year ended June 30, 2023, taxes of 4.94 mills were levied on property with assessed valuations totaling \$28,081,839. Total taxes levied were \$138,724. Taxes receivable at June 30, 2023, were nil.

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

Restricted assets were applicable to the following at June 30, 2023:

Governmental Funds:

General Fund – Drug seizure cash	\$ 8,945
General Fund – Grant money for future purchase of vehicle	6,377
	<u>\$ 15,322</u>

Proprietary Fund:

Customers' deposit – cash and investments	\$ 168,962
Revenue Bond requirements funds	1,768,199
	<u>\$ 1,937,161</u>

Town of Amite City

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2023

(7) **CAPITAL ASSETS**

The following is a summary of changes in capital assets for the fiscal year ended June 30, 2023:

<u>Governmental Activities:</u>	<u>Balance</u> <u>06/30/22</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>06/30/23</u>
Capital assets not depreciated:				
Land and land improvements	\$ 1,381,872	\$ -	\$ -	\$ 1,381,872
Construction in progress	37,185	-	-	37,185
Inactive assets	66,316	-	63,123	3,193
Total capital assets, not depreciated	<u>1,485,373</u>	<u>-</u>	<u>63,123</u>	<u>1,422,250</u>
Capital assets, being depreciated:				
Buildings	1,320,505	-	-	1,320,505
Improvements	583,544	24,609	-	608,153
Infrastructure	277,665	-	-	277,665
Vehicles	805,157 **	63,123	104,312	763,968
Office Equipment	52,105	12,699	2,468	62,336
Furniture & Fixtures	31,126	-	4,189	26,937
Machinery & Equipment	840,194	15,448	36,908	818,734
Total capital assets, being depreciated	<u>3,910,296</u>	<u>115,879</u>	<u>147,877</u>	<u>3,878,298</u>
Less: Accumulated depreciation:				
Buildings	824,512	24,155	-	848,667
Improvements	484,187	12,436	-	496,623
Infrastructure	56,816	12,172	-	68,988
Vehicles	764,820 **	38,400	103,757	699,463
Office Equipment	39,931	6,889	2,468	44,352
Furniture & Fixtures	27,138	656	4,189	23,605
Machinery & Equipment	599,849	44,348	36,565	607,632
Total accumulated depreciation	<u>2,797,253</u>	<u>139,056</u>	<u>146,979</u>	<u>2,789,330</u>
Total capital assets, being depreciated, net	<u>1,113,043</u>	<u>(23,177)</u>	<u>898</u>	<u>1,088,968</u>
Governmental activities capital assets, net	<u>\$ 2,598,416</u>	<u>\$ (23,177)</u>	<u>\$ 64,021</u>	<u>\$ 2,511,218</u>

** Restated for GASB 87. See Note 8.

Depreciation was charged to governmental functions as follows:

General government	\$ 17,373
Public safety	55,132
Streets	30,343
Sanitation	18,345
Parks and recreation	7,340
Community center	7,669
Economic Development	2,854
Total	<u>\$ 139,056</u>

Town of Amite City

NOTES TO FINANCIAL STATEMENTS

As of and for the Year Ended June 30, 2023

Capital outlay expenditures charged to governmental functions were \$8,072, \$14,657, \$5,418, and \$24,609 for general government, public safety – police, streets, and intergovernmental, respectively

The following is a summary of changes in capital assets for the business-type activity for the fiscal year ended June 30, 2023:

<u>Business-type activity:</u>	<u>Balance</u> <u>06/30/22</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>06/30/23</u>
Capital assets, not being depreciated				
Land – water	\$ 36,392	\$ -	\$ -	\$ 36,392
Land – sewer	25,957	-	-	25,957
Construction in progress	-	1,562,537	-	1,562,537
Total capital assets not being depreciated	<u>62,349</u>	<u>1,562,537</u>	<u>-</u>	<u>1,624,886</u>
Capital assets, being depreciated				
Wells	1,085,455	-	-	1,085,455
Storage tanks	643,730	-	-	643,730
Water lines and meters	3,187,664	-	-	3,187,664
Sewerage system	6,758,943	-	-	6,758,943
Equipment	335,866	-	25,693	310,173
Total capital assets, being depreciated	<u>12,011,658</u>	<u>-</u>	<u>25,693</u>	<u>11,985,965</u>
Less accumulated depreciation for:				
Wells	365,880	24,542	-	390,422
Storage tanks	392,769	11,407	-	404,176
Water lines and meters	1,015,877	71,836	-	1,087,713
Sewerage system	2,617,948	168,748	-	2,786,696
Equipment	277,624	11,345	25,693	263,276
Total accumulated depreciation	<u>4,670,098</u>	<u>287,878</u>	<u>25,693</u>	<u>4,932,283</u>
Total capital assets, being depreciated, net	<u>7,341,560</u>	<u>(287,878)</u>	<u>-</u>	<u>7,053,682</u>
Business-type activities capital assets, net	\$ <u>7,403,909</u>	\$ <u>1,274,659</u>	\$ <u>-</u>	\$ <u>8,678,568</u>

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

Waterworks and Sewer Fund	\$ <u>287,878</u>
Total	\$ <u>287,878</u>

Town of Amite City

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2023

(8) RIGHT OF USE ASSETS

The following is a summary of changes in right of use assets for the fiscal year ended June 30, 2023.

A. Governmental Activity:

	<u>Balance as of 6/30/22</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance as of 6/30/23</u>
Right of use assets amortized				
Police vehicles **	\$ 190,004	\$ -	\$ -	\$ 190,004
Police equipment	<u>-</u>	<u>352,393</u>	<u>-</u>	<u>352,393</u>
Total right of use asset amortized	<u>\$ 190,044</u>	<u>352,393</u>	<u>-</u>	<u>\$ 542,397</u>
Less accumulated amortization				
Police vehicles **	104,500	38,000	-	142,500
Police equipment	<u>-</u>	<u>70,479</u>	<u>-</u>	<u>70,479</u>
Total accumulated amortization	<u>\$ 85,504</u>	<u>\$ 108,479</u>	<u>\$ -</u>	<u>\$ 212,979</u>
Total governmental activity right of use assets, net	<u>\$ 85,504</u>	<u>\$ 243,914</u>	<u>\$ -</u>	<u>\$ 329,418</u>

** Restated for GASB 87, *Leases*

Amortization was charged to governmental function as follows:

Public safety- police	<u>\$ 108,479</u>
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(9) 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.

Town of Amite City

NOTES TO FINANCIAL STATEMENTS

As of and for the Year Ended June 30, 2023

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

Funding Policy. Plan members are required by state statute to contribute 10.0 % of their annual covered salary and the Town is required to contribute at an actuarially determined rate. The current rate is 31.25% 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 of \$39,674 are recognized as revenue and excluded from pension expense for the year ended June 30, 2023. The Town of Amite City contributions to the System for the years ending June 30, 2023, 2022, and 2021, were \$169,352, \$163,844, and \$134,152, 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, 2023, the Town reported a liability of \$1,823,033 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, 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, 2022, the Town's proportion was .1783 %.

For the year ended June 30, 2023, the Town recognized pension expense of \$279,458. At June 30, 2023, 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	\$ 8,991	\$ 14,858
Changes of assumptions	62,884	13,560
Net difference between projections and actual earnings on pension plan investments	325,469	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	296,488	19,762
Town contributions subsequent to the measurement date	169,352	-
Total	<u>\$ 863,184</u>	<u>\$ 48,180</u>

Town of Amite City

NOTES TO FINANCIAL STATEMENTS

As of and for the Year Ended June 30, 2023

\$169,352 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, 2024. 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:	
2024	\$ 172,216
2025	\$ 191,891
2026	\$ 111,477
2027	\$ 170,068
2028	\$ -
Thereafter	\$ -

Actuarial assumptions. The total pension liability in June 30, 2022, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation date	June 30, 2022				
Actuarial cost method	Entry Age Normal Cost				
Investment rate of return (Net of investment expense)	2022-6.750%	2021- 6.750%	2020- 6.950%	2019- 7.125%	2018 – 7.20%
Expected Remaining Service lives	2022- 4 years	2021- 4 years	2020- 4 Years	2019- 4 Years	2018 - 4 Years
Inflation rate	2022-2.50%	2021- 2.50%	2020-2.50%	2019- 2.50%	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 scale was used.

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.

Town of Amite City

NOTES TO FINANCIAL STATEMENTS

As of and for the Year Ended June 30, 2023

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	<u>Years of Service</u> 1-2 Above 2	<u>Salary Growth Rate</u> 12.30% 4.70%
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The best estimates of arithmetic rates of return for each major asset class included in the System's target allocation as of June 30, 2022, are summarized in the following table:

Asset Class	June 30, 2022	
	Target Asset Allocation	Long-term Expected Portfolio Real Rate of Return
Equity	55.50%	3.60%
Fixed Income	30.50%	0.85%
Alternative	14.00%	0.95%
Totals	100%	5.40%
Inflation		2.66%
Expected Arithmetic Returns		8.06%

Discount Rate. The discount rate used to measure the total pension liability was 6.750%. 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 6.750%, 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 5.750% or one percentage point higher 7.750% than the current date as of June 30, 2022.

	Changes in Discount Rate		
	1% Decreased	Current Discount Rate	1% Increase
	5.750%	6.750%	7.750%
Net Pension Liability	\$ 2,551,897	\$ 1,823,033	\$ 1,214,190

NOTES TO FINANCIAL STATEMENTS

As of and for the Year Ended June 30, 2023

(10) **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.

(11) **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, 2023, were \$311,925 of which \$155,962 was contributed by the Town.

(12) **COMPENSATED ABSENCES**

At June 30, 2023, employees of the Town have accumulated and vested \$97,915 of employee leave benefits which was computed in accordance with GASB Codification Section C60. Of this amount, \$80,915 is recorded as an obligation of the governmental activities. The leave liability for employees of the Enterprise Fund of \$17,000 is accounted for within the fund.

NOTES TO FINANCIAL STATEMENTS
 As of and for the Year Ended June 30, 2023

(13) 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, 2023:

Governmental Activities:	Balance 6/30/22	Additions	Reductions	Balance 6/30/23	Due Within One Year
Lease liabilities	\$ 40,929	\$ 352,393	\$ 80,262	\$ 313,060	\$ 30,584
Total Governmental Activities	\$ 40,929	\$ 352,393	\$ 80,262	\$ 313,060	\$ 30,584
Business-type Activities:	Balance 6/30/22	Additions	Reductions	Balance 6/30/23	Due Within One Year
Revenue bonds payable					
DEQ	\$ -	\$ 591,786	\$ -	\$ 591,786	\$ -
Revenue bonds payable – USDA - Sewer	1,933,186	-	39,533	1,893,653	40,917
Revenue bonds payable USDA - Water	1,714,052	-	36,053	1,677,999	37,135
Total Bonds business- type activities	\$ 3,647,238	\$ 591,786	\$ 75,586	\$ 4,163,438	\$ 78,052

B. LEASE LIABILITIES

The Town entered into a finance purchase agreement for the purchase of 5 police vehicles and 20 taser / body cameras. The agreement meets the criteria of a lease established under GASB Statement No. 87 since ownership of the underlying is being transferred to the Town. Lease payments are reflected as debt service expenditures at the government fund reporting level. The assets acquired through leases are as follows:

	Governmental Activities	Total
Leased assets:		
Vehicles	\$ 190,004	\$ 190,004
Equipment	352,393	352,393
Less Accumulated Amortization	(212,979)	(212,979)
Right of use, net	\$ 139,414	\$ 139,414

On August 9, 2019, the Town entered into a finance purchase 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, 2023 are \$42,812 (principal of \$40,929 and interest of \$1,883 which is reported in the Public safety – police function).

On June 23, 2022, the Town entered into a finance lease agreement with Axon Enterprises, Inc. for the lease of 20 tasers and body cameras. The effective date of the lease obligation is from July 2022 thru July 2031 with an effective interest rate of 3.09%. The annual payments are \$40,258. Total Payments for the fiscal year ended June 30, 2023 are \$40,258 (principal of \$39,333 interest of \$925 which is reported in the Public safety- police function).

Town of Amite City

NOTES TO FINANCIAL STATEMENTS

As of and for the Year Ended June 30, 2023

C. BONDS

Revenue bonds payable are comprised of the following issue:

a.) \$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.	\$ 1,893,653
b.) \$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.	1,677,999
c.) \$591,786 of an authorized \$2,000,000 Taxable Utilities Revenue Bond, Series 2023A, dated April 4, 2023. Due in annual installments of \$493,000 to \$507,000 starting in April 2025 ending April 2028, interest at .45% payable semi-annually starting October 2023.	591,786
Total Revenue Bonds Payable	<u>\$ 4,163,438</u>

D. DEBT SERVICE REQUIREMENTS TO MATURITY

Governmental Activities-Lease Liabilities:

1. The annual requirements to amortize the lease liabilities outstanding as of June 30, 2023, including interest, are as follows:
- 2.

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 30,584	\$ 925	\$ 31,509
2025	31,529	9,674	41,203
2026	32,503	8,729	41,232
2027	33,507	7,754	41,261
2028	34,543	6,750	41,293
2029-2033	150,394	17,563	167,957
Total	<u>\$ 313,060</u>	<u>\$ 51,395</u>	<u>\$ 364,455</u>

Business-type Activities:

2. The annual requirements to amortize the Revenue Bonds debt outstanding as of June 30, 2023, including interest, are as follows:

<u>Year Ending June 30</u>	<u>Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 78,052	\$ 125,551	\$ 203,603
2025	573,598	123,080	696,678
2026	182,015	118,230	300,245
2027	85,945	108,733	194,678
2028	88,750	105,929	194,679
2029-2033	489,157	484,234	973,391
2034-2038	574,471	398,920	973,391
2039-2043	674,764	298,628	973,392
2044-2048	792,680	180,711	973,391
2049-2052	624,006	46,301	670,307
Total	<u>\$ 4,163,438</u>	<u>\$ 1,990,317</u>	<u>\$ 6,153,755</u>

NOTES TO FINANCIAL STATEMENTS

As of and for the Year Ended June 30, 2023

E. CHANGES IN OTHER LONG-TERM LIABILITIES

During the year ended June 30, 2023, the Town had the following changes in noncurrent liabilities.

	Balance 06/30/22	Additions	Reductions	Balance 06/30/23	Due Within One Year
Governmental Activities:					
Compensated Absences	\$ 82,710	\$ 59,574	\$ 61,369	\$ 80,915	\$ 38,678
Total government activities	\$ 82,710	\$ 59,574	\$ 61,369	\$ 80,915	\$ 38,678
Business-Type Activities:					
Compensated Absences	\$ 17,000	\$ 8,247	\$ 8,247	\$ 17,000	\$ 6,500
Total government activities	\$ 17,000	\$ 8,247	\$ 8,247	\$ 17,000	\$ 6,500

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

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

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

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

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 (20th) day of each month of each year in an amount equal to the principal and interest with respect to the Borrower Bonds for such calendar month, together with such additional proportionate sum as may be required to pay such principal and interest as the same respectively become due.

NOTES TO FINANCIAL STATEMENTS

As of and for the Year Ended June 30, 2023

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, 2023, the Town was in **compliance** with this covenant.

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

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

At June 30, 2023, the Town was in **compliance** with this covenant.

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

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

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

At June 30, 2023, the Town was in **compliance** with this covenant.

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

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

At June 30, 2023, the Town was in **compliance** with this covenant.

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

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

Town of Amite City

NOTES TO FINANCIAL STATEMENTS

As of and for the Year Ended June 30, 2023

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.

The Town was in **compliance** with items a., b., c., d., and e. of the above rate covenant for the year ended June 30, 2023.

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, 2023, 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, 2023, 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, 2023.

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

NOTES TO FINANCIAL STATEMENTS

As of and for the Year Ended June 30, 2023

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, 2023, the Town was in **compliance** with this covenant.

(16) **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 (20th) day of each month of each year in an amount equal to the principal and interest with respect to the Borrower Bonds for such calendar month, together with such additional proportionate sum as may be required to pay such principal and interest as the same respectively become due.

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

At June 30, 2023, the Town was in **compliance** with this covenant.

NOTES TO FINANCIAL STATEMENTS

As of and for the Year Ended June 30, 2023

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

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

At June 30, 2023, the Town was in **compliance** with this covenant.

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

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

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

At June 30, 2023, the Town was in **compliance** with this covenant.

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

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

At June 30, 2023, the Town was in **compliance** with this covenant.

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

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

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

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

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

NOTES TO FINANCIAL STATEMENTS

As of and for the Year Ended June 30, 2023

- 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.

The Town was in **compliance** with items a., b., c., d., and e. of the above rate covenant for the year ended June 30, 2023.

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, 2023, 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, 2023, 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, 2023.

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, 2023, the Town was in **compliance** with this covenant.

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2023

(18) **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 (2023, \$4,156,853) 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.

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

A. Balances due to/from other funds at June 30, 2023, 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	<u>269,333</u>
	<u>\$356,333</u>

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	\$ 356,333
Statement of Net Position - Proprietary Fund	269,333	-
	\$ 356,333	\$ 356,333

Town of Amite City

NOTES TO FINANCIAL STATEMENTS

As of and for the Year Ended June 30, 2023

B. Interfund transfers at June 30, 2023, consist of the following:

From the Sales Tax Fund to the General Fund to subsidize operations	\$ 4,036,000
From the Sales Tax Fund to the Economic Development Fund as required by Ordinance 10-2003	103,458
From the Capital Improvements Fund to the General Fund to close the fund	1,934
From the General Fund to the Arts Council Fund a required the annual budget	12,000
From the General Fund to the Economic Development Fund for future projects	251,451
From the General Fund to the Waterworks Fund for the required match on a future grant	175,000
	<u>\$ 4,579,843</u>

(20) **LITIGATION AND CLAIMS**

At June 30, 2023, the Town is involved in litigation or is aware of various claims totaling an undetermined amount. No amounts have been accrued related to litigation and claims as of June 30, 2023.

(21) **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
Lendrick Francois, Chief of Police	86,444
<u>Town Council</u>	
Jonathon Foster	11,400
Damon S. Ellzey	11,400
Roseline A. Sumrall	11,400
Kris Hart	950
Carl Foster	10,450
Charles M. Guzzardo	11,400
	<u>\$ 173,444</u>

Compensation paid to the board members of the Town of Amite City's Planning and Zoning Commission for the year ended June 30, 2023, is as follows:

Wash Edwards	\$ 225
Irma Kelly	225
Chic Core	25
Mary Lou Lee	200
	<u>\$ 675</u>

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

For the year ended June 30, 2023 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 \$95,844 of on behalf payments as revenue and as expense in the General Fund.

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2023

(23) **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.

(24) **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, 2023, \$6,220,418 of the Town's bank balances are exposed to custodial credit risk. The \$5,964,041 is uninsured but collateralized with securities held by the pledging institution's trust department or agent, but not in the Town's name.

(25) **COMMITMENTS AND CONTINGENCIES**

The Town had two professional service contracts as of June 30, 2023. At year end, the commitments were with the following professionals. These contracts are due within the next fiscal year, June 30, 2023.

	<u>Spent to Date</u>	<u>Remaining Commitment</u>
Data Center, LLC (redistricting)	\$ 10,000	\$ 10,000
Larry's Lawn Care	\$ 37,917	\$ 53,083
T.L. Wallace Construction, LLC	\$ 383,824	\$ 103,371
Consolidated Services	\$1,019,894	\$3,553,879
MCA Engineering LLC	\$ 109,794	\$ 11,366

(26) **TAX ABATEMENTS**

The Louisiana Industrial Ad Valorem Tax Exemption Program (ITEP) is an original state incentive program which offers attractive tax incentive for manufacturers within the state. The program abates, for up to ten years, local property taxes (ad valorem) on a manufacturer's new investment and annual capitalized additions related to the manufacturing site. This exemption is granted per contract with the Louisiana Department of Economic Development and will specify the buildings and / or personal property items covered by the exemption. There are currently no tax abatements in the Town of Amite City.

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

A. The following Fund's beginning fund balance has been restated to reflect the retroactive recording of prior period adjustments to the June 30, 2022, balance

<u>General Fund</u>	
Fund balance at June 30, 2022	\$1,127,660
Increase in health insurance payable	<u>(13,159)</u>
Fund balance at June 30, 2022, as restated	<u>\$ 1,114,501</u>

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

Net position at June 30, 2022	\$3,673,408
Effect of prior period adjustments made to fund balance	<u>(13,159)</u>
Net position at June 30, 2022, as restated	<u>\$3,660,249</u>

Town of Amite City

NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended June 30, 2023

(28) **SUBSEQUENT EVENTS**

Subsequent to June 30, 2023, the following events occurred:

Subsequent events have been evaluated by management through December 21, 2023, 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, 2023.

- On July 11, 2023 Motion passed to accept bid in the amount of \$140,000 for the sale of DMV building on Mulberry Street.
- The Town has drawn down \$1.1 million on the revolving loan.
- The Town is in the process of issuing \$23 million in bonds for the construction of a new state of the art sewer treatment plant.

REQUIRED SUPPLEMENTARY INFORMATION (Part II)

Town of Amite City

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND-SUMMARY
For the Year Ended June 30, 2023

<u>Revenues</u>	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
Taxes	\$ 308,000	\$ 351,000	\$ 350,689	\$ (311)
Licenses and permits	213,700	243,000	326,184	83,184
Intergovernmental	249,133	1,810,671	1,798,943	(11,728)
Fines and forfeitures	59,000	59,000	57,569	(1,431)
Sanitation service fees	438,000	443,000	449,323	6,323
Prisoner housing fees	20,000	9,000	13,855	4,855
Subpoena & bond appearance fees	1,900	1,100	1,795	695
Rentals and recreational	5,000	11,000	15,425	4,425
Cemetery	49,000	45,500	54,400	8,900
Miscellaneous	118,800	127,180	158,879	31,699
Total revenues	1,462,533	3,100,451	3,227,062	126,611
 <u>Expenditures</u>				
Current-				
General government	1,405,200	1,416,494	1,369,385	47,109
Public safety- police	2,181,345	1,834,315	2,042,962	(208,647)
Public safety- fire	320,000	320,000	320,000	-
Streets	1,261,500	1,116,655	1,010,416	106,239
Sanitation	252,150	258,500	267,607	(9,107)
Community Center	18,000	17,000	16,520	480
Cemetery	62,830	79,700	78,344	1,356
Parks and recreation	124,300	121,000	120,021	979
Intergovernmental (DMV)	13,200	51,500	54,500	(3,000)
Miscellaneous	39,600	36,823	42,963	(6,140)
Debt Service:				
Principal	40,929	41,116	80,262	(39,146)
Interest	1,884	1,884	2,808	(924)
Total expenditures	5,720,938	5,294,987	5,405,788	(110,801)
(Deficiency) of revenues over expenditures	(4,258,405)	(2,194,536)	(2,178,726)	15,810
 <u>Other financing sources</u>				
Sale of capital assets	3,000	8,700	6,256	(2,444)
Proceeds from financing lease	-	-	352,393	352,393
Operating transfers in	3,990,889	4,041,261	4,037,934	(3,327)
Transfer to Arts Council	(12,000)	(12,000)	(12,000)	-
Transfer to Economic Development	-	(251,451)	(251,451)	-
Transfer to Waterworks and Sewer	-	-	(175,000)	175,000
Total other financing sources	3,981,889	3,786,510	3,958,132	521,622
Net change in Fund Balance	(276,516)	1,591,974	1,779,406	537,432
Fund balance - beginning, restated	795,615	1,127,660	1,114,501	(13,159)
Fund balance - ending	\$ 519,099	\$ 2,719,634	\$ 2,893,907	\$ 524,273

Town of Amite City

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND - DETAIL

For the Year Ended June 30, 2023

<u>Revenues</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
Taxes-				
Ad Valorem	\$133,000	\$ 151,000	\$ 158,212	\$ 7,212
Public utilities franchise	175,000	200,000	192,477	(7,523)
Licenses and permits-				
Occupational licenses	195,000	225,000	307,848	82,848
Chain store licenses & Beer Liquor	11,700	11,500	12,215	715
Permits	7,000	6,500	6,121	(379)
Intergovernmental-				
Beer taxes	13,500	12,500	12,364	(136)
Federal grants -ARP	5,000	1,568,371	1,527,002	(41,369)
FEMA Reimbursement	-	-	45,326	45,326
LGAP Grant	-	13,000	12,793	(207)
Geaux Jobs Reimbursement	12,000	-	-	-
State highway maintenance	5,300	5,300	5,300	-
Department of Motor Vehicles	50,000	40,000	42,804	2,804
On behalf payments by the state	114,000	114,000	95,844	(18,156)
In school officer-TPSB	45,833	54,000	54,011	11
Capital District Grant - Police	3,500	3,500	3,499	(1)
Fines and forfeitures	64,000	64,000	62,895	(1,105)
Law Enforcement Fees	(5,000)	(5,000)	(5,326)	(326)
Charges for services-				
Garbage fees	438,000	443,000	449,323	6,323
Prisoner housing fees	20,000	9,000	13,855	4,855
Subpoena & bond appearance fees	1,900	1,100	1,795	695
Rentals and recreational	5,000	11,000	15,425	4,425
Cemetery	49,000	45,500	54,400	8,900
Miscellaneous revenues-				
Coke Fund	-	180	252	72
Interest	9,000	100,000	125,697	25,697
Miscellaneous	105,000	20,000	24,850	4,850
Accident reports	4,800	7,000	8,080	1,080
Total revenues	<u>\$ 1,462,533</u>	<u>\$ 3,100,451</u>	<u>\$ 3,227,062</u>	<u>\$ 126,611</u>

(Continued)

See independent auditor's report

Town of Amite City

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND - DETAIL

For the Year Ended June 30, 2023

<u>General Government</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
Salaries - Mayor and Council	\$ 62,000	\$ 87,000	\$ 87,000	\$ -
Salaries - City Clerk & Tax Collector	58,000	58,000	55,918	2,082
Salaries - City Manager	50,000	-	-	-
Salaries - Others	200,000	256,900	286,946	(30,046)
Retirement contributions	72,000	54,000	49,745	4,255
Employee benefits- Health, Life, Denta	135,000	147,500	121,935	25,565
Payroll taxes	165,000	181,500	153,331	28,169
Attorney	80,000	80,000	80,000	-
Audit and accounting services	50,000	50,000	46,613	3,387
Insurance (all departments)	367,500	310,000	289,711	20,289
Office expense	19,000	19,000	27,295	(8,295)
Official journal	2,700	2,700	3,041	(341)
City Hall utilities	21,000	20,000	18,008	1,992
City Hall telephones	5,000	8,500	11,675	(3,175)
City Hall maintenance	5,000	14,000	14,674	(674)
Convention expense	4,000	4,500	7,803	(3,303)
Dues	3,200	3,500	3,851	(351)
Ad Valorem collection fees	10,000	21,300	17,412	3,888
Assessor and tax roll	1,800	1,900	1,900	-
Compliance officer & expenses	7,200	7,200	7,139	61
Travel	-	7,000	6,210	790
Medical expense	-	200	200	-
Miscellaneous	8,500	10,000	13,135	(3,135)
Contract services	2,100	2,100	1,814	286
Magistrate judge and city prosecutor	48,000	38,694	37,227	1,467
Litter program	-	-	320	(320)
Janitorial - city hall	10,200	5,000	4,617	383
Consultants	10,000	-	-	-
Mayor's court expense	5,000	3,500	2,368	1,132
Subpoena wages & Bond expense	-	1,000	100	900
Equipment acquisition	3,000	13,500	12,793	707
Computer Software	-	8,000	6,604	1,396
Total General Government	<u>\$ 1,405,200</u>	<u>\$ 1,416,494</u>	<u>\$ 1,369,385</u>	<u>\$ 47,109</u>

(Continued)

Town of Amite City

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND - DETAIL
For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
<u>Public Safety - Police</u>				
Salaries - Chief of Police	\$ 86,151	\$ 86,500	\$ 83,929	\$ 2,571
Salaries and benefits	1,428,766	1,152,000	1,102,322	49,678
In School Officer	55,000	45,000	34,320	10,680
On behalf payments by state	114,000	114,000	95,844	18,156
Retirement contributions	215,000	184,000	169,352	14,648
Auto fuel	101,050	58,500	55,582	2,918
Auto repairs	23,000	22,700	17,717	4,983
Uniforms	11,500	10,100	10,893	(793)
Repairs and maintenance	8,000	6,900	6,322	578
Prisoner expense	16,000	13,500	15,527	(2,027)
Office expense	16,500	16,500	17,042	(542)
Schools - conventions	10,000	8,400	9,076	(676)
Utilities	27,500	26,850	28,883	(2,033)
Equipment rent	2,148	2,200	2,401	(201)
Capital acquisitions	7,000	7,000	352,393	(345,393)
Equipment	33,230	55,000	13,343	41,657
Technology	15,000	10,000	7,253	2,747
Medical	-	3,200	3,190	10
Police Misc	-	265	593	(328)
Police construction	-	-	12,353	(12,353)
Grant expense	4,000	4,700	4,627	73
Subpeona Wages	1,000	1,000	-	1,000
Informant monies	1,500	1,000	-	1,000
Drug Fund /Miscellaneous expense	5,000	5,000	-	5,000
Total Public Safety - Police	<u>\$ 2,181,345</u>	<u>\$ 1,834,315</u>	<u>\$ 2,042,962</u>	<u>\$ (208,647)</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)

Town of Amite City

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND - DETAIL
For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
<u>Streets</u>				
Salaries and benefits	\$ 882,000	\$ 830,000	\$ 735,394	\$ 94,606
Street and traffic lights	100,000	118,000	126,073	(8,073)
Equipment fuel	31,000	31,000	19,580	11,420
Landfill	20,000	21,000	19,736	1,264
Materials and supplies	50,000	35,000	23,950	11,050
Uniforms	10,000	15,000	19,038	(4,038)
Utilities	12,500	10,500	11,206	(706)
Street vehicle maintenance	50,000	50,000	47,218	2,782
Street Drainage	5,000	5,000	1,649	3,351
Capital acquisitions	100,000	-	5,417	(5,417)
Mosquito spraying	1,000	-	-	-
Hurricane Cleanup	-	1,155	1,155	-
Total Streets	<u>\$ 1,261,500</u>	<u>\$ 1,116,655</u>	<u>\$ 1,010,416</u>	<u>\$ 106,239</u>
<u>Sanitation</u>				
Salaries and Benefits	\$ 72,150	\$ 73,500	\$ 71,234	\$ 2,266
Equipment repairs, supplies, uniform	50,000	65,000	73,820	(8,820)
Fuel	32,000	25,000	25,253	(253)
Landfill	98,000	95,000	97,300	(2,300)
Total Sanitation	<u>\$ 252,150</u>	<u>\$ 258,500</u>	<u>\$ 267,607</u>	<u>\$ (9,107)</u>
<u>Community Center</u>				
Salaries and Benefits	\$ 1,000	\$ 2,000	\$ 1,749	\$ 251
Utilities	7,000	7,000	9,106	(2,106)
Repairs and supplies	10,000	8,000	5,665	2,335
Total Community Center	<u>\$ 18,000</u>	<u>\$ 17,000</u>	<u>\$ 16,520</u>	<u>\$ 480</u>
<u>Cemetery</u>				
Salaries	\$ 30,030	\$ 31,500	\$ 30,261	\$ 1,239
Office Supplies	-	600	310	290
Materials, supplies, and fuel	11,000	23,000	23,624	(624)
Cemetery slab	20,000	22,500	21,746	754
Miscellaneous	1,000	1,000	951	49
Utilities	800	1,100	1,452	(352)
Total Cemetery	<u>\$ 62,830</u>	<u>\$ 79,700</u>	<u>\$ 78,344</u>	<u>\$ 1,356</u>

Town of Amite City

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND - DETAIL
For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
<u>Parks and Recreation</u>				
Salaries and Benefits	\$ 19,000	\$ 19,500	\$ 18,637	863
Repairs, supplies, and beautification	3,000	3,000	2,779	221
Utilities	6,300	2,500	7,605	(5,105)
Park improvements	5,000	5,000	-	5,000
Contract Mowing	91,000	91,000	91,000	-
Total Parks and Recreation	<u>\$ 124,300</u>	<u>\$ 121,000</u>	<u>\$ 120,021</u>	<u>\$ 979</u>
<u>Intergovernmental (DMV)</u>				
Maintenance, Repairs and Supplies	\$ 4,000	\$ 37,500	\$ 13,649	\$ 23,851
Utilities	6,200	10,500	13,576	(3,076)
Janitorial	3,000	3,500	2,666	834
Capital acquisitions	-	-	24,609	(24,609)
Total intergovernmental	<u>\$ 13,200</u>	<u>\$ 51,500</u>	<u>\$ 54,500</u>	<u>\$ (3,000)</u>
<u>Miscellaneous</u>				
Coroner	\$ 9,000	\$ 9,000	\$ 12,631	\$ (3,631)
Dilapidated Properties	6,000	-	-	-
Senior citizens	16,700	14,000	16,834	(2,834)
Planning and zoning	1,200	900	720	180
Animal shelter	6,200	12,423	12,423	-
Chamber of Commerce	500	500	355	145
Total Miscellaneous	<u>\$ 39,600</u>	<u>\$ 36,823</u>	<u>\$ 42,963</u>	<u>\$ (6,140)</u>
<u>Debt Service</u>				
Principal	\$ 40,929	\$ 41,116	\$ 80,262	\$ (39,146)
Interest	1,884	1,884	2,808	(924)
Total Debt Service	<u>\$ 42,813</u>	<u>\$ 43,000</u>	<u>\$ 83,070</u>	<u>\$ (40,070)</u>
<u>Other Financing Sources (Uses)</u>				
Sale of capital assets	\$ 3,000	\$ 8,700	\$ 6,256	\$ (2,444)
Proceeds from Financing Lease	-	-	352,393	352,393
Operating transfers in:				
Sales Tax Fund	3,990,889	4,039,327	4,036,000	(3,327)
Capital Improvements Fund	-	1,934	1,934	-
Operating transfers (out):				
Waterworks and Sewer Fund	-	-	(175,000)	(175,000)
Arts Council Fund	(12,000)	(12,000)	(12,000)	-
Economic Development for Loan	-	(251,451)	(251,451)	-
Total Other Financing Sources (Uses)	<u>\$ 3,981,889</u>	<u>\$ 3,786,510</u>	<u>\$ 3,958,132</u>	<u>\$ 171,622</u>

(Concluded)
See independent auditor's report

Town of Amite City

BUDGETARY COMPARISON SCHEDULE

SALES TAX FUND

For the Year Ended June 30, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
<u>Revenues</u>				
Sales taxes	\$ 4,120,000	\$ 4,170,000	\$ 4,184,049	\$ 14,049
Interest	-	-	750	750
Total revenues	<u>4,120,000</u>	<u>4,170,000</u>	<u>4,184,799</u>	<u>14,799</u>
<u>Expenditures</u>				
General government - Collection fees	<u>26,780</u>	<u>27,100</u>	<u>27,196</u>	<u>(96)</u>
Total expenditures	<u>26,780</u>	<u>27,100</u>	<u>27,196</u>	<u>(96)</u>
Excess of revenues over expenditures	<u>4,093,220</u>	<u>4,142,900</u>	<u>4,157,603</u>	<u>14,703</u>
<u>Other financing (uses)</u>				
Transfer to General Fund	(3,990,889)	(4,039,327)	(4,036,000)	3,327
Transfer to Economic Development	<u>(102,331)</u>	<u>(103,573)</u>	<u>(103,458)</u>	<u>115</u>
Total other financing (uses)	<u>(4,093,220)</u>	<u>(4,142,900)</u>	<u>(4,139,458)</u>	<u>3,442</u>
Net change in Fund Balance	-	-	18,145	18,145
Fund balance - beginning	<u>280,558</u>	<u>334,852</u>	<u>334,852</u>	<u>-</u>
Fund balance – ending	<u>\$ 280,558</u>	<u>\$ 334,852</u>	<u>\$ 352,997</u>	<u>\$ 18,145</u>

Town of Amite City

BUDGETARY COMPARISON SCHEDULE
ECONOMIC DEVELOPMENT FUND
For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
<u>Revenues</u>				
Interest	\$ 1,000	\$ 13,000	\$ 21,024	\$ 8,024
Total revenues	1,000	13,000	21,024	8,024
<u>Expenditures</u>				
TEDF Dues	2,055	2,055	2,055	-
Chamber of Commerce	13,200	13,200	13,224	(24)
Interstate Lighting	-	25,000	-	25,000
Professional Services	2,500	3,500	4,700	(1,200)
Miscellaneous Expenditure	-	100	110	(10)
Total Expenditures	17,755	43,855	20,089	23,766
Excess (Deficiency) of revenues over expenditures	(16,755)	(30,855)	935	31,790
<u>Other financing sources</u>				
Operating transfers in:				
Sales Tax Fund	102,331	103,573	103,458	(115)
General Fund	-	251,451	251,451	-
Total other financing sources	102,331	355,024	354,909	(115)
Net change in Fund Balance	85,576	324,169	355,844	31,675
Fund balance - beginning	373,553	371,852	371,852	-
Fund balance – ending	\$ 459,129	\$ 696,021	\$ 727,696	\$ 31,675

Town of Amite City

BUDGETARY COMPARISON SCHEDULE
ARTS COUNCIL FUND
For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
<u>Revenues</u>				
Interest	\$ 200	\$ 900	\$ 1,153	\$ 253
Event Ticket Sales	900	1,100	1,265	165
Total revenues	1,100	2,000	2,418	418
<u>Expenditures</u>				
Art Development	5,500	9,500	9,548	(48)
Entergy	1,000	1,000	1,267	(267)
Christmas Decorations	1,800	-	-	-
Community Movie Night	3,750	-	-	-
Capital Acquisition - Battlefield Cross Sculpture	14,431	13,000	12,752	248
Total expenditures	26,481	23,500	23,567	(67)
(Deficiency) of revenues over expenditures	(25,381)	(21,500)	(21,149)	351
<u>Other financing sources</u>				
Total other financing sources	12,000	12,000	12,000	-
Net change in Fund Balance	(13,381)	(9,500)	(9,149)	351
Fund balance - beginning	44,708	45,091	45,091	-
Fund balance – ending	\$ 31,327	\$ 35,591	\$ 35,942	\$ 351

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, 2023

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Town's proportion of the net pension liability	.158%	.134%	.1259%	.1079%	.1072%	.1338%	.1245%	.1303%	.1783%
Town's proportionate share of the net pension liability	\$ 991,227	\$ 1,047,141	\$ 1,179,794	\$ 942,641	\$ 906,411	\$ 1,215,16	\$ 1,150,947	\$ 694,410	\$ 1,823,033
Town's covered payroll	\$ 347,727	\$ 353,166	\$ 321,150	\$ 320,808	\$ 417,848	\$ 384,640	\$ 397,433	\$ 550,587	\$ 563,023
Town's proportionate share of the net pension liability as a percentage of its covered payroll	285.05%	296.50%	367.37%	293.83%	216.92%	315.92%	289.60%	126.12%	323.79%
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%	84.09%	70.80%

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

Data reported is measured as of June 30, 2022, (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, 2023

	2015	2016	2017	2018	2019	2020	2021	2022	2023
Contractually required contribution	\$ 112,601	\$ 104,912	\$ 102,261	\$ 97,313	\$ 134,757	\$ 125,009	\$ 134,152	\$163,844	\$ 164,027
Contributions in relation to the contractually required contribution	\$ 112,601	\$ 104,912	\$ 102,261	\$ 97,313	\$ 134,757	\$ 125,009	\$ 134,152	\$163,844	\$ 164,027
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Town's covered payroll	\$ 347,727	\$ 353,166	\$ 321,150	\$ 320,808	\$ 417,848	\$ 384,640	\$ 397,433	\$550,587	\$ 563,023
Contributions as a percentage of covered payroll	32.38%	29.70%	31.84%	30.33%	32.23%	32.80%	33.75%	29.75%	29.13%

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

Data reported is measured as of June 30, 2022, (measurement date).

See independent auditors' report.

OTHER SUPPLEMENTARY INFORMATION

Town of Amite City

SCHEDULE OF COMPENSATION, BENEFITS,
AND OTHER PAYMENTS TO AGENCY HEADS
For the Year Ended June 30, 2023

Agency Head: Walter Daniels, Mayor

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 30,000
Benefits – Medicare	435
Telephone	1,138
Travel	3,359
Workers Compensation Insurance	135
	<u>\$ 35,067</u>

Agency Head: Lendrick Francois, Elected Chief of Police

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 86,444
State Supplemental Pay	7,100
Benefits – Insurance	28,350
Benefits – Retirement (31.25% MPERS)	29,233
Benefits – Medicare	1,356
Telephone	516
Travel	1,104
Workers Compensation Insurance	3,503
	<u>\$ 157,606</u>

Town of Amite City

JUSTICE SYSTEM FUNDING SCHEDULE - COLLECTING/DISBURSING ENTITY
For the Year Ended June 30, 2023

	<u>First Six Month Period Ended 12/31/2022</u>	<u>Second Six Month Period Ended 06/30/2023</u>
Amounts Collected – Beginning Balance	\$ <u>8,377</u>	\$ <u>6,927</u>
<u>Collections:</u>		
Bond Fees	36,795	29,872
Interest Earnings on Collected Balances	<u>133</u>	<u>197</u>
Total Collections	<u>36,928</u>	<u>30,069</u>
<u>Disbursements To Governments and Nonprofits:</u>		
Crime Stoppers of Tangipahoa, Inc., criminal court costs/fees	364	330
DHH-THI/SCI, criminal court costs/fees	30	-
LDH-THSCI Trust Fund	-	15
Department of Public Safety	-	283
Florida Parishes Juvenile Justice, criminal court costs/fees	915	845
Louisiana Commission of Law Enforcement, criminal court costs/fees	749	571
Louisiana Supreme Court, criminal court costs/fees	88	81
Louisiana State Treasurer, criminal court costs/fees	549	507
<u>Amounts “Self-Disbursed” to Collecting Agency:</u>		
Town of Amite City, Bond Fees	1,035	660
Town of Amite City, Criminal Fines - Other	31,153	26,250
<u>Disbursements to Individuals/3rd Party Collection or Processing Agencies:</u>		
Bond Fee Refunds	2,585	1,935
Payments to 3 rd Party Collection/Processing Agency	<u>910</u>	<u>533</u>
Total Disbursements/Retainage	<u>38,378</u>	<u>32,010</u>
Amounts Collected/Not Disbursed/Retained – Ending Balance	\$ <u><u>6,927</u></u>	\$ <u><u>4,986</u></u>

See independent auditors' report.

**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, *Louisiana Governmental Audit Guide*, 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, each major fund, and the aggregate remaining fund information, of the **TOWN OF AMITE CITY (TOWN)** as of and for the year ended June 30, 2023, 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 21, 2023.

Report on 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 Town'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 section 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. Given these limitations, during our audit we did not identify any deficiencies in internal controls that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on 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 statements. 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 two instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and *the Louisiana Governmental Audit Guide* noted as items 2023-001 and 2023-002.

The Town's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Town's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. The Town's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 Town's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and *the Louisiana Governmental Audit Guide* in considering the Town'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 21, 2023

TOWN OF AMITE CITY, LOUISIANA
SUMMARY OF PRIOR YEAR FINDINGS AND RESPONSES

For the year ended June 30, 2023

2022-001 Internal Control Over Human Resources Functions

This matter is considered resolved.

2022-002 Written Policies and Procedures

This matter is considered resolved.

TOWN OF AMITE CITY, LOUISIANA
SCHEDULE OF FINDINGS AND RESPONSES

For the year ended June 30, 2023

1) Summary of Auditors' 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: **None.**

D) Noncompliance which is material to the financial statements: **2023-001 and 2023-002.**

2) Finding relating to the financial statements reported in accordance with *Government Auditing Standards*: **None.**

3) Findings relating to compliance reported in accordance with *Government Auditing Standards*: **2023-001 and 2023-002.**

TOWN OF AMITE CITY, LOUISIANA

SUMMARY OF FINDINGS AND RESPONSES

For the year ended June 30, 2023

4) FINDINGS – FINANCIAL STATEMENT

None.

5) FINDINGS – NONCOMPLIANCE

2023-001 Local Government Budget Act

Fiscal Year Finding Originated: 2023

Criteria: In accordance with Louisiana Revised Statute (R.S.) 39:1311, *Louisiana Government Budget Act* (LGBA), political subdivisions are required to monitor the adopted budget and duly authorize adopted amendments to the budgets for all legally adopted budgets.

Additionally, management of the political subdivision is required to advise the governing authority to adopt a budget amendment, in writing, for all legally adopted budgets when the following conditions exist:

- Total revenue and other sources plus projected revenue and other sources for the remainder of the year, within in a fund, are failing to meet total budgeted revenues and other sources by five percent or more.
- Total actual expenditures and other uses plus projected expenditures and other uses for the remainder of the year, within a fund, are exceeding the total budgeted expenditures and other uses by five percent or more.
- Actual beginning fund balance, within a fund, fails to meet estimated beginning fund balance by five percent or more and fund balance is being used to fund current year expenditures.

Condition: Total actual expenditures and other financing uses exceed the total budgeted expenditures and other financing uses by 5.14%, or \$285,801, in the General Fund.

Cause: The Town entered into a leasing agreement during the fiscal year for police equipment. The cost of this leasing agreement was not considered when budgeting the General Fund's public safety expenditures for the year ending June 30, 2023.

Effect: The Town is not compliant with the LGBA.

Recommendation: We recommend that the Town monitor legally adopted budgets to ensure budget amendments are duly authorized for changes in revenues and expenditures that will result in unfavorable variances greater than five percent of actual revenues and other sources, actual expenditures and other uses to total budgeted expenditures and other uses, or actual beginning balance failing to meet the estimated beginning fund balance.

TOWN OF AMITE CITY, LOUISIANA
SUMMARY OF FINDINGS AND RESPONSES

For the year ended June 30, 2023

5) FINDINGS – NONCOMPLIANCE (CONTINUED)

2023-002 Sale of Municipal Property

Fiscal Year Finding Originated: 2024

Criteria: Louisiana R.S. 33:4717 allows the sale of immovable property by municipalities with no longer needed for public use to other public or private entities. The property must be identified in an ordinance which revokes the previous designation of municipal purpose. The ordinance must also include the sale, either by means of private sale or exchange, of such property and outline the price, consideration, and terms of which the municipality intends to sell.

Condition: The Town failed to introduce an ordinance giving the reasons for the action on the part of the governing authority, and fixing the minimum price and terms of the sale of property deemed no longer needed for public purposes.

Cause: The Town approved the sale of real property without properly introducing an ordinance.

Effect: The Town is not compliant with Louisiana R.S. 33:4717.

Recommendation: The Town should ensure its policies and procedures adhere to the Louisiana Revised Statutes.



Council

Carl Foster

District 1

Jonathon Foster

District 2

Charles "Mose" Guzzardo

District 3

Damon Ellzey

District 4

Rose Sumrall

District 5

212 E. Oak Street • Amite, LA 70422

(985) 748-8761 • (985) 284-7075

Fax: (985) 748-3729

Walter Daniels III, Mayor

Lendrick Francois

Chief of Police

Mark Kolwe

City Manager

Daine Carlsen

City Clerk

December 21, 2023

Faulk & Winkler, LLC
Certified Public Accountants
6811 Jefferson Highway
Baton Rouge, LA 70806

Re: Responses to audit findings for the annual audit as of and for
the Year Ended June 30, 2023

In your audit report for the annual audit of the Town of Amite City, Louisiana (Town) for the year ended June 30, 2023, you reported findings related to compliance.

Below are the Town's responses to those findings.

Finding 2023-001 Local Government Budget Act

The Mayor and management agree to take steps to monitor legally adopted budgets during the year to determine that projected expenditures and other uses do not exceed budgeted expenditures and other uses by five percent or more.

Finding 2023-002 Sale of Municipal Property

The Mayor and management agree to ensure that the sale of any immovable property adheres to the Louisiana R.S. 33:4717, which requires adoption of an ordinance for the authorization.

Respectfully submitted,

A handwritten signature in blue ink that reads "Walter Daniels III".

Walter Daniels, III, Mayor

Louisiana Legislative Auditor's Statewide Agreed-Upon Procedures

Town of Amite City, Louisiana

Amite, Louisiana

For the year ended June 30, 2023

**INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES**

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

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2022 through June 30, 2023. The Town's management is responsible for those C/C areas identified in the SAUPs.

The Town has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period July 1, 2022 through June 30, 2023. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and schedule of exceptions are as follows:

1) Written Policies and Procedures

- A. Obtain and inspect the entity's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity's operations:
- i. ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.
 - ii. ***Purchasing***, including (1) how purchases are initiated, (2) how vendors are added to the vendor list, (3) the preparation and approval process of purchase requisitions and purchase orders, (4) controls to ensure compliance with the Public Bid Law, and (5) documentation required to be maintained for all bids and price quotes.
 - iii. ***Disbursements***, including processing, reviewing, and approving.
 - iv. ***Receipts/Collections***, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).
 - v. ***Payroll/Personnel***, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee rates of pay or approval and maintenance of pay rate schedules.
 - vi. ***Contracting***, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.

- vii. ***Travel and Expense Reimbursement***, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- viii. ***Credit Cards (and debit cards, fuel cards, purchase cards, if applicable)***, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
- ix. ***Ethics***, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.
- x. ***Debt Service***, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- xi. ***Information Technology Disaster Recovery/Business Continuity***, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.
- xii. ***Prevention of Sexual Harassment***, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

2) Board or Finance Committee

- A. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and
 - i. Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
 - ii. For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum, on all special revenue funds. *Alternatively, for those entities reporting on the not-for-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*
 - iii. For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.
 - iv. Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.

3) Bank Reconciliations

- A. Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:
 - i. Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged);
 - ii. Bank reconciliations include written evidence that a member of management or a board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and
 - iii. Management has documentation reflecting it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

4) Collections (excluding electronic funds transfers)

- A. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).
- B. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (e.g., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if there are no written policies or procedures, then inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that
 - i. Employees responsible for cash collections do not share cash drawers/registers;
 - ii. Each employee responsible for collecting cash is not also responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit;
 - iii. Each employee responsible for collecting cash is not also responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit; and
 - iv. The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, is (are) not also responsible for collecting cash, unless another employee/official verifies the reconciliation.
- C. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe that the bond or insurance policy for theft was in force during the fiscal period.

- D. Randomly select two deposit dates for each of the 5 bank accounts selected for Bank Reconciliations procedure #3A (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternatively, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:
- i. Observe that receipts are sequentially pre-numbered.
 - ii. Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
 - iii. Trace the deposit slip total to the actual deposit per the bank statement.
 - iv. Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).
 - v. Trace the actual deposit per the bank statement to the general ledger.

5) *Non-Payroll Disbursements (excluding card purchases, travel reimbursements, and petty cash purchases)*

- A. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).
- B. For each location selected under procedure #5A above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, then inquire of employees about their job duties), and observe that job duties are properly segregated such that
- i. At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order or making the purchase;
 - ii. At least two employees are involved in processing and approving payments to vendors;
 - iii. The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files;
 - iv. Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments; and
 - v. Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.

[Note: Findings related to controls that constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality) should not be reported.]

- C. For each location selected under procedure #5A above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction, and
 - i. Observe whether the disbursement, whether by paper or electronic means, matched the related original itemized invoice and supporting documentation indicates that deliverables included on the invoice were received by the entity, and
 - ii. Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under procedure #5B above, as applicable.
- D. Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3A, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g., sign checks) per the entity's policy, and (b) approved by the required number of authorized signers per the entity's policy. Note: If no electronic payments were made from the main operating account during the month selected the practitioner should select an alternative month and/or account for testing that does include electronic disbursements.

6) Credit Cards/Debit Cards/Fuel Cards/Purchase Cards (Cards)

- A. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and purchase cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.
- B. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement). Obtain supporting documentation, and
 - i. Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved) by someone other than the authorized card holder (those instances requiring such approval that may constrain the legal authority of certain public officials, such as the mayor of a Lawrason Act municipality, should not be reported); and
 - ii. Observe that finance charges and late fees were not assessed on the selected statements.
- C. Using the monthly statements or combined statements selected under procedure #7B above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (e.g., each card should have 10 transactions subject to inspection). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and observe whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

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

- A. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements and obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected
- i. If reimbursed using a per diem, observe that the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov);
 - ii. If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased;
 - iii. Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by Written Policies and Procedures procedure #1A(vii); and
 - iv. Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

8) *Contracts*

- A. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternatively, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and
- i. Observe whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law;
 - ii. Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter);
 - iii. If the contract was amended (e.g., change order), observe that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, the documented approval); and
 - iv. Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

9) Payroll and Personnel

- A. Obtain a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.
- B. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under procedure #9A above, obtain attendance records and leave documentation for the pay period, and
 - i. Observe that all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory);
 - ii. Observe whether supervisors approved the attendance and leave of the selected employees or officials;
 - iii. Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records; and
 - iv. Observe the rate paid to the employees or officials agrees to the authorized salary/pay rate found within the personnel file.
- C. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials and obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee's or official's cumulative leave records, agree the pay rates to the employee's or official's authorized pay rates in the employee's or official's personnel files, and agree the termination payment to entity policy.
- D. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

10) Ethics

- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A obtain ethics documentation from management, and
 - i. Observe whether the documentation demonstrates that each employee/official completed one hour of ethics training during the calendar year as required by R.S. 42:1170; and
 - ii. Observe whether the entity maintains documentation which demonstrates that each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.
- B. Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170.

11) Debt Service

- A. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each debt instrument issued as required by Article VII, Section 8 of the Louisiana Constitution.
- B. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

12) Fraud Notice

- A. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled as required by R.S. 24:523.
- B. Observe that the entity has posted, on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

13) Information Technology Disaster Recovery/Business Continuity

- A. Perform the following procedures, **verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."**
 - i. Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if there is no written documentation, then inquire of personnel responsible for backing up critical data) and observe evidence that such backup (a) occurred within the past week, (b) was not stored on the government's local server or network, and (c) was encrypted.
 - ii. Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if there is no written documentation, then inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.
 - iii. Obtain a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.
- B. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in procedure #9C. Observe evidence that the selected terminated employees have been removed or disabled from the network.

14) Prevention of Sexual Harassment

- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain sexual harassment training documentation from management, and observe that the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year as required by R.S. 42:343.
- B. Observe that the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).
- C. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe that the report includes the applicable requirements of R.S. 42:344:
 - i. Number and percentage of public servants in the agency who have completed the training requirements;
 - ii. Number of sexual harassment complaints received by the agency;
 - iii. Number of complaints which resulted in a finding that sexual harassment occurred;
 - iv. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
 - v. Amount of time it took to resolve each complaint.

TOWN OF AMITE CITY
Amite, Louisiana

SCHEDULE OF EXCEPTIONS

For the year ended June 30, 2023

Exceptions:

No exceptions were found as a result of applying the procedures listed above, except as follows:

Written Policies and Procedures:

1(A)The Town did not have written policies and procedures established for the following categories and subcategories:

- ii (2) – Purchasing
- vi (1)(2)(3)(4)(5) – Contracting
- vii (1)(2)(3)(4)(5) – Credit Cards
- ix (2)(3)(4) – Ethics
- x (1)(2)(3)(4) – Debt Services
- xi (1)(2)(3)(4)(5)(6) – Information Technology Disaster Recovery/Business Continuity
- xii (2)(3) – Sexual Harassment

Board or Finance Committee:

2 (iv) The Town’s council meeting minutes did not contain any documentation of the Town providing written updates of the progress of resolving audit findings, according to management’s corrective action plan until the findings were considered fully resolved.

Collections:

5 (A) Employees responsible for cash collections shared cash drawers at the Town’s city hall.

Travel Reimbursements:

7 (B)(D) One out of the five travel reimbursements selected for testing was not supported by an original itemized receipt and was did not have signature approval by someone at the Town who was not being reimbursed. The amount of the unsupported transaction was \$200.

Information Technology Disaster Recovery/Business Continuity:

13 (A)(B) We performed the related procedures and discussed the results with management.

Ethics:

10 (A)(ii) Five out of the five employees selected for testing did not have signature verification that he/she had read the Town's ethics policy during the fiscal year.

10 (B) The Town did not appoint an ethics board designee as required by *Louisiana R.S. 42:1170*.

Sexual Harassment:

14 (A) Three out of the five employees selected for testing did not have documentation demonstrating that they completed at least one hour of sexual harassment training during the calendar year.

14 (C) The Town did not submit its annual sexual harassment report for the current fiscal period as required by *Louisiana R.S. 42:344*.

Management's Response:

Management of the Town concurs with the exceptions identified are in the process of addressing these matters.

We were engaged by The Town to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of Government Auditing Standards. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of The Town and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

Faulk & Winkler, LLC
Certified Public Accountants

Baton Rouge, Louisiana
December 21, 2023

**Examination Report for Recipients That Would Otherwise be Required to Undergo
a Single Audit or Program-Specific Audit as a Result of Receiving Coronavirus
State and Local Fiscal Recovery Funds**

Town of Amite City, Louisiana
Amite, Louisiana

For the year ended June 30, 2023



INDEPENDENT ACCOUNTANTS' REPORT

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

We have examined **THE TOWN OF AMITE CITY'S (TOWN)** compliance with the compliance requirements "activities allowed or unallowed" and "allowable cost/cost principles" (the specified requirements) as described in Part IV "Requirements for an Alternative Compliance Examination Engagement for Recipients That Would Otherwise be Required to Undergo a Single Audit or Program-Specific Audit as a Result of Receiving Coronavirus State and Local Fiscal Recovery Funds" of the CSLFRF section of the 2023 OMB Compliance Supplement (referred to herein as "Requirements for an Alternative CSLFRF Compliance Examination Engagement") during the year ended June 30, 2023. Management of the Town is responsible for the Town's compliance with the specified requirements. Our responsibility is to express an opinion on the Town's compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the AICPA; the standards applicable to attestation engagements contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the *Louisiana Governmental Audit Guide*; and in the "Requirements for an Alternative CSLFRF Compliance Examination Engagement." Those standards and requirements require that we plan and perform the examination to obtain reasonable assurance about whether the Town complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Town complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

We are required to be independent and meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement. Our examination does not provide a legal determination on the Town's compliance with specified requirements.

In our opinion, the Town complied, in all material respects, with the specified requirements referenced above during the year ended June 30, 2023.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards* and the *Louisiana Governmental Audit Guide*, we are required to report all deficiencies that are considered to be significant deficiencies or material weaknesses in internal control; fraud, and noncompliance with provisions of laws, regulations, contracts or grant agreements that have a material effect on the Town's compliance with the specified requirements and any other instances that warrant the attention of those charged with governance. We are also required to obtain and report the views of responsible officials concerning the findings, conclusions, and recommendations, as well as any planned corrective actions. We performed our examination to express an opinion on the Town's compliance with the specified requirements and not for the purpose of expressing an opinion on the internal control over the specified requirements or on compliance and other matters; accordingly, we express no such opinions. The results of our tests disclosed no matters that are required to be reported under *Government Auditing Standards* and the *Louisiana Governmental Audit Guide*.

Intended Purpose

The purpose of this examination report is solely to express an opinion on whether the Town complied, in all material respects with the specified requirements referenced above during the year ended June 30, 2023. Accordingly, this report is not suitable for any other purpose.

Faulk & Winkler, LLC
Certified Public Accountants

Baton Rouge, Louisiana
December 21, 2023