

TOWN OF ABITA SPRINGS, LOUISIANA

**REPORT ON AUDIT OF
FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED
DECEMBER 31, 2016**



ERICKSEN KRENTEL & LAPORTE^{LLP}
CERTIFIED PUBLIC ACCOUNTANTS • CONSULTANTS

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INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Board of Aldermen
Town of Abita Springs, Louisiana

Report on the Financial Statements

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 Abita Springs, Louisiana (the "Town"), as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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



To the Honorable Mayor and Board of Aldermen
Town of Abita Springs, Louisiana
June 15, 2017

Opinions

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 of Abita Springs, Louisiana, as of December 31, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of proportionate share of the net pension liability, and schedule of contributions – retirement, and the related notes to the required supplementary information on page 4 to 7 and 39 to 46 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The accompanying schedule of compensation to aldermen and schedule of compensation, benefits and other payments to the agency head are presented to comply with the requirements issued by the State of Louisiana and are not a required part of the basic financial statements.



To the Honorable Mayor and Board of Aldermen
Town of Abita Springs, Louisiana
June 15, 2017

The schedule of compensation to aldermen and schedule of compensation, benefits, and other payments to the agency head are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supporting schedules 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 June 15, 2017, 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

Mandeville, Louisiana
June 15, 2017

Erickson, Krentel & Laporte, LLP

Certified Public Accountants

REQUIRED SUPPLEMENTARY INFORMATION – PART I

TOWN OF ABITA SPRINGS, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2016

As management of the Town of Abita Springs, Louisiana (the "Town"), we offer residents of the Town this narrative overview and financial analysis of the financial activities of the Town as of December 31, 2016, and for the year then ended.

Overview of Financial Statements

The Town adopted Governmental Accounting Standards Board (GASB) Statement No. 34 on January 1, 2004. Under this pronouncement, the Town's basic financial statements include government-wide financial statements and fund financial statements. These two types of financial statements present the Town's financial position and the results of its operations from differing perspectives, which are described as follows:

Government-Wide Financial Statements

The government-wide financial statements report information about the Town as a whole using an accounting method similar to that used by private-sector companies. The basis of accounting used is accrual accounting. The government-wide statements reflect all of the Town's assets (including capital assets) and all of the Town's liabilities. The two government-wide financial statements are as follows:

- **Statement of Net Position:** This statement presents information on all of the Town's assets and liabilities with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.
- **Statement of Activities:** This statement presents information showing how the Town's net position changed during the most recent year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future periods.

Fund Financial Statements

A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts. The Town uses funds to ensure and demonstrate compliance with finance-related laws and regulations. The Town has two types of funds:

1. *Governmental Funds* - Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. The Town's major governmental funds are the General Fund, the Shared Sales Tax Fund, the Special Sales Tax Fund, the Cemetery Fund, and the Debt Service Fund.

TOWN OF ABITA SPRINGS, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
DECEMBER 31, 2016

2. *Proprietary Funds* - These funds are used to account for activities that function in a manner similar to commercial enterprises. Proprietary fund financial statements typically provide a more detailed presentation of the information reported in the business-type activities portion of the government-wide financial statements. The Town's major proprietary fund is the Utility Fund.

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the financial statements begin on page 18 of this report.

Financial Highlights

At December 31, 2016, the Town's assets exceeded its liabilities by \$3,996,167 (net position). Of this amount, \$197,176 (unrestricted net position) may be used to meet the Town's ongoing obligations to its citizens and creditors. The Town's total net position increased by \$70,925, for the year ended December 31, 2016.

At December 31, 2016, the Town's governmental funds reported combined ending fund balances of \$1,312,843. Compared to prior year, the total combined fund balance increased by \$38,125 for the year ended December 31, 2016.

Financial Analysis of the Town as a Whole

A condensed version of the government-wide Statements of Net Position is presented as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>2016</u>	<u>2015</u>
Assets				
Current assets	\$ 1,531,154	\$ 258,653	\$ 1,789,807	\$ 2,210,812
Other assets	30,370	390,161	420,531	374,274
Capital assets	<u>2,668,335</u>	<u>2,240,083</u>	<u>4,908,418</u>	<u>4,953,475</u>
Total assets	<u>4,229,859</u>	<u>2,888,897</u>	<u>7,118,756</u>	<u>7,538,561</u>
Total deferred outflows of resources	151,644	178,016	329,660	284,088
Liabilities				
Current and other liabilities	387,578	458,574	846,152	1,258,426
Long-term liabilities	<u>1,608,153</u>	<u>961,328</u>	<u>2,569,481</u>	<u>2,602,032</u>
Total liabilities	<u>1,995,731</u>	<u>1,419,902</u>	<u>3,415,633</u>	<u>3,860,458</u>
Total deferred inflows of resources	16,844	19,772	36,616	36,949
Net position				
Net investments in capital assets	1,371,779	1,753,083	3,124,862	3,022,908
Restricted	531,702	142,427	674,129	638,456
Unrestricted	<u>465,447</u>	<u>(268,271)</u>	<u>197,176</u>	<u>263,878</u>
Total net position	<u>\$ 2,368,928</u>	<u>\$ 1,627,239</u>	<u>\$ 3,996,167</u>	<u>\$ 3,925,242</u>

TOWN OF ABITA SPRINGS, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
DECEMBER 31, 2016

The net investment in capital assets amount represents 78% of total net position. Net investment in capital assets consists of land, buildings, and equipment, less any outstanding debt used to acquire those assets. The Town has elected not to retroactively record, as capital assets, its infrastructure that existed prior to adopting GASB 34.

A condensed version of the government-wide Statements of Activities is presented as follows:

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Revenues						
Program revenues						
Charges for services	\$ 44,103	\$ 55,253	\$ 1,460,730	\$ 1,476,384	\$ 1,504,833	\$ 1,531,637
Operating grants and contributions	17,276	54,709	-	-	17,276	54,709
Capital grants and contributions	4,834	-	46,990	34,321	51,824	34,321
General revenues						
Taxes	1,364,074	1,295,775	-	-	1,364,074	1,295,775
Licenses and permits	147,325	146,431	-	-	147,325	146,431
Fines and forfeitures	60,742	96,595	-	18,333	60,742	114,928
Investment earnings	1,479	1,973	236	238	1,715	2,211
Museum income	35,115	39,297	-	-	35,115	39,297
Other	98,511	66,823	15,480	15,480	113,991	82,303
Total revenues	<u>1,773,459</u>	<u>1,756,856</u>	<u>1,523,436</u>	<u>1,544,756</u>	<u>3,296,895</u>	<u>3,301,612</u>
Expenses						
General government	822,264	844,384	-	-	822,264	844,384
Public safety	346,473	336,141	-	-	346,473	336,141
Public works	349,345	335,195	-	-	349,345	335,195
Hurricane	-	536	-	-	-	536
Cemetery	16,017	20,910	-	-	16,017	20,910
Culture and recreation	84,503	76,795	-	-	84,503	76,795
Grants	18,699	-	-	-	18,699	-
Utilities	-	-	1,530,713	1,577,771	1,530,713	1,577,771
Interest on long-term debt	35,710	33,627	22,246	25,514	57,956	59,141
Total expenses	<u>1,673,011</u>	<u>1,647,588</u>	<u>1,552,959</u>	<u>1,603,285</u>	<u>3,225,970</u>	<u>3,250,873</u>
Change in net position	100,448	109,268	(29,523)	(58,529)	70,925	50,739
Net position – beginning	<u>2,268,480</u>	<u>2,159,212</u>	<u>1,656,762</u>	<u>1,715,291</u>	<u>3,925,242</u>	<u>3,874,503</u>
Net position – ending	<u>\$ 2,368,928</u>	<u>\$ 2,268,480</u>	<u>\$ 1,627,239</u>	<u>\$ 1,656,762</u>	<u>\$ 3,996,167</u>	<u>\$ 3,925,242</u>

TOWN OF ABITA SPRINGS, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
DECEMBER 31, 2016

Financial Analysis of the Major Funds

The Town's General Fund, Debt Service Fund, and Cemetery Fund had decreases in fund balances in the amount of \$(9,714), \$(4,376), and \$(9,843), respectively, for the year ended December 31, 2016. The Town's Shared Sales Tax Fund and Special Sales Tax Fund had increases in fund balances in the amount of \$65,007 and \$5,475, respectively, for the year ended December 31, 2016. Total governmental fund amounts are different from governmental activities due to capital assets and long-term debt.

Amounts reported for business-type activities in the Town's individual funds are identical to business-type activities reported in the government-wide presentation.

Budget Highlights

As required by law, the Town adopted a budget for its General Fund, Shared Sales Tax Fund, Special Sales Tax Fund, and Cemetery Fund.

Capital Asset Administration

For governmental activities, capital assets, net of accumulated depreciation, increased by \$41,333 for the year ended December 31, 2016, as a result of purchases of assets exceeding depreciation expense for the year. For business-type activities, capital assets, net of accumulated depreciation, decreased by \$(86,390), as a result of depreciation expense exceeding purchases of assets for the year.

Debt Administration

The Town's total long-term debt decreased by \$(147,011) during the year ended December 31, 2016, as the result of regularly scheduled debt payments exceeding new debt additions.

Requests for Information

This financial report is designed to provide a general overview of the Town's finances. Questions concerning this report or the need for additional information should be directed to Kathy Armand, Municipal Clerk, P.O. Box 461, Abita Springs, Louisiana 70420.

BASIC FINANCIAL STATEMENTS

TOWN OF ABITA SPRINGS, LOUISIANA
STATEMENT OF NET POSITION
DECEMBER 31, 2016

	<u>PRIMARY GOVERNMENT</u>		
	<u>Governmental</u>	<u>Business-type</u>	
	<u>Activities</u>	<u>Activities</u>	<u>Total</u>
<u>ASSETS:</u>			
Cash and cash equivalents	\$ 842,647	\$ 75,540	\$ 918,187
Equity in pooled cash	223,561	-	223,561
Receivables, net of allowances for uncollectibles	464,946	175,817	640,763
Prepaid items	-	7,296	7,296
Cash and cash equivalents - restricted	30,370	390,161	420,531
Capital assets not being depreciated	236,389	-	236,389
Capital assets being depreciated, net of accumulated depreciation	2,431,946	2,240,083	4,672,029
Total assets	4,229,859	2,888,897	7,118,756
<u>DEFERRED OUTFLOWS OF RESOURCES:</u>			
Pensions	151,644	178,016	329,660
Total deferred outflows of resources	151,644	178,016	329,660
<u>LIABILITIES:</u>			
Accounts payable	104,777	106,628	211,405
Accrued expenses	3,025	2,935	5,960
Pooled cash in other funds	97,343	126,219	223,562
Accrued interest payable	9,587	5,954	15,541
Meter deposits	-	133,838	133,838
Compensated absences	13,908	4,960	18,868
Net pension liability	470,535	552,368	1,022,903
Lease payable:			
Due within one year	39,846	-	39,846
Due in more than one year	121,710	-	121,710
Bonds payable:			
Due within one year	119,000	59,000	178,000
Due in more than one year	973,000	271,000	1,244,000
Certificate of indebtedness:			
Due within one year	14,000	24,000	38,000
Due in more than one year	29,000	133,000	162,000
Total liabilities	1,995,731	1,419,902	3,415,633
<u>DEFERRED INFLOWS OF RESOURCES:</u>			
Pensions	16,844	19,772	36,616
Total deferred inflows of resources	16,844	19,772	36,616
<u>NET POSITION:</u>			
Net investment in capital assets	1,371,779	1,753,083	3,124,862
Restricted for:			
Dedicated sales tax usage	241,628	-	241,628
Dedicated ad valorem tax usage	45,697	-	45,697
Debt service	244,377	-	244,377
Capital projects	-	-	-
Construction	-	501	501
Meter deposits	-	(19,112)	(19,112)
Bond covenants	-	161,038	161,038
Unrestricted net position (deficit)	465,447	(268,271)	197,176
Total net position	\$ 2,368,928	\$ 1,627,239	\$ 3,996,167

The accompanying notes are an integral part of this statement

TOWN OF ABITA SPRINGS, LOUISIANA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2016

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activites	Total
PRIMARY GOVERNMENT:							
Governmental Activities:							
General government	\$ 822,264	\$ 20,103	\$ 17,276	\$ 4,834	\$ (780,051)	\$ -	\$ (780,051)
Public safety	346,473	-	-	-	(346,473)	-	(346,473)
Public works	349,345	-	-	-	(349,345)	-	(349,345)
Cemetery	16,017	24,000	-	-	7,983	-	7,983
Culture and recreation	84,503	-	-	-	(84,503)	-	(84,503)
Grants	18,699	-	-	-	(18,699)	-	(18,699)
Interest on long-term debt	35,710	-	-	-	(35,710)	-	(35,710)
Total governmental activities	1,673,011	44,103	17,276	4,834	(1,606,798)	-	(1,606,798)
Business-type Activities:							
Utilities	1,530,713	1,460,730	-	46,990	-	(22,993)	(22,993)
Interest on long-term debt	22,246	-	-	-	-	(22,246)	(22,246)
Total business-type activities	1,552,959	1,460,730	-	46,990	-	(45,239)	(45,239)
Total primary government	\$ 3,225,970	\$ 1,504,833	\$ 17,276	\$ 51,824	(1,606,798)	(45,239)	(1,652,037)
General Revenues:							
Taxes:							
Property taxes					341,950	-	341,950
Franchise taxes					128,741	-	128,741
Sales taxes					888,463	-	888,463
Other taxes					4,920	-	4,920
Licenses and permits					48,204	-	48,204
Fines and forfeitures					60,742	-	60,742
Insurance licenses					99,121	-	99,121
Investment earnings					1,479	236	1,715
Museum income					35,115	-	35,115
Other general revenues					98,511	15,480	113,991
Total general revenues					1,707,246	15,716	1,722,962
Change in net position					100,448	(29,523)	70,925
Net position - beginning of year					2,268,480	1,656,762	3,925,242
Net position - end of year					\$ 2,368,928	\$ 1,627,239	\$ 3,996,167

The accompanying notes are an integral part of this statement

TOWN OF ABITA SPRINGS, LOUISIANA
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2016

<u>ASSETS</u>							
<u>Special Revenue Funds</u>							
General Fund	Shared Sales Tax Fund	Special Sales Tax Fund	Cemetery Fund	Debt Service Fund	Non-Major Governmental Funds	Total Governmental Funds	
<u>CURRENT ASSETS:</u>							
Cash and cash equivalents	\$ 465,315	\$ 159,403	\$ -	\$ 155,481	\$ 62,427	\$ 21	\$ 842,647
Equity in pooled cash	134,351	-	12,650	39,409	54,444	1,992	242,846
Receivables							
Property taxes, not	160,872	-	-	-	102,167	61,301	324,340
Sales taxes	26,326	54,390	26,326	-	-	-	107,042
Other	33,564	-	-	-	-	-	33,564
Due from other funds	-	41,203	-	33,725	-	-	74,928
Cash and cash equivalents - restricted	-	-	-	-	-	30,370	30,370
Total assets	\$ 820,428	\$ 254,996	\$ 38,976	\$ 228,615	\$ 219,038	\$ 93,684	\$ 1,655,737
<u>LIABILITIES AND FUND BALANCES</u>							
<u>LIABILITIES:</u>							
Accounts payable	\$ 83,535	\$ 8,861	\$ 8,081	\$ 4,300	\$ -	\$ -	\$ 104,777
Accrued expenses	3,025	-	-	-	-	136	3,161
Pooled cash in other funds	99,263	4,507	-	3,969	-	8,753	116,492
Due to other funds	74,928	-	-	-	-	-	74,928
Total liabilities	260,751	13,368	8,081	8,269	-	8,889	299,358
<u>DEFERRED INFLOWS OF RESOURCES:</u>							
Unavailable revenue - property taxes	21,594	-	-	-	13,713	8,229	43,536
Total deferred inflows of resources	21,594	-	-	-	13,713	8,229	43,536
<u>FUND BALANCES:</u>							
Restricted, reported in							
Special revenue funds	-	241,628	-	-	-	37,468	279,096
Debt service	-	-	-	-	205,325	39,052	244,377
Committed	-	-	-	220,346	-	-	220,346
Unassigned	538,083	-	30,895	-	-	46	569,024
Total fund balances	538,083	241,628	30,895	220,346	205,325	76,566	1,312,843
Total liabilities and fund balances	\$ 820,428	\$ 254,996	\$ 38,976	\$ 228,615	\$ 219,038	\$ 93,684	\$ 1,655,737

The accompanying notes are an integral part of this statement

TOWN OF ABITA SPRINGS, LOUISIANA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2016

Amounts reported for governmental activities in the Statement of Net Position are different because:

Funds balances, total governmental funds	\$ 1,312,843
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	2,668,335
Deferred outflows of resources related to pensions are not reported in governmental funds	151,644
Deferred inflows of resources related to pensions are not reported in governmental funds	(16,844)
Long-term liabilities including bonds payable are not due and payable in the current period and, therefore, are not reported in the governmental funds:	
Accrued interest	(9,587)
Compensated absences	(13,908)
Pension liability	(470,535)
Lease payable	(161,556)
Certificates of indebtedness	(43,000)
Bonds payable	(1,092,000)
Certain property tax collections are not available to pay for current-period expenditures and therefore are reported as deferred inflows of resources in the governmental funds.	<u>43,536</u>
Net position of governmental activities	<u>\$ 2,368,928</u>

TOWN OF ABITA SPRINGS, LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2016

	Special Revenue Funds						
	General Fund	Shared Sales Tax Fund	Special Sales Tax Fund	Cemetery Fund	Debt Service Fund	Non-Major Governmental Funds	Total Governmental Funds
REVENUES:							
Taxes							
Property taxes	\$ 168,636	\$ -	\$ -	\$ -	\$ 107,097	\$ 64,259	\$ 339,992
Franchise taxes	128,741	-	-	-	-	-	128,741
Sales taxes	286,560	-	-	-	-	-	286,560
Other	4,920	315,343	286,560	-	-	-	606,823
Fines and forfeitures	60,742	-	-	-	-	-	60,742
Insurance licenses	99,121	-	-	-	-	-	99,121
Other revenues	98,511	-	-	-	-	-	98,511
Licenses and permits	48,204	-	-	-	-	-	48,204
Museum income	35,115	-	-	-	-	-	35,115
Donations	10,320	-	-	-	-	-	10,320
Sale of cemetery plots	-	-	-	24,000	-	-	24,000
Intergovernmental grants	4,834	-	-	-	-	-	4,834
Rentals	20,103	-	-	-	-	-	20,103
Interest income	994	163	-	161	55	106	1,479
Total revenues	966,801	315,506	286,560	24,161	107,152	64,365	1,764,545
EXPENDITURES:							
General government	554,110	-	-	-	-	56,091	610,201
Public safety	303,797	-	-	-	-	-	303,797
Public works	-	115,715	233,632	-	-	-	349,347
Clerk of court	42,673	-	-	-	-	-	42,673
Cemetery	-	-	-	16,019	-	-	16,019
Culture and recreation	69,817	-	3,254	-	-	-	73,071
Grants	18,699	-	-	-	-	-	18,699
Capital outlay	31,618	158,999	-	17,985	-	-	208,602
Debt service:							
Principal	-	37,856	-	-	94,000	57,000	188,856
Interest	-	2,932	-	-	17,528	13,788	34,248
Total expenditures	1,020,714	315,502	236,886	34,004	111,528	126,879	1,845,513
Excess (deficiency) of revenues over (under) expenditures	(53,913)	4	49,674	(9,843)	(4,376)	(62,514)	(80,968)
OTHER FINANCING SOURCES:							
Proceeds from issuance of long-term debt	-	119,093	-	-	-	-	119,093
Transfers in	44,199	-	-	-	-	54,090	98,289
Transfers out	-	(54,090)	(44,199)	-	-	-	(98,289)
Total other financing sources (uses)	44,199	65,003	(44,199)	-	-	54,090	119,093
Net change in fund balances	(9,714)	65,007	5,475	(9,843)	(4,376)	(8,424)	38,125
Fund balances - beginning of year	547,797	176,621	25,420	230,189	209,701	84,990	1,274,718
Fund balances - end of year	\$ 538,083	\$ 241,628	\$ 30,895	\$ 220,346	\$ 205,325	\$ 76,566	\$ 1,312,843

The accompanying notes are an integral part of this statement

TOWN OF ABITA SPRINGS, LOUISIANA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2016

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

Net change in fund balances, total governmental funds	\$ 38,125
Governmental funds report capital outlays 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.	41,333
Repayment of debt principal and capital leases is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.	188,856
Under the modified accrual basis of accounting used in the governmental funds, advances of derived tax revenues is not recognized until received, rather than as it is earned. This is the amount by which current year advances of derived tax revenues recognized of \$43,535 exceeded current advances of derived tax revenues recognized of \$41,577.	1,958
Proceeds from new borrowings are reported as other financing sources in governmental funds, but are treated as debt on Statement of Net Position and not as revenue in the government-wide presentation.	(119,093)
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:	
Compensated absences	2,583
Pensions	(58,808)
Non-employer contributions for pensions	6,956
Accrued interest	(1,462)
Change in net position of governmental activities	<u>\$ 100,448</u>

The accompanying notes are an integral part of this statement

TOWN OF ABITA SPRINGS, LOUISIANA
STATEMENT OF NET POSITION
PROPRIETARY FUND
DECEMBER 31, 2016

ASSETS:

Current assets:

Cash and cash equivalents	\$ 75,540
Accounts receivable, net	175,817
Prepaid insurance	7,296
Total current assets	<u>258,653</u>

Restricted assets:

Cash and cash equivalents	389,660
Cash - construction	501
Total restricted assets	<u>390,161</u>

Long-term assets:

Capital assets, net	<u>2,240,083</u>
Total long-term assets	<u>2,240,083</u>
Total assets	<u>2,888,897</u>

DEFERRED OUTFLOWS OF RESOURCES:

Pensions	<u>178,016</u>
Total deferred outflows of resources	<u>178,016</u>

LIABILITIES:

Current liabilities:

Accounts payable	106,628
Accrued wages	2,935
Compensated absences	4,960
Pooled cash in other funds	<u>126,219</u>
Total current liabilities	<u>240,742</u>

Current liabilities (payable from restricted assets):

Accrued interest payable	5,954
Revenue bonds payable, current portion	59,000
Certificate of indebtedness, current portion	24,000
Customer meter deposits	<u>133,838</u>
Total current liabilities (payable from restricted assets)	<u>222,792</u>

Non-current liabilities:

Net pension liability	552,368
Revenue bonds, net of current portion	271,000
Certificate of indebtedness, net of current portion	<u>133,000</u>
Total noncurrent liabilities	<u>956,368</u>
Total liabilities	<u>1,419,902</u>

DEFERRED INFLOWS OF RESOURCES:

Pensions	<u>19,772</u>
Total deferred inflows of resources	<u>19,772</u>

NET POSITION:

Net investment in capital assets	1,753,083
Restricted	142,427
Unrestricted	<u>(268,271)</u>
Total net position	<u>\$ 1,627,239</u>

The accompanying notes are an integral part of this statement

TOWN OF ABITA SPRINGS, LOUISIANA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

OPERATING REVENUES:

Charges for services:	
Gas sales	\$ 529,294
Water sales	183,044
Sewer service charges	345,052
Garbage collection fees	247,692
Impact fees	37,550
Miscellaneous and other fees	118,098
Total operating revenues	<u>1,460,730</u>

OPERATING EXPENSES:

Administrative and general	226,128
Gas purchased	173,176
Gas system	191,545
Water system	246,115
Sewerage system	387,836
Garbage collection	202,953
Depreciation	102,960
Total operating expenses	<u>1,530,713</u>

Operating loss	<u>(69,983)</u>
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NON-OPERATING REVENUES (EXPENSES):

Capital grants	46,990
Cell tower lease	15,480
Interest expense	(22,246)
Interest income	236
Total non-operating revenues	<u>40,460</u>

Change in net position	(29,523)
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Net position - beginning of the year	<u>1,656,762</u>
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Net position - end of the year	<u>\$ 1,627,239</u>
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TOWN OF ABITA SPRINGS, LOUISIANA
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

CASH FLOWS FROM OPERATING ACTIVITIES:

Receipts from customers and users	\$ 1,419,529
Payments to suppliers	(961,871)
Payments to employees	<u>(404,630)</u>
Net cash provided by operating activities	<u>53,028</u>

CASH FLOWS FROM NON-CAPITAL FINANCING

ACTIVITIES:

Increase in meter deposits	5,097
Interfund borrowings	<u>20,238</u>
Net cash provided by non-capital financing activities	<u>25,335</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING

ACTIVITIES:

Capital grant	46,990
Receipts from tower lease	15,480
Purchase of capital assets	(16,570)
Interest paid on leases, bonds, and certificates	(22,246)
Principal paid on bonds and certificates	<u>(80,000)</u>
Net cash (used) by capital and related financing activities	<u>(56,346)</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Interest earned on investments and certificates	<u>236</u>
Net cash provided by investing activities	<u>236</u>
Net increase in cash and cash equivalents	22,253
Cash and cash equivalents, beginning of year	<u>443,448</u>
Cash and cash equivalents, end of year	<u>\$ 465,701</u>

TOWN OF ABITA SPRINGS, LOUISIANA
STATEMENT OF CASH FLOWS (CONTINUED)
PROPRIETARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

**Reconciliation of operating income (loss) to net cash
provided (used) by operating activities:**

Operating loss	\$ (70,933)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation	102,960
Pension expense	29,428
Change in asset and liabilities:	
(Increase) decrease in accounts receivable	(41,201)
Increase (decrease) in accounts payable	33,007
Increase (decrease) in accrued expenses	1,395
Increase (decrease) in compensated absences	<u>(1,628)</u>
Net cash provided by operating activities	<u>\$ 53,028</u>

The accompanying notes are an integral part of this statement

TOWN OF ABITA SPRINGS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2016

INTRODUCTION

The Town of Abita Springs, Louisiana (the Town) was incorporated in 1914, under the provisions of the Lawrason Act. The Town operates under a Mayor-Board of Aldermen form of government.

The accounting and reporting policies of the Town of Abita Springs, Louisiana conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governments. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statute 24:517. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of certain significant accounting policies.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Town's basic financial statements include the accounts of all Town operations. The criteria for including organizations as component units within the Town's reporting entity, as set forth in Section 2100 of GASB's Codification of Governmental Accounting and Financial Reporting Standards, include whether:

- The organization is legally separate (can sue and be sued in its own name).
- The Town holds the corporate powers of the organization.
- The Town appoints a voting majority of the organization's board.
- The Town is able to impose its will on the organization.
- The organization has the potential to impose a financial benefit/burden on the Town.
- There is a fiscal dependency by the organization on the Town.
- Based on the aforementioned criteria, the Town has no component units.

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 nonfiduciary activities of the Town. 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 segments 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 fund financial statements are provided for the Town's governmental funds and proprietary fund.

TOWN OF ABITA SPRINGS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2016

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

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 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 revenue 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.

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. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes are considered to be collected when they are collected by the St. Tammany Parish Sheriff. Property taxes collected after 60 days are recorded as a deferred inflow on the governmental funds balance sheet. Franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the Town.

The Town reports these governmental funds and fund types:

General Fund - The General Fund is the general operating fund of the Town. This fund is used to account for all financial transactions and resources except those that are required to be accounted for in another fund. Revenues are derived primarily from sales, property, and other local taxes, state and federal distributions, licenses, permits, charges for service, and interest income.

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than debt service or capital projects) that are restricted or committed to expenditure for specified purposes. The Shared Sales Tax Fund, the Special Sales Tax Fund, and the Cemetery Fund are considered to be major funds. The Lighting Fund and Parks/Playground Fund are considered to be non-major funds.

Debt Service Funds - Debt Service Funds are used to account for the accumulation of resources for, and payment of, general long-term debt principal, interest, and related costs. The Town has one Debt Service Fund which is considered major. The 2010 Debt Service Fund is considered to be a non-major fund.

Capital Projects Fund - The Capital Projects Fund is used to account for the construction of infrastructure and public works. The Town's Capital Projects Fund is considered to be a non-major fund.

TOWN OF ABITA SPRINGS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2016

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued)

The activities reported in these funds are reported as governmental activities in the government-wide financial statements.

The Town uses a proprietary fund to account for the natural gas, water, sewer, and garbage collection services it provides to the residents and businesses of the Town.

Amounts reported as program revenues include (1) 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, licenses and permits, and other general revenues.

Proprietary funds distinguish operating revenues and expenses from non-operating 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. Operating revenues for the Town's proprietary fund consist of charges to customers and users of its natural gas, water, sewer, and garbage collection services. Operating expenses for the Town's 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 non-operating revenues and expenses.

Budgets and Budgetary Accounting

At the beginning of each fiscal year, an annual budget is prepared. Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for all governmental funds. Payments under capital leases are treated as expenditures in the year of payment for budgetary purposes. The Town does not use encumbrance accounting. At the end of the fiscal year, unexpended appropriations of these funds automatically lapse.

The Town follows these procedures in establishing the budgetary data reflected in the financial statements:

- a. The Mayor, Board of Aldermen, Town Clerk, and other advisory personnel assemble the necessary financial information.
- b. The proposed budget is made available for public inspection.
- c. A public hearing is held for any recommendations or changes to the budget. The budget is legally adopted through passage of an ordinance by the Board of Aldermen.

During the year ended December 31, 2016, the Town amended its General Fund, Cemetery Fund, and Parks/Playground Fund budgets.

Cash, Cash Equivalents, and Investments

Cash balances of all funds are combined to the extent possible. Interest earned on deposits is distributed to the individual funds based on the investment balances of the participating funds during the year. Each fund's portion of the pooled cash is included in equity or deficit in pooled cash on the accompanying financial statements.

TOWN OF ABITA SPRINGS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2016

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash, Cash Equivalents, and Investments (continued)

For the purpose of the proprietary fund statement of cash flows, all highly liquid investments (including certificates of deposit) with a maturity of three months or less when purchased are considered to be cash equivalents.

Cash and cash equivalents include amounts in demand deposits. Under state law, the Town may deposit funds in demand deposits, interest bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

Under state law, the Town may deposit funds with a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the union, or the laws of the United States. The Town may invest in United States bonds, treasury notes, repurchase agreements, or certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana.

Short-term investments are stated at amortized cost, which approximates market. Certain investments, as required by GASB 31, are reported at fair value, which is determined using published market prices.

Investments

State Law R.S. 33:2955 allows the investment in direct United States Treasury obligations; bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by federal agencies or U.S. government instrumentalities, which are federally sponsored; direct security repurchase agreements of any federal book-entry-only securities guaranteed by the U.S. government; time certificates of deposit of any bank domiciled or having a branch office in the state of Louisiana; savings accounts or shares of certain savings and loan associations and savings banks; certain accounts of federally or state chartered credit unions, and certain mutual or trust fund institutions.

Investments are stated at fair value in accordance with the Governmental Accounting Standards Board Statement (GASB) No. 31 *"Accounting and Financial Reporting for Certain Investments and for External Investment Pools"*.

Sales Taxes

The Town imposes the following sales and use taxes:

- The original 1965 1% sales and use tax passed by voters is to be used for constructing, improving, maintaining, and operating recreational facilities; constructing, maintaining, re-surfacing, lighting, and improving public streets; constructing sidewalks and bridges; acquiring and maintaining a garbage disposal site and garbage collection equipment, and purchasing equipment for all of the public works and departments of the Town. The proceeds from this sales and use tax are accounted for in the Special Sales Tax Special Revenue Fund.

TOWN OF ABITA SPRINGS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2016

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Sales Taxes (Continued)

- Pursuant to the Growth Management and Revenue Sharing Agreement between the Town and St. Tammany Parish (the Parish) dated December 21, 2006, the Town collects the 2% sales and use tax imposed by the Parish on the growth management area surrounding the Town. The proceeds from the tax are to be used for projects that benefits residents of the growth management area. The proceeds from this sales and use tax are accounted for in the Shared Sales Tax Special Revenue Fund.
- The additional 1983 1% sales and use tax proceeds are to be split in half. Fifty percent is to be used to defray expenses borne by or from the Police Fund and the other fifty percent is to be used for the supplementation of and the performance of all other duties and services funded from the General Fund. The proceeds from this sales and use tax are accounted for in the General Fund.

Compensated Absences

Employees accrue vacation leave at the rate of 5 to 25 days per anniversary year, according to years of service with the Town. Employees may carry over a maximum of five unused vacation days after their anniversary date into the next year. Employees accrue sick leave of up to 10 days per year. Employees are allowed to carry forward unused sick leave from year to year. Upon termination, or at retirement, employees are paid for unused vacation leave at the discretion of the Town. Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the General Fund. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported in the government-wide statement of net position.

Long-Term Debt

In the government-wide financial statements, debt principal payments of both governmental and business-type activities are reported as decreases in the balance of the liability on the statement of net position. In the fund financial statements, however, debt principal payments of governmental funds are recognized as expenditures when paid.

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Municipal Employees' Retirement System of Louisiana and additions to/deductions from the system's fiduciary net position have been determined on the same basis as they are reported by the system. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

TOWN OF ABITA SPRINGS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2016

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts Receivable

Outstanding balances between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/ due from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Uncollectible amounts due for customers' utility receivables are recognized as bad debts through the establishment of an allowance account at the time information becomes available which would indicate the uncollectability of the receivable. The allowance was \$70,870, at December 31, 2016.

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 \$2,500 or more for capitalizing equipment, furniture, and fixtures. The threshold for infrastructure and improvements is \$25,000. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital outlays are recorded as expenditures in the governmental fund financial statements and as assets in the government-wide financial statements. In accordance with GASB 34, the Town has elected not to capitalize infrastructure retroactively. Depreciation is recorded on general fixed assets on a government-wide basis. Capital outlays of the proprietary fund are recorded as fixed assets and depreciated over their estimated useful lives on both the fund basis and the government-wide basis.

All capital assets, other than land and works of art that are inexhaustible, are depreciated using the straight-line method over the following useful lives:

Infrastructure	40 years
Buildings and building improvements	20 to 40 years
Utility systems	30 to 40 years
Furniture and fixtures	7 years
Vehicles	5 years
Equipment	3 to 15 years

Fund Equity

Government-Wide and Proprietary Fund Statements - equity is classified as net position and displayed in three components:

1. Net Investment in Capital Assets - Consists of the historical cost of capital assets, including any restricted capital assets, net of accumulated depreciation.
2. Restricted - This component of net position consists of assets that have constraints that are externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or constraints imposed by law through constitutional provisions or enabling legislation.
3. Unrestricted - All other net position is reported in this category.

TOWN OF ABITA SPRINGS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2016

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Equity (continued)

In the governmental fund financial statements, fund balances are classified as follows:

1. Restricted Fund Balance - Amounts that are restricted to specific purposes imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments.
2. Committed Fund Balance - Amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Board of Aldermen.
3. Unassigned Fund Balance - All amounts not included in other spendable classifications.

Interfund Transactions

Permanent re-allocation of resources between funds of the Town is classified as interfund transfers. For the purposes of the statement of activities, all interfund transfers between individual governmental funds have been eliminated.

Use of Estimates

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

Subsequent Events

Subsequent events have been evaluated through June 15, 2017 which is the date the financial statements were available to be issued.

(2) STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Deposit and Investment Laws and Regulations

In accordance with state law, all uninsured deposits of municipal funds in financial institutions must be secured with acceptable collateral valued at the lower of market or par. At December 31, 2016, the Town was in compliance with the deposit and investment laws and regulations.

(3) CASH AND CASH EQUIVALENTS

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be recovered. The Town's deposit policy for custodial credit risk is that all uninsured deposits be collateralized by pledged securities as required by state law.

As of December 31, 2016, \$1,051,957 of the Town's bank balance of \$1,379,535 was exposed to custodial credit risk. However, these deposits are secured from risk by the pledge of securities owned by the fiscal agent bank.

TOWN OF ABITA SPRINGS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2016

(3) **CASH AND CASH EQUIVALENTS (CONTINUED)**

Custodial Credit Risk (continued)

The following is a reconciliation of cash and cash equivalents per the statement of net position of the proprietary fund to the cash and cash equivalents per the statement of cash flows:

Cash and cash equivalents per Statement of Net Position	
Cash on hand and in bank	\$ 75,540
Restricted:	
Meter deposits	139,668
Bond sinking	99,502
Bond reserve	84,845
Capital additions and contingency	49,203
Cash construction	501
Sewer debt service	<u>16,442</u>
Total restricted	<u>390,161</u>
Total cash and cash equivalents per Statement of Cash Flows	
	<u>\$ 465,701</u>

(4) **RECEIVABLES**

The net receivables at December 31, 2016, were as follows:

	General Fund	Debt Service Funds	Special Revenue Funds	Proprietary Fund	Total
Taxes					
Property	\$ 160,872	\$ 102,167	\$ 61,301	\$ -	\$ 324,340
Sales and use	26,326	-	80,716	-	107,042
Other	33,564	-	-	-	33,564
Utility accounts	<u>-</u>	<u>-</u>	<u>-</u>	175,817	<u>175,817</u>
Totals	<u>\$ 220,762</u>	<u>\$ 102,167</u>	<u>\$ 142,017</u>	<u>\$ 175,817</u>	<u>\$ 640,763</u>

Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. Total allowance for doubtful accounts amounted to \$70,870 for the business-type activities.

TOWN OF ABITA SPRINGS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2016

(5) PROPERTY TAXES

Property taxes are normally levied and billed in November of each year and are due by December 31st of the year levied. Revenues are recognized when levied to the extent they are determined to be currently collectible. Property taxes are billed and collected using the assessed values determined by the Tax Assessor of St. Tammany Parish. The property taxes receivable are recorded net of allowance of \$17,071 on the accompanying balance sheet. For the year ended December 31, 2016, the Town levied taxes of 7.75 mills for general purposes, 5.00 mills for debt service, 1.00 mill for town lighting, and 1.96 mills for parks and playground expenditures.

The following are the principal taxpayers and related property tax revenue for the entity:

	<u>Assessed Valuation</u>	<u>% of Total Assessed Value</u>
Central LA Elec Co.	\$ 661,060	3.04%
Abita Lumber Co Inc.	283,950	1.31%
Stirling Walgreens 2010, LLC	261,324	1.20%
Home Bank	195,299	0.90%
Walgreens #11996	172,400	0.79%
Phillips Building Supply	148,843	0.69%
Cypress Group, LLC	140,147	0.65%
Patrick Fabricating & Welding	136,903	0.63%
Citizens Bank & Trust	131,027	0.60%
Little Village, Inc.	<u>117,451</u>	<u>0.54%</u>
	<u>\$ 2,248,404</u>	<u>10.35%</u>

(6) OPERATING LEASES

The Town makes payments monthly for the use of land and office equipment. Presently, the Town has lease agreements with the owners of these properties. The leases are non-cancelable operating leases, by the Town, that expire at various dates through December 31, 2017. Certain leases generally contain renewal options, include escalation clauses, and require the Town to pay executor costs such as taxes, maintenance and insurance. Rent expense for leases for 2016 was \$10,499.

Future minimum lease payments under operating leases that have remaining terms in excess of one year as of December 31, 2016 are:

2017	<u>\$ 2,500</u>
	<u>\$ 2,500</u>

TOWN OF ABITA SPRINGS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2016

(7) CAPITAL ASSETS

The following is a summary of the changes in capital assets for the fiscal year ended December 31, 2016:

	<u>Balance</u> <u>1/1/2016</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>12/31/2016</u>
<u>Governmental Activities</u>				
Capital assets not being depreciated				
Works of art	\$ 40,000	\$ -	\$ -	\$ 40,000
Land	<u>196,389</u>	<u>-</u>	<u>-</u>	<u>196,389</u>
Total capital assets not being depreciated	<u>236,389</u>	<u>-</u>	<u>-</u>	<u>236,389</u>
Capital assets being depreciated				
Infrastructure	2,098,388	39,906	-	2,138,294
Culture and recreation	408,093	49,603	-	457,696
Machinery and equipment	612,885	119,093	-	731,978
Office equipment and furniture	16,119	-	-	16,119
Buildings and improvements	426,066	-	-	426,066
Police machinery and equipment	3,535	-	-	3,535
Police furniture and fixtures	<u>1,197</u>	<u>-</u>	<u>-</u>	<u>1,197</u>
Total capital assets being depreciated	<u>3,566,283</u>	<u>208,602</u>	<u>-</u>	<u>3,774,885</u>
Accumulated depreciation for:				
Infrastructure	(459,560)	(96,067)	-	(555,627)
Culture and recreation	(52,329)	(11,433)	-	(63,762)
Machinery and equipment	(402,408)	(52,044)	-	(454,452)
Office equipment and furniture	(16,120)	-	-	(16,120)
Buildings and improvements	(240,521)	(7,725)	-	(248,246)
Police machinery and equipment	(3,535)	-	-	(3,535)
Police furniture and fixtures	<u>(1,197)</u>	<u>-</u>	<u>-</u>	<u>(1,197)</u>
Total accumulated depreciation	<u>(1,175,670)</u>	<u>(167,269)</u>	<u>-</u>	<u>(1,342,939)</u>
Total capital assets being depreciated, net	<u>2,390,613</u>	<u>41,333</u>	<u>-</u>	<u>2,431,946</u>
Governmental activities capital assets, net	<u>\$ 2,627,002</u>	<u>\$ 41,333</u>	<u>\$ -</u>	<u>\$ 2,668,335</u>

Depreciation was charged to governmental functions as follows:

General governmental	\$ 155,836
Culture and recreation	<u>11,433</u>
Total	<u>\$ 167,269</u>

TOWN OF ABITA SPRINGS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2016

(7) CAPITAL ASSETS (CONTINUED)

	Balance 1/1/2016	Increases	Decreases	Balance 12/31/2016
<u>Business-Type Activities</u>				
Capital assets being depreciated				
Gas distribution system	\$ 150,035	\$ -	\$ -	\$ 150,035
Water distribution system	1,765,870	-	-	1,765,870
Sewer plant and lines	2,896,847	-	-	2,896,847
Automobiles	17,600	-	-	17,600
Machinery and equipment	61,413	16,570	-	77,983
Buildings and improvements	35,808	-	-	35,808
Total capital assets being depreciated	4,927,573	16,570	-	4,944,143
Accumulated depreciation for:				
Gas distribution system	(36,558)	(4,686)	-	(41,244)
Water distribution system	(931,538)	(37,713)	-	(969,251)
Sewer plant and lines	(1,540,563)	(57,335)	-	(1,597,898)
Automobiles	(17,600)	-	-	(17,600)
Machinery and equipment	(61,411)	(2,032)	-	(63,443)
Buildings and improvements	(13,430)	(1,194)	-	(14,624)
Total accumulated depreciation	(2,601,100)	(102,960)	-	(2,704,060)
Total capital assets being depreciated, net	2,326,473	(86,390)	-	2,240,083
Total capital assets, net	\$ 2,326,473	\$ (86,390)	\$ -	\$ 2,240,083

(8) EMPLOYEE PENSION PLAN

Municipal Employees' Retirement System of Louisiana (MERS)

Plan Description

The Municipal Employees' Retirement System of Louisiana (System) was originally established by Act 356 of the 1954 regular session of the Legislature of the State of Louisiana to provide retirement benefits to employees of all incorporated villages, towns, and cities within the state, which did not have their own retirement system and which elected to become members of the System.

The System is administered by a Board of Trustees composed of eleven members, three of whom shall be active and contributing members of the System with at least ten years creditable service and who are elected to office in accordance with the Louisiana Election Code, three of whom shall be active and contributing members of the System with at least ten years creditable service and who are not elected officials; one of whom shall be president of the Louisiana Municipal Association who shall serve as an ex-officio member during his tenure; one of whom shall be the Chairman of the Senate Retirement Committee; and one of whom shall be the Chairman of the House Retirement Committee of the Legislature of Louisiana; the commissioner of administration, who shall be a nonvoting member; and the State Treasurer, who shall be a nonvoting member.

TOWN OF ABITA SPRINGS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2016

(8) EMPLOYEE PENSION PLAN (CONTINUED)

Municipal Employees' Retirement System of Louisiana (MERS) (continued)

Plan Description (continued)

The System is the administrator of a cost-sharing multiple-employer defined benefit pension plan. The System was established and provided for by R.S.11:1731 of the Louisiana Revised Statutes (LRS).

Act #569 of the year 1968 established by the Legislature of the State of Louisiana provides an optional method for municipalities to cancel Social Security and come under supplementary benefits in the Municipal Employees' Retirement System of Louisiana, effective on and after June 30, 1970.

Effective October 1, 1978, under Act #788, the "regular plan" and the "supplemental plan" were replaced, and are now known as Plan "A" and Plan "B." Plan A combines the original plan and the supplemental plan for those municipalities participating in both plans, while Plan B participates in only the original plan.

Plan Membership:

The System provides retirement benefits to employees of all incorporated villages, towns, and cities within the State which do not have their own retirement system and which elect to become members of the System. For the year ended June 30, 2016, there were 85 contributing municipalities in Plan A and 68 in Plan B.

Eligibility Requirements:

Membership is mandatory as a condition of employment beginning on the date employed if the employee is on a permanent basis working at least thirty-five hours per week. Those individuals paid jointly by a participating employer and the parish are not eligible for membership in the System with exceptions as outlined in the statutes.

Any person eligible for membership but whose first employment making him eligible for membership in the System occurred on or after January 1, 2013 shall become a member of the MERS Plan A Tier 2 or MERS Plan B Tier 2 of the System as a condition of employment.

Retirement Benefits:

Benefit provisions are authorized within Act 356 of the 1954 regular session and amended by LRS 11:1756-11:1785. The following brief description of the plan and its benefits is provided for general information purposes only. Participants should refer to the appropriate statutes for more complete information.

TOWN OF ABITA SPRINGS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2016

(8) EMPLOYEE PENSION PLAN (CONTINUED)

Municipal Employees' Retirement System of Louisiana (MERS) (continued)

Plan Description (continued)

Any member of Plan A who commenced participation in the System prior to January 1, 2013 can retire providing he meets one of the following criteria:

1. Any age with twenty-five (25) or more years of creditable service.
2. Age 60 with a minimum of ten (10) years of creditable service.
3. Any age with five (5) years of creditable service eligible for disability benefits.
4. Survivor's benefits require five (5) or more years creditable service with legal spouse at least last 12 months before death – 40% at age 60 or minimum of 20% immediately (actuarially calculated).
5. Any age with 20 years of creditable service, exclusive of military service with an actuarially reduced early benefit.

Generally, the monthly amount of the retirement allowance for any member of Plan A shall consist of an amount equal to three percent of the member's monthly average final compensation multiplied by his years of creditable service. Final average compensation is the average monthly earnings during the highest sixty consecutive months, or joined months if service was interrupted. However, under certain conditions as outlined in the statutes, the benefits are limited to specified amounts. An additional regular retirement benefit can be received for any city marshal or deputy city marshal. See Plan Booklet for further details.

Any member of Plan A Tier 2 can retire providing he meets one of the following requirements.

1. Age 67 with seven or more years of creditable service
2. Age 62 with ten or more years of creditable service
3. Age 55 with thirty or more years of creditable service
4. Any age with twenty five years of creditable service with an actuarially reduced early benefit.
5. Survivor's benefits require five or more years of creditable service with legal spouse at least last 12 months before death – 40% at age 60 or minimum of 20% immediately (actuarially calculated).

Generally, the monthly amount of retirement allowance for any member of Plan A Tier 2 shall consist of an amount equal to three percent of the member's final average compensation multiplied by his years of creditable service. Final average compensation is the average monthly earnings during the highest sixty consecutive months, or joined months if service was interrupted. However, under certain conditions as outlined in the statutes, the benefits are limited to specified amounts. Any city marshal or deputy city marshal shall receive an additional regular benefit computed on supplemental marshal's earnings. See Plan booklet for further details.

TOWN OF ABITA SPRINGS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2016

(8) EMPLOYEE PENSION PLAN (CONTINUED)

Municipal Employees' Retirement System of Louisiana (MERS) (continued)

Plan Description (continued)

Survivor Benefits:

Upon death of any member of Plan A with five (5) or more years of creditable service, not eligible for retirement, the plan provides for benefits for the surviving spouse and minor children as outlined in the statutes.

Any member of Plan A who is eligible for normal retirement at time of death and who leaves a surviving spouse will be deemed to have retired and selected Option 2 benefits on behalf of the surviving spouse on the date of death. Such benefits will begin only upon proper application and are paid in lieu of any other survivor benefits.

Any member of Plan A or Plan B who had not withdrawn their accumulated contributions and had at least twenty years of service credit at time of death, surviving spouse shall receive benefits for as long as he/she lives as outlined in the statutes.

DROP Benefits:

In lieu of terminating employment and accepting a service retirement allowance, any member of Plan A or B who is eligible to retire may elect to participate in the deferred retirement option plan (DROP) for up to three years and defer the receipt of benefits. During participation in the plan, employer contributions are payable but employee contributions cease. The monthly retirement benefits that would be payable, had the person elected to cease employment and receive a service retirement allowance, are paid into the DROP Fund. Interest is earned when the member has completed DROP participation. Interest earnings are based upon the actual rate of return on the investments identified as DROP funds for the period. In addition, no cost-of-living increases are payable to participants until employment which made them eligible to become members of the System has been terminated for at least one full year.

Upon termination of employment prior to or at the end of the specified period of participation, a participant in the DROP may receive, at his option, a lump sum from the account equal to the payments into the account, a true annuity based upon his account balance in that fund, or any other method of payment if approved by the board of trustees. If a participant dies during the participation in the DROP, a lump sum equal to the balance in his account shall be paid to his named beneficiary or, if none, to his estate. If employment is not terminated at the end of the three years, payments into the DROP fund cease and the person resumes active contributing membership in the System.

Disability Benefits:

For Plan A, a member shall be eligible to retire and receive a disability benefit if he has at least five years of creditable service, is not eligible for normal retirement, and has been officially certified as disabled by the State Medical Disability Board. Upon retirement caused by disability, a member of Plan A shall be paid a disability benefit equal to the lesser of forty-five percent of his final average compensation or three percent of his final average compensation multiplied by his years of creditable service, whichever is greater, or an amount equal to three percent of the member's final average compensation multiplied by his years of creditable service projected to his earliest normal retirement age.

TOWN OF ABITA SPRINGS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2016

(8) EMPLOYEE PENSION PLAN (CONTINUED)

Municipal Employees' Retirement System of Louisiana (MERS) (continued)

Plan Description (continued)

Cost of Living Increases:

The System is authorized under state law to grant a cost of living increase to members who have been retired for at least one year. The adjustment cannot exceed 2% of the retiree's original benefit for each full calendar year since retirement and may only be granted if sufficient funds are available from investment income in excess of normal requirements. State law allows the System to grant additional cost of living increases to all retirees and beneficiaries who are age sixty-five and above equal to 2% of the benefit being received on October 1, 1977, or the original benefit, if retirement commenced after that date.

Deferred Benefits:

Both Plans provide for deferred benefits for members who terminate before being eligible for retirement. Once the member reaches the appropriate age for retirement, benefits become payable. Benefits are based on statutes in effect at time of withdrawal.

Funding Policy

For the twelve months ended December 31, 2016, members of the System are required to contribute 9.50% of their annual covered salary and the Town is required to contribute at an actuarially determined rate. At December 31, 2016, the employer contribution rate was 22.75%. 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.

Contributions

According to state statute, for the System, contribution requirements for all employees are actuarially determined each year. State statute requires covered employees to contribute a percentage of their salaries to the System. For the year ending December 31, 2016, the actual employer contribution rate and the actuarially determined employer contribution rate is listed below. The actual rate differs from the actuarially required rate due to state statutes that require the contribution rate be calculated and set two years prior to the year effective.

The amount of the Town's employer contributions to the System for the year ended December 31, 2016 was \$87,626. The District's covered payroll for the System for the year ended December 31, 2016 was \$410,086.

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

At December 31, 2016, the Town reported a liability totaling \$1,022,903 for its proportionate share of the net pension liability for the System. The net pension liability was measured as of June 30, 2016 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 employers, actuarially determined. At June 30, 2016, the Town's proportion was .249567% for the System, which was a decrease of .001183% from its proportion measured as of June 30, 2015.

TOWN OF ABITA SPRINGS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2016

(8) EMPLOYEE PENSION PLAN (CONTINUED)

Municipal Employees' Retirement System of Louisiana (MERS) (continued)

Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

For the year ended December 31, 2016, the Town recognized pension expense for the System totaling \$189,579. Added to pension expense is the employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions totaling \$42,047 for the System.

For the year ended December 31, 2016, the Town recognized revenue from ad valorem taxes and revenue sharing funds received by the System. These additional sources of income are used as employer contributions and are considered support from non-employer contributing entities totaling \$15,122.

At December 31, 2016, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the System:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 32,334
Change in assumptions	37,236	-
Net difference between projected and actual earnings on pension plan investments	233,603	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	8,514	4,282
Employer contributions subsequent to the measurement date	50,307	-
Total	<u>\$ 329,660</u>	<u>\$ 36,616</u>

Employer contributions subsequent to the measurement date totaling \$50,307 and reported as deferred outflows of resources will be recognized as a reduction of the Net Pension Liability in the year ended December 31, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31:

2017	\$ 84,739
2018	48,505
2019	75,692
2020	<u>36,238</u>
Total	<u>\$ 245,174</u>

TOWN OF ABITA SPRINGS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2016

(8) **EMPLOYEE PENSION PLAN (CONTINUED)**

Municipal Employees' Retirement System of Louisiana (MERS) (continued)

Actuarial Assumptions

The total pension liability in the June 30, 2016 actuarial valuation for the System was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation Date:	June 30, 2016
Actuarial Cost Method:	Entry age normal cost
Actuarial Assumptions:	
Investment Rate of Return	7.5%
Projected Salary Increases	5.0% (2.875% Inflation, 2.125% Merit)
Mortality Rates	RP-2000 Employee Table for active members RP-2000 Healthy Annuitant Table for healthy annuitants RP-2000 Disabled Lives Mortality Tables for disabled annuitants
Expected Remaining Service Lives	2016 – 3 years for Plan A 2015 – 3 years for Plan A
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.

Discount Rate:

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and an adjustment for the effect of rebalancing/diversification.

Best estimates of arithmetic real rates of return for each major asset class included in the System's target asset allocation as of June 30, 2016 are summarized in the following table:

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-Term Expected Portfolio Real Rate of Return</u>
Public equity	50%	2.60%
Public fixed income	35%	1.80%
Alternatives	15%	0.80%
Totals	100%	5.20%
Inflation		2.50%
Expected arithmetic nominal return		7.60%

TOWN OF ABITA SPRINGS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2016

(8) EMPLOYEE PENSION PLAN (CONTINUED)

Municipal Employees' Retirement System of Louisiana (MERS) (continued)

Actuarial Assumptions (continued)

Discount Rate:

The discount rate used to measure the total pension liability was 7.50% for the years ended June 30, 2016. 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, which are calculated in accordance with relevant statutes and approved by the Board of Trustees and the Public Retirement Systems' Actuarial Committee. Based on those 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 investments was applied to all periods of projected benefit payments to determine the total pension liability.

The effects of certain other changes in the net pension liability are required to be included in pension expense over the current and future periods. The effects on the total pension liability of (1) changes of economic and demographic assumptions or of other inputs and (2) differences between expected and actual experience are required to be included in pension expense in a systematic and rational manner over a closed period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension plan (active employees and inactive employees), determined as of the beginning of the measurement period. The effect on net pension liability of differences between the projected earnings on pension plan investments and actual experience with regard to those earnings is required to be included in pension expense in a systematic and rational manner over a closed period of five years, beginning with the current period. The Expected Remaining Service Lives (ERSL) for 2016 is 3 years for Plan A and 4 years for Plan B.

Sensitivity to Changes in Discount Rate:

The following presents the net pension liability of the System calculated using the discount rate of 7.50%, as well as what the System's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.50%) or one percentage point higher (8.50%) than the current discount rate (assuming all other assumptions remain unchanged):

Changes in discount for years ending June 30, 2016 for Plan A are as follows:

	1% Decrease 6.50%	Current Discount Rate 7.50%	1% Increase 8.50%
Town's proportionate share of the Net Pension Liability	\$ 1,300,300	\$ 1,022,903	\$ 786,198

Retirement System Audit Report:

The Municipal Employees' Retirement System of Louisiana has issued a stand-alone audit report on their financial statements for the year ended June 30, 2016. Access to the report can be found on the Louisiana Legislative Auditor's website, www.lila.la.gov, or by contacting the Municipal Employees' Retirement System of Louisiana, 7937 Office Park Boulevard, Baton Rouge, Louisiana 70809.

TOWN OF ABITA SPRINGS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2016

(9) LONG-TERM DEBT AND CAPITAL LEASES

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		
	<u>General</u>	<u>Certificate</u>	<u>Revenue</u>	<u>Certificate</u>	
	<u>Obligation</u>	<u>of</u>	<u>Funds</u>	<u>of</u>	
	<u>Bonds</u>	<u>Indebtedness</u>		<u>Indebtedness</u>	<u>Total</u>
Balance 1/1/2016	\$ 1,230,000	\$ 56,000	\$ 386,000	\$ 181,000	\$ 1,853,000
Additions	-	-	-	-	-
Reductions	(138,000)	(13,000)	(56,000)	(24,000)	(231,000)
Balance 12/31/16	<u>\$ 1,092,000</u>	<u>\$ 43,000</u>	<u>\$ 330,000</u>	<u>\$ 157,000</u>	<u>\$ 1,622,000</u>
Due within one year	<u>\$ 119,000</u>	<u>\$ 14,000</u>	<u>\$ 59,000</u>	<u>\$ 24,000</u>	<u>\$ 216,000</u>

General obligation bonds are secured by an annual property tax levy. In accordance with Louisiana Revised Statute 39:562, the Town is legally restricted from incurring long-term bonded debt in excess of 35% of the assessed value of taxable property in the municipality. At December 31, 2016, the Town had not exceeded this statutory limit. As of December 31, 2016, there was \$205,325 available in the Debt Service Fund and \$28,102 in the 2010 Debt Service Fund to service the general obligation bonds.

Long-term debt was composed of the following at December 31, 2016:

General Obligation Bonds

\$450,000 General Obligation Bonds Series 2005, due in annual installments through September 2020; interest paid semi-annually at 2.95%; secured by ad valorem tax. \$ 200,000

\$556,000 General Obligation Refunding Bonds Series 2012, due in annual installments through September 2024; interest paid semi-annually at 2.72% secured by ad valorem tax. 392,000

\$500,000 General Obligation Bonds Series 2014, due in annual installments through March 2029; interest paid semi-annually ranging from 1.50% to 3.00% secured by ad valorem tax. 500,000

\$ 1,092,000

Revenue Bonds

\$600,000 Utility Bonds dated July 8, 1998, due in annual installments through March 1, 2018; including interest from 4% to 5%; secured by revenues of the Utility System. \$ 95,000

\$350,000 Utility Refunding Bonds dated January 8, 2004, due in annual installments through March 1, 2030; including interest from from 3% to 5.25%; secured by revenues of the Utility System. 235,000

\$ 330,000

TOWN OF ABITA SPRINGS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2016

(9) LONG-TERM DEBT AND CAPITAL LEASES (CONTINUED)

Certificates of Indebtedness

\$116,000 Certificate of Indebtedness dated September 30, 2010, due in annual installments through March 1, 2019; interest paid semi-annually ranging from 2.5% to 4%; secured by excess revenues. \$ 43,000

\$250,000 Certificate of Indebtedness dated July 12, 2012; due in annual installments through June 1, 2022; interest paid semi-annually ranging from 0.50% to 4%; secured by excess revenues. 157,000

\$ 200,000

Annual debt service requirements of long-term debt are as follows:

Year	<u>General Obligation Bonds</u>		<u>Certificate of Indebtedness</u>		<u>Revenue Bonds</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2017	\$ 119,000	\$ 26,380	\$ 38,000	\$ 6,196	\$ 59,000	\$ 15,168
2018	131,000	23,676	39,000	5,027	61,000	12,230
2019	133,000	20,787	41,000	3,606	13,000	10,445
2020	139,000	17,495	27,000	2,938	14,000	9,803
2021	84,000	14,651	27,000	1,453	14,000	9,103
Thereafter	<u>486,000</u>	<u>46,941</u>	<u>28,000</u>	<u>490</u>	<u>169,000</u>	<u>42,628</u>
Totals	<u>\$ 1,092,000</u>	<u>\$ 149,930</u>	<u>\$ 200,000</u>	<u>\$ 19,710</u>	<u>\$330,000</u>	<u>\$ 99,377</u>

Interest costs incurred and charged to expense for the year ended December 31, 2016 was \$57,956.

Capital Leases

The Town records items under capital leases as an asset and an obligation in the accompanying financial statements. On May 27, 2015, the Town entered into a capital lease agreement for the purchase of an excavator. On April 1, 2016, the Town entered into a capital lease agreement for the purchase of a directional drill for gas and water installations.

The following is a schedule of future minimum lease payments under capital leases, together with the present value of the net minimum lease payments, as of December 31, 2016:

Year	<u>Equipment</u>	
	<u>Principal</u>	<u>Interest</u>
2017	\$ 39,846	\$ 5,249
2018	41,329	3,746
2019	42,906	2,188
2020	33,170	687
2021	<u>4,305</u>	<u>18</u>
Totals	<u>\$ 161,556</u>	<u>\$ 11,888</u>

TOWN OF ABITA SPRINGS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2016

(10) RESTRICTED ASSETS

The Town has approved resolutions authorizing the issuance of \$600,000 of Utility Revenue Bonds dated July 8, 1998, \$350,000 of Utility Refunding Bonds dated January 8, 2004, and \$250,000 of Utility Revenue Bonds dated December 1, 2004. Each of the resolutions provide for certain restrictions on assets of the proprietary fund. The following reserve requirements have been met for the year ended December 31, 2016:

1. Revenue Bond Sinking Fund

The resolution called for the establishment and maintenance of a Utilities Revenue Bond and Sinking Fund sufficient in amount to pay promptly and in full the principal of and the interest on bonds authorized as they become due and payable.

2. Revenue Bond Reserve Fund

The resolution called for the establishment of a Revenue Bond Reserve Fund by depositing with the designated fiscal agent bank of the Town until such time as there has been accumulated in said Reserve Fund a sum equal to the highest combined principal and interest payment in any year of the bond. The sole purpose of this fund is to pay the principal of and the interest on the bonds payable from the Revenue Bond Reserve Fund as to which these would otherwise be in default.

3. Depreciation and Contingency Fund

The resolution called for the establishment and maintenance of a Depreciation and Contingency Fund to care for depreciation, extensions, additions, improvements, and replacements necessary to properly operate the system. Regular deposits of \$416 per month are to be deposited with the regularly designated fiscal agent bank of the Town.

4. Meter Deposit Fund

The Town established a Meter Deposit Fund to help maintain customer meter deposits on hand, as well as to help control customer meter deposits received.

(11) INTERFUND RECEIVABLES/PAYABLES

The primary purpose of interfund receivables/payables is to loan monies between funds to cover current expenditures. Individual fund balances due from/to other funds at December 31, 2016, were as follows:

	<u>Due From</u>	<u>Due To</u>
General Fund		
Shared Sales Tax Fund	\$ -	\$ 41,023
Cemetery Fund	-	33,725
Shared Sales Tax Fund		
General Fund	41,023	-
Cemetery Fund		
General Fund	<u>33,725</u>	<u>-</u>
Total	<u>\$ 74,748</u>	<u>\$ 74,748</u>

All interfund receivables/payables are considered short-term, as they are expected to be repaid within the next fiscal year.

TOWN OF ABITA SPRINGS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2016

(12) INTERFUND TRANSFERS

Operating transfers between funds consist primarily of sales tax revenues transferred to the particular funds for which the revenue is to be used. The following is a summary of the operating transfers between funds during the fiscal year ended December 31, 2016:

	Transfer In	Transfer Out
General Fund		
Special Sales Tax Fund	\$ 44,199	\$ -
Special Sales Tax Fund		
General Fund	-	44,199
Shared Sales Tax Fund		
2010 Debt Service Fund	-	54,090
2010 Debt Service Fund		
Shared Sales Tax Fund	54,090	-
	<u>\$ 98,289</u>	<u>\$ 98,289</u>
Total All Funds		

(13) INTERGOVERNMENTAL AGREEMENT

The Town entered into an intergovernmental agreement with St. Tammany Parish, Louisiana, effective December 21, 2006, for the sharing of sales tax revenue generated in Sales Tax District No. 3. Proceeds from the tax shall be used for projects that benefit residents of Sales Tax District No. 3. As of December 31, 2016, \$241,628 was restricted for use in Sales Tax District No. 3.

(14) RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the year ended December 31, 2016, the Town carried insurance through various commercial carriers to cover all risks of loss. The Town has no settled claims resulting from these risks that exceeded its commercial coverage in any of the past three fiscal years.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

TOWN OF ABITA SPRINGS, LOUISIANA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (BUDGETARY BASIS)
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

	Budgetary Amounts		Adjustment to Budgetary Basis	Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final			
<u>REVENUES:</u>					
Taxes:					
Property taxes	\$ 165,000	\$ 168,636	\$ -	\$ 168,636	\$ -
Franchise taxes	120,000	128,741	-	128,741	-
Sales taxes	260,000	286,560	-	286,560	-
Other	6,500	4,920	-	4,920	-
Licenses and permits	50,400	48,204	-	48,204	-
Intergovernmental grants	340,000	4,834	-	4,834	-
Insurance licenses	98,000	99,121	-	99,121	-
Rentals	29,000	20,103	-	20,103	-
Fines and forfeitures	109,000	60,742	-	60,742	-
Interest income	1,025	994	-	994	-
Donations	42,500	10,320	-	10,320	-
Museum income	38,500	35,115	-	35,115	-
Other revenues	42,300	98,511	-	98,511	-
Total revenues	1,302,225	966,801	-	966,801	-
<u>EXPENDITURES:</u>					
General government	548,910	554,110	-	554,110	-
Public safety	285,365	303,797	-	303,797	-
Clerk of court	44,450	42,673	-	42,673	-
Culture and recreation	53,500	101,435	-	69,817	31,618
Grants	370,000	18,699	-	18,699	-
Capital outlay	-	-	-	31,618	(31,618)
Total expenditures	1,302,225	1,020,714	-	1,020,714	-
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ (53,913)	\$ -	\$ (53,913)	\$ -
<u>OTHER FINANCING SOURCES:</u>					
Transfers in	-	44,199	-	44,199	-
Total other financing sources (uses)	-	44,199	-	44,199	-

TOWN OF ABITA SPRINGS, LOUISIANA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE (CONTINUED)
BUDGET AND ACTUAL (BUDGETARY BASIS)
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>Budgetary Amounts</u>		<u>Actual on Budgetary Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>GENERAL GOVERNMENT</u>				
Salaries	\$ 177,500	\$ 193,121	\$ 193,121	\$ -
Repairs and maintenance	23,000	16,456	16,456	-
Employee insurance and benefits	66,500	75,245	75,245	-
Insurance	42,000	46,732	46,732	-
Accounting and auditing	13,000	15,238	15,238	-
Aldermen	37,560	37,041	37,041	-
Contract labor	35,000	27,301	27,301	-
Retirement	25,000	19,086	19,086	-
Utilities	21,000	12,786	12,786	-
Legal	10,000	11,989	11,989	-
Street repairs	5,000	5,000	5,000	-
Office supplies	6,000	6,270	6,270	-
Auto gas	2,000	1,628	1,628	-
Miscellaneous	33,250	48,020	48,020	-
Telephone	7,000	5,885	5,885	-
Payroll taxes	2,700	6,322	6,322	-
Conventions and travel	5,500	2,715	2,715	-
Advertising and publication	6,100	3,683	3,683	-
Inspections	5,000	4,120	4,120	-
St. Tammany Parish Assessor	5,000	1,675	1,675	-
Trustee expense	6,000	2,574	2,574	-
Senior citizens	3,500	3,728	3,728	-
Postage	2,000	867	867	-
Payroll processing fee	2,600	2,580	2,580	-
Dues and subscriptions	1,200	1,023	1,023	-
Auto repairs and maintenance	1,000	527	527	-
Janitorial expense	4,500	2,498	2,498	-
Total general government expenses	<u>\$ 548,910</u>	<u>\$ 554,110</u>	<u>\$ 554,110</u>	<u>\$ -</u>

*Note: The Town legally adopts annual budgets for the General Fund and all Special Revenue Funds.

TOWN OF ABITA SPRINGS, LOUISIANA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (BUDGETARY BASIS)
SHARED SALES TAX FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>Budgetary Amounts</u>		<u>Actual on</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Budgetary</u>	<u>Final Budget</u>
			<u>Basis</u>	<u>Positive (Negative)</u>
<u>REVENUES:</u>				
Taxes:				
Sales taxes	\$ 282,115	\$ 315,343	\$ 315,343	\$ -
Interest income	-	163	163	-
Total revenues	<u>282,115</u>	<u>315,506</u>	<u>315,506</u>	<u>-</u>
<u>EXPENDITURES:</u>				
Public works	185,265	155,409	115,715	39,694
Principal retirement	-	-	37,856	(37,856)
Interest on long-term debt	-	-	2,932	(2,932)
Capital outlay	42,850	41,001	39,906	1,095
Total expenditures	<u>228,115</u>	<u>196,410</u>	<u>196,409</u>	<u>1</u>
Excess (deficiency) of revenues over (under) expenditures	<u>54,000</u>	<u>119,096</u>	<u>119,097</u>	<u>1</u>
<u>OTHER FINANCING USES:</u>				
Transfers out	<u>(54,000)</u>	<u>(54,090)</u>	<u>(54,090)</u>	<u>-</u>
Total other financing uses	<u>(54,000)</u>	<u>(54,090)</u>	<u>(54,090)</u>	<u>-</u>
Net change in fund balance	<u>-</u>	<u>65,006</u>	<u>65,007</u>	<u>1</u>
Fund balance, beginning of year			<u>176,621</u>	
Fund balance, end of year			<u>\$ 241,628</u>	

*Note: The Actual on Budgetary Basis amounts above reflect the modified accrual basis of accounting, except that proceeds from issuance of debt and capital outlay for a capital lease of (\$119,093) are not reflected above in revenues and expenditures.

TOWN OF ABITA SPRINGS, LOUISIANA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (BUDGETARY BASIS)
SPECIAL SALES TAX FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>Budgetary Amounts</u>		<u>Actual on</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Budgetary</u>	<u>Final Budget</u>
			<u>Basis</u>	<u>Positive (Negative)</u>
<u>REVENUES:</u>				
Taxes				
Sales taxes	\$ 255,000	\$ 286,561	\$ 286,560	\$ (1)
Total revenues	<u>255,000</u>	<u>286,561</u>	<u>286,560</u>	<u>(1)</u>
<u>EXPENDITURES:</u>				
Public works	178,100	236,829	233,632	3,197
Culture and recreation	-	-	3,254	(3,254)
Total expenditures	<u>178,100</u>	<u>236,829</u>	<u>236,886</u>	<u>(57)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>76,900</u>	<u>49,732</u>	<u>49,674</u>	<u>(58)</u>
<u>OTHER FINANCING USES:</u>				
Transfers out	-	(44,199)	(44,199)	-
Total other financing uses	<u>-</u>	<u>(44,199)</u>	<u>(44,199)</u>	<u>-</u>
Net change in fund balance	<u>76,900</u>	<u>5,533</u>	<u>5,475</u>	<u>(58)</u>
Fund balance, beginning of year			<u>25,420</u>	
Fund balance, end of year			<u>\$ 30,895</u>	

TOWN OF ABITA SPRINGS, LOUISIANA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (BUDGETARY BASIS)
CEMETERY FUND
FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>Budgetary Amounts</u>		<u>Actual on Budgetary Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES:</u>				
Sales of cemetery plots	\$ 32,300	\$ 24,000	\$ 24,000	\$ -
Interest income	-	161	161	-
Other revenues	-	-	-	-
Total revenues	<u>32,300</u>	<u>24,161</u>	<u>24,161</u>	<u>-</u>
<u>EXPENDITURES:</u>				
Cemetery	<u>58,550</u>	<u>34,004</u>	<u>34,004</u>	<u>-</u>
Total expenditures	<u>58,550</u>	<u>34,004</u>	<u>34,004</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(26,250)</u>	<u>(9,843)</u>	<u>(9,843)</u>	<u>-</u>
Net change in fund balances	<u>(26,250)</u>	<u>(9,843)</u>	<u>(9,843)</u>	<u>-</u>
Fund balances - beginning of year			<u>230,189</u>	
Fund balances - end of year			<u>\$ 220,346</u>	

TOWN OF ABITA SPRINGS, LOUISIANA
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
FOR THE YEAR ENDED DECEMBER 31, 2016*

	<u>12/31/2016</u>	<u>12/31/2015</u>
<u>Municipal Employees Retirement System of Louisiana</u>		
Town's Proportion of the Net Pension Liability	0.249567%	0.250750%
Town's Proportionate Share of the Net Pension Liability	\$ 1,022,903	\$ 895,718
Town's Covered-Employee Payroll	\$ 445,813	\$ 427,968
Town's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	229.45%	209.30%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	62.11%	66.18%

Note: Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

**The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year.*

TOWN OF ABITA SPRINGS, LOUISIANA
SCHEDULE OF CONTRIBUTIONS - RETIREMENT PLAN
FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>12/31/2016</u>	<u>12/31/2015</u>
<u>Municipal Employees Retirement System of Louisiana</u>		
Contractually Required Contribution	\$ 87,626	\$ 95,274
Contributions in Relation to the Contractually Required Contribution	<u>(87,626)</u>	<u>(95,274)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>
Town's covered-employee payroll	\$ 410,086	\$ 482,402
Contributions as a Percentage of Covered-Employee Payroll	21.37%	19.75%

TOWN OF ABITA SPRINGS, LOUISIANA
NOTES TO REQUIRED SUPPLEMENTAL INFORMATION
DECEMBER 31, 2016

(1) PENSION PLAN SCHEDULES

Changes of Benefit Terms

There were no changes of benefit terms during any of the years presented.

Changes of Assumptions

There were no changes of assumptions during any of the years presented.

OTHER SUPPLEMENTARY INFORMATION

TOWN OF ABITA SPRINGS, LOUISIANA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2016

	Lighting Special Revenue Fund	Parks/ Playground Special Revenue Fund	2010 Debt Service Fund	Capital Projects Fund	Nonmajor Governmental Funds
<u>ASSETS:</u>					
Cash	\$ 20	\$ 120	\$ 30,230	\$ 21	\$ 30,391
Equity in pooled cash	-	1,967	-	25	1,992
Property taxes receivable, net	20,434	40,867	-	-	61,301
Total assets	<u>\$ 20,454</u>	<u>\$ 42,954</u>	<u>\$ 30,230</u>	<u>\$ 46</u>	<u>\$ 93,684</u>
<u>LIABILITIES:</u>					
Pooled cash in other funds	\$ 6,761	\$ -	\$ 2,128	\$ -	\$ 8,889
Total liabilities	<u>6,761</u>	<u>-</u>	<u>2,128</u>	<u>-</u>	<u>8,889</u>
<u>DEFERRED INFLOWS OF RESOURCES:</u>					
Unavailable revenue - property taxes	2,743	5,486	-	-	8,229
Total deferred inflows of resources	<u>2,743</u>	<u>5,486</u>	<u>-</u>	<u>-</u>	<u>8,229</u>
<u>FUND BALANCES:</u>					
Restricted, reported in					
Special revenue fund	10,950	37,468	-	-	48,418
Debt service fund	-	-	28,102	-	28,102
Committed	-	-	-	46	46
Total fund balances	<u>10,950</u>	<u>37,468</u>	<u>28,102</u>	<u>46</u>	<u>76,566</u>
Total liabilities and fund balances	<u>\$ 20,454</u>	<u>\$ 42,954</u>	<u>\$ 30,230</u>	<u>\$ 46</u>	<u>\$ 93,684</u>

TOWN OF ABITA SPRINGS, LOUISIANA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2016

	Lighting Special Revenue Fund	Parks/ Playground Special Revenue Fund	2010 Debt Service Fund	Capital Projects Fund	Nonmajor Governmental Funds
<u>REVENUES:</u>					
Property taxes	\$ 21,420	\$ 42,839	\$ -	\$ -	\$ 64,259
Interest income	10	14	36	46	106
Total revenues	<u>21,430</u>	<u>42,853</u>	<u>36</u>	<u>46</u>	<u>64,365</u>
<u>EXPENDITURES:</u>					
General government	27,454	28,637	-	-	56,091
Debt service:					
Principal	-	13,000	44,000	0	57,000
Interest	-	1,929	11,859	-	13,788
Total expenditures	<u>27,454</u>	<u>43,566</u>	<u>55,859</u>	<u>-</u>	<u>126,879</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(6,024)</u>	<u>(713)</u>	<u>(55,823)</u>	<u>46</u>	<u>(62,514)</u>
<u>OTHER FINANCING SOURCES (USES):</u>					
Transfer in	-	-	54,090	-	54,090
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>54,090</u>	<u>-</u>	<u>54,090</u>
Net change in fund balances	<u>(6,024)</u>	<u>(713)</u>	<u>(1,733)</u>	<u>46</u>	<u>(8,424)</u>
Fund balances, beginning of year	<u>16,974</u>	<u>38,181</u>	<u>29,835</u>	<u>-</u>	<u>84,990</u>
Fund balances, end of year	<u>\$ 10,950</u>	<u>\$ 37,468</u>	<u>\$ 28,102</u>	<u>\$ 46</u>	<u>\$ 76,566</u>

TOWN OF ABITA SPRINGS, LOUISIANA
SCHEDULE OF COMPENSATION PAID TO COUNCIL MEMBERS
FOR THE YEAR ENDED DECEMBER 31, 2016

<u>Name</u>	<u>Amount</u>
Patrick Berrigan, Jr.	\$ 7,542
Ryan Murphy	7,207
Gina Kilpatrick Harper	7,542
Daniel Curtis	7,207
Leslie Welliver	<u>7,542</u>
	<u>\$ 37,040</u>

TOWN OF ABITA SPRINGS, LOUISIANA
SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS
TO AGENCY HEAD
FOR THE YEAR ENDED DECEMBER 31, 2016

Greg Lemons, Mayor

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 52,895
Benefits - insurance	-
Benefits - retirement	-
Benefits - other	-
Car allowance	-
Vehicle provided by government	-
Per diem	-
Reimbursements	-
Travel	-
Registration fees	-
Conference travel	1,570
Continuing professional education fees	-
Housing	-
Unvouchered expenses	-
Special meals	-
Total Compensation, Benefits and Other Payments	<u>\$ 54,465</u>



**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 Board of Aldermen
Town of Abita Springs, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Audit 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 Abita Springs, Louisiana (the "Town") as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements and have issued our report thereon dated June 15, 2017.

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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

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

Our consideration of internal control over financial reporting 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.



To the Honorable Mayor
and Members of the Board of Aldermen
Town of Abita Springs, Louisiana
June 15, 2017

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free of 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 determination of financial statement amounts. 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

This report is intended solely for the information and use of management, the Board of Aldermen, the Louisiana Legislative Auditor, and federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

June 15, 2017
Mandeville, Louisiana

Erickson, Krentel & Laporte, LLP

Certified Public Accountants

TOWN OF ABITA SPRINGS, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2016

SECTION I SUMMARY OF AUDIT RESULTS

1. The independent auditors' report expresses an unmodified opinion on the financial statements of the Town of Abita Springs, Louisiana.
2. No significant deficiencies in internal control relating to the audit of the financial statements are reported in the 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*.
3. No instances of noncompliance material to the financial statements of the Town of Abita Springs, Louisiana were reported in the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
4. A management letter was issued for the year ended December 31, 2016.

SECTION II FINANCIAL STATEMENTS FINDINGS

N/A

TOWN OF ABITA SPRINGS, LOUISIANA
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2016

SECTION I - FINDINGS RELATED TO THE FINANCIAL STATEMENTS

N/A

SECTION II - MANAGEMENT LETTER

2015-001 Checks Made Payable to Cash

During our audit testing, it was noted that two checks for services related to the Halloween Fest were made payable to cash instead of the individuals who performed the service. Although the checks were properly approved and the Town was able to provide documentation supporting the expenditures, checks made out to cash are susceptible to fraud.

Corrective action was taken by the Town. This issue has been resolved.



MANAGEMENT LETTER

To the Honorable Mayor and Board of Aldermen
Town of Abita Springs, Louisiana

In planning and performing our audit of the financial statements of the governmental activities and each major fund of Town of Abita Springs, Louisiana (the "Town"), as of and for the year ended December 31, 2016, in accordance with auditing standards generally accepted in the United States of America, the *Louisiana Governmental Audit Guide*, and the standards applicable to financial audits contained in *Government Auditing Standards* we considered the Town's internal control over financial reporting (internal control) as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion 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.

However, during our audit, we became aware of a matter that is an opportunity for strengthening internal controls and operating efficiencies. This letter summarizes our comments and suggestions concerning this matter. This letter does not affect our report dated June 15, 2017, on the financial statements of Town of Abita Springs, Louisiana.

We will review the status of these comments during our next audit engagement. We have already discussed these comments and suggestions with various Town of Abita Springs, Louisiana personnel, and we will be pleased to discuss these comments in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations. Our comments are summarized as follows:

2016-001 Long-Outstanding Checks

During our testing, we noted several outstanding checks in the Town's checking accounts that were greater than one year old at year end. These checks may be subject to Louisiana escheat laws for unclaimed property. We recommend that the Town review the long-outstanding checks and void and re-issue as necessary or report to the state as required by escheat laws.

This letter is intended solely for the information and use of Town of Abita Springs, Louisiana, and the Louisiana Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this letter is distributed by the Legislative Auditor as a public document.

June 15, 2017
Mandeville, Louisiana

Erickson, Krentel & LaPorte, LLP
Certified Public Accountants

TOWN OF ABITA SPRINGS
MANAGEMENT'S CORRECTIVE ACTION PLANS
DECEMBER 31, 2016

June 15, 2017

Louisiana Legislative Auditor

Town of Abita Springs, Louisiana respectfully submits the following corrective action plan for the year ended December 31, 2016.

Name and address of independent public accounting firm:

Ericksen Krentel & LaPorte L.L.P.
2895 Highway 190, Ste 213
Mandeville, LA 70471

Audit Period: January 1, 2016 – December 31, 2016

The finding from the December 31, 2016 management letter is discussed below. The finding is numbered consistently with the number assigned in the schedule.

SECTION II FINDINGS - FINANCIAL STATEMENTS AUDIT

None.

SECTION III MANAGEMENT LETTER ITEMS

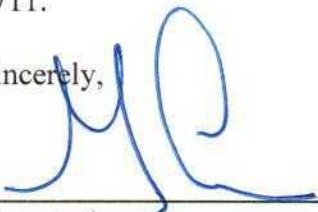
2016-001 Long-Outstanding Checks

Recommendation: We recommend that the Town review the long-outstanding checks and void and re-issue as necessary or report to the state as required by escheat laws.

Management's Response: Management agrees with the recommendation and will review long-outstanding checks to determine whether they need to be voided or reported to the state as required by escheat laws.

If there are any questions regarding this plan, please contact Greg Lemons, Mayor, at (985)-892-0711.

Sincerely,



Signature

Title



6/20/17



ERICKSEN KRENTEL & LAPORTE^{LLP}

CERTIFIED PUBLIC ACCOUNTANTS • CONSULTANTS

INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES

To the Honorable Mayor and Board of Aldermen
Town of Abita Springs
Abita Springs, Louisiana

We have performed the procedures enumerated below, which were agreed to by the Town of Abita Springs and the Legislative Auditor, State of Louisiana, solely to assist the users in assessing certain controls and in evaluating management's assertions about the Town of Abita Springs' compliance with certain laws and regulations during the period of January 1, 2016 to December 31, 2016, in accordance with Act 774 of 2014 Regular Legislative Session. Management of the Town of Abita Springs is responsible for its financial records, establishing internal controls over financial reporting, compliance with applicable laws and regulations, and providing a corrective action plan that addresses all exceptions noted. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings are detailed in Schedule "1".

We were not engaged to perform and did not perform an audit, the objective of which would be the expression of an opinion on the accounting records. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you

This report is intended solely for the use of management of the Town of Abita Springs and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

June 15, 2017
Mandeville, Louisiana

Erickson, Krentel & LaPorte LLP

Certified Public Accountants

TOWN OF ABITA SPRINGS
AGREED-UPON PROCEDURES
JANUARY 1, 2016 TO DECEMBER 31, 2016

Contracts

1. **Procedures:** Obtain the entity's written policies and procedures over contracting (or report that the entity does not have any written policies and procedures over contracting) and report whether those written policies and procedures address (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.

Results: We obtained and reviewed the Town's written policies and procedures for contracts and noted that the policy did not specify the types of services requiring written contracts nor did it contain a requirement for legal review of contracts. No other exceptions were noted.

2. **Procedures:** Obtain a listing of all contracts in effect during the fiscal period or, alternately, obtain the general ledger and sort/filter for contract payments. Obtain management's representation that the listing or general ledger is complete.

Results: We obtained a general ledger from management and filtered it for contract payments for the fiscal period.

3. **Procedures:** Using the listing above, select the five contract "vendors" that were paid the most money during the fiscal period (excluding purchases on state contract and excluding payments to the practitioner). Obtain the related contracts and paid invoices and:
 - Report whether there is a formal/written contract that supports the services arrangement and the amount paid.
 - Compare each contract's detail to the Louisiana Public Bid Law or Procurement Code. Report whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and:
 - If yes, obtain/compare supporting contract documentation to legal requirements and report whether the entity complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder)
 - If no, obtain supporting contract documentation and report whether the entity solicited quotes as a best practice.
 - Report whether the contract was amended. If so, report the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment.

TOWN OF ABITA SPRINGS
AGREED-UPON PROCEDURES (CONTINUED)
JANUARY 1, 2016 TO DECEMBER 31, 2016

- Select the largest payment from each of the five contracts, obtain the supporting invoice, compare the invoice to the contract terms, and report whether the invoice and related payment complied with the terms and conditions of the contract.
- Obtain/review contract documentation and board minutes and report whether there is documentation of board approval, if required by policy or law (e.g. Lawrason Act or Home Rule Charter).

Results: We performed the procedures listed above on the five contract "vendors" that were paid the most money during the fiscal period (excluding purchases on state contract and excluding payments to the practitioner). Of the five vendors selected, two of them were for purchases of routine services or materials from vendors without written contracts. Only one of the contract vendors selected was subject to the Louisiana Public Bid Law, and it was properly awarded. None of the contracts were amended. All of the invoices selected supported the contract amount or cost and quantity of materials purchased or services rendered. Board approval was obtained on all but two vendors that were not required to be approved separately because the expenditures were approved as part of the 2016 budget process in accordance with Town Ordinance 470. This process is sufficient as the Town is a Lawrason Act Municipality.

Payroll and Personnel

1. **Procedures:** Obtain the entity's written policies and procedures over payroll/personnel (or report that the entity does not have any written policies and procedures over payroll/personnel) and report whether those written policies and procedures address (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.

Results: The written policies and procedures address payroll processing and reviewing and approving time and attendance records, including leave and overtime worked.

2. **Procedures:** Obtain a listing of employees (and elected officials, if applicable) with their related salaries, and obtain management's representation that the listing is complete. Randomly select five employees/officials, obtain their personnel files, and:
 - Review compensation paid to each employee during the fiscal period and report whether payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure.
 - Review changes made to hourly pay rates/salaries during the fiscal period and report whether those changes were approved in writing and in accordance with written policy.

TOWN OF ABITA SPRINGS
AGREED-UPON PROCEDURES (CONTINUED)
JANUARY 1, 2016 TO DECEMBER 31, 2016

Results: No exceptions noted during testing.

3. **Procedures:** Obtain attendance and leave records and randomly select one pay period in which leave has been taken by at least one employee. Within that pay period, randomly select 25 employees/officials (or randomly select one-third of employees/officials if the entity had less than 25 employees during the fiscal period), and:
- Report whether all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)
 - Report whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees/officials.
 - Report whether there is written documentation that the entity maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees/officials that earn leave.

Results: No exceptions were noted during testing.

4. **Procedures:** Obtain from management a list of those employees/officials that terminated during the fiscal period and management's representation that the list is complete. If applicable, select the two largest termination payments (e.g., vacation, sick, compensatory time) made during the fiscal period and obtain the personnel files for the two employees/officials. Report whether the termination payments were made in strict accordance with policy and/or contract and approved by management.

Results: No exceptions were noted during testing.

5. **Procedures:** Obtain supporting documentation (e.g. cancelled checks, EFT documentation) relating to payroll taxes and retirement contributions during the fiscal period. Report whether the employee and employer portions of payroll taxes and retirement contributions, as well as the required reporting forms, were submitted to the applicable agencies by the required deadlines.

Results: No exceptions were noted during testing.