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STATE OF MISSISSIPPI
LEGISLATIVE AUDIT

**TOWN OF ABITA SPRINGS
ABITA SPRINGS, LOUISIANA**

**ENTERPRISE FUND
UTILITY SYSTEMS**

**FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS'
REPORT WITH SUPPLEMENTAL INFORMATION**

DECEMBER 31, 1995 AND 1994

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date: 8-14-96

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Smith, Huvall & Ratchiff, L.L.C.

CPA FIRM IN LOUISIANA

Credentialed by the Board of Accountancy

PC 1, Nov 1980

Charleston, Louisiana 70444

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INDEPENDENT AUDITORS' REPORT

The Honorable Mayor and Board of Aldermen
Town of Abita Springs
Abita Springs, Louisiana

We have audited the accompanying financial statements of the Enterprise Fund - Utility Systems of the Town of Abita Springs, Louisiana, as of and for the years ended December 31, 1993 and 1994, as listed in the table of contents. These financial statements are the responsibility of the Town's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards and 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and the disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Note A-2, the financial statements present only the Enterprise Fund - Utility Systems and are not intended to present fairly the financial position and results of operation of the Town of Abita Springs, Louisiana, in conformity with generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Enterprise Fund - Utility Systems of the Town of Abita Springs, Louisiana, at December 31, 1993 and 1994, and the results of its operations and cash flows for the years then ended, in conformity with generally accepted accounting principles.

The Honorable Mayor and Board of Aldermen
Abita Springs, Louisiana

Our audits were made for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying financial information listed as supplementary information in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements of the Enterprise Fund - Utility Systems of the Town of Abita Springs, Louisiana. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole.

In accordance with Government Auditing Standards, we have also issued a report dated March 13, 1996 on our consideration of the Town of Abita Springs' internal control structure and a report dated March 13, 1996 on its compliance with laws and regulations.

Smith, Koval & Ratchiff, L.L.C.

March 13, 1996

Town of Abita Springs, Louisiana

ENTERPRISE FUND
UTILITY SYSTEMS

BALANCE SHEETS

December 31, 1998 and 1997

ASSETS

	<u>1998</u>	<u>1997</u>
Current Assets:		
Cash on hand	\$ 125	\$ 125
Equity in pooled cash	8,667	17,537
Investments	42,604	30,264
Consumer accounts receivable (net of uncollectibles of \$7,729 for 1998 and \$6,471 for 1997)	64,012	51,830
Interest receivable	3,724	3,240
Prepaid expenses	<u>2,482</u>	<u>2,270</u>
Total current assets	<u>122,634</u>	<u>115,266</u>
Restricted Assets:		
Cash with paying agent for redemption of bonds and payments of interest		
Revenue Bond Sinking Fund		
Investments	22,021	22,601
Revenue Bond Reserve Fund		
Investments	24,425	24,425
Capital Additions and Contingencies Fund		
Investments	59,764	58,606
Water Equipment Reserve Fund		
Investments	-	3,342
Meter Deposit Fund		
Cash in bank	30,925	28,693
Investments	<u>19,922</u>	<u>18,222</u>
Total restricted assets	<u>126,132</u>	<u>126,287</u>
Fixed Assets:		
Plant and equipment at cost, net of accumulated depreciation (1998 - \$724,493; 1997 - \$671,304)	<u>1,637,100</u>	<u>1,711,124</u>
	<u>51,500,504</u>	<u>51,276,122</u>

The accompanying notes are an integral part of this statement.

Town of Abita Springs, Louisiana

ENTERPRISE FUND
UTILITY SYSTEMS

BALANCE SHEET (Continued)

December 31, 1998 and 1994

LIABILITIES AND FUND EQUITY

	<u>1998</u>	<u>1994</u>
Current Liabilities (payable from current assets)		
Accounts payable	\$ 31,407	0
Due to other funds	-	29,823
Total current liabilities (payable from current assets)	<u>31,407</u>	<u>29,823</u>
Current Liabilities (payable from restricted assets)		
Accrued interest	17,084	18,037
Revenue bonds payable	3,441	3,346
Customer meter deposits	<u>42,260</u>	<u>43,453</u>
Total current liabilities (payable from restricted assets)	<u>62,785</u>	<u>64,736</u>
Long-Term Liabilities:		
Revenue bonds payable	<u>379,523</u>	<u>383,084</u>
Total liabilities	<u>503,615</u>	<u>477,643</u>
Fund Equity:		
Contributed capital		
Capital Project Fund	293,004	199,884
Sales Tax Fund	7,008	7,000
Municipality	374,374	371,374
E.P.A. Grant	279,338	379,330
CDG Grant	<u>358,724</u>	<u>561,850</u>
Total contributed capital	<u>1,883,412</u>	<u>1,499,361</u>
Retained earnings		
Revenue Bond Fund	27,121	27,165
Capital Additions and Contingencies Fund	59,744	58,000
Power Equipment Reserve Fund	-	3,343
Meter Deposit Reserve Fund	457	657
Unreserved (deficit)	<u>153,586</u>	<u>689,593</u>
Total retained earnings	<u>33,852</u>	<u>100,758</u>
Total Fund Equity	<u>1,917,264</u>	<u>1,600,119</u>
	<u>\$1,500,351</u>	<u>\$1,516,182</u>

The accompanying notes are an integral part of this statement.

Town of Abita Springs, Louisiana

ENTERPRISE FUND
UTILITY SYSTEMSSTATEMENTS OF REVENUES, EXPENSES,
AND RETAINED EARNINGS

For the Years Ended December 31, 1995 and 1994

	<u>1995</u>	<u>1994</u>
Operating revenues		
Gas sales	\$ 290,441	\$ 216,952
Water sales	89,007	82,837
sewer service charges	85,126	79,218
Garbage collection fees	48,907	67,854
Water and gas connect fees	762	128
Total operating revenues	<u>482,243</u>	<u>446,989</u>
Operating expenses		
Gas purchased	83,988	109,809
Gas system	28,464	55,813
Garbage collection	79,299	79,299
Sewerage system	78,264	88,378
Water system	37,810	37,136
Depreciation	53,887	40,878
Administrative and general	82,872	74,460
Total operating expenses	<u>415,173</u>	<u>409,873</u>
Net operating income	67,070	37,116
Non-operating revenues (expenses)		
Interest income	9,150	7,141
Federal assistance	8,233	-
Interest expense	(22,582)	(23,252)
Total non-operating revenues (expenses)	<u>(15,200)</u>	<u>(19,061)</u>
Net income before operating transfers	51,870	18,055
Operating transfers out	<u>(40,880)</u>	<u>(48,822)</u>
Net income (loss)	10,990	(30,767)
Retained earnings, beginning	(807)	18,022
Retained earnings, ending	<u>\$ 10,183</u>	<u>\$ (12,745)</u>

The accompanying notes are an integral part of this statement.

Town of Abita Springs, Louisiana

ENTERPRISE FUND
UTILITY SYSTEMS

STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 1995 and 1994

	<u>1995</u>	<u>1994</u>
Cash flows from operating activities:		
Net operating income	\$ 88,708	\$ 37,272
Adjustments to reconcile net operating income to net cash provided by operating activities		
Depreciation	51,387	40,876
(Increase) decrease in receivables	(14,882)	12,876
(Increase) decrease in prepaid expenses	809	(1,455)
Increase (decrease) in accounts payable	<u>20,284</u>	<u>111,289</u>
Total adjustments	<u>67,598</u>	<u>163,586</u>
Net cash provided by operating activities	<u>156,306</u>	<u>200,858</u>
Cash flows from noncapital financing activities:		
Increase in customer deposits	5,907	3,280
Decrease in due to other funds	(89,622)	-
Operating transfers out to other funds	<u>(68,028)</u>	<u>-</u>
Net cash provided (used) by noncapital financing activities	<u>(151,743)</u>	<u>3,280</u>
Cash flows from capital and related financing activities:		
CDM Group proceeds	37,058	479,561
FEMA proceeds	8,322	-
Purchase of fixed assets	(19,953)	(545,191)
Decrease in deposit with paying agent	-	(3,860)
Principal payment on bonds	(3,368)	(3,126)
Interest payment on bonds	<u>(22,938)</u>	<u>(23,333)</u>
Net cash used by capital and related financing activities	<u>(21,879)</u>	<u>(105,249)</u>
Cash flows from investing activities:		
Interest received from investments	6,530	5,444
Purchase (maturity) of investments not classified as cash equivalents, net	<u>(12,611)</u>	<u>27,820</u>
Net cash provided by investing activities	<u>(6,081)</u>	<u>33,264</u>
Net increase (decrease) in cash and cash equivalents	14,422	18,160
Cash and cash equivalents at the beginning of the year	<u>43,145</u>	<u>24,985</u>
Cash and cash equivalents at the end of the year	<u>\$ 57,567</u>	<u>\$ 43,145</u>

The accompanying notes are an integral part of this statement.

Town of Abita Springs, Louisiana

ENTERPRISE FUND
UTILITY SYSTEMS

NOTES TO FINANCIAL STATEMENTS

December 31, 1995 and 1994

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of Abita Springs was incorporated in 1918, under the provisions of the Louisiana Act. The Town operates under a Mayor-Board of Aldermen form of government.

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

1. Reporting Entity

The financial statements of the Enterprise Fund - Utility Systems of the Town of Abita Springs consists only of the proprietary fund of the Town. The Town has no oversight responsibility for any other governmental entity since no other entities are considered to be controlled by or dependent on the Town. Control or dependence is determined on the basis of budget adoption, taxing authority, funding, and appointment of the respective governing board.

2. Fund Accounting

The accounts of the Town of Abita Springs are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The accompanying financial statements present only the Enterprise Fund and do not intend to present fairly the financial position of all funds of the Town of Abita Springs.

The Enterprise Fund is used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the government body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or

Town of Abita Springs, Louisiana

WATERWORKS FUND
UTILITY SYSTEMS

NOTES TO FINANCIAL STATEMENTS (Continued)

December 31, 1995 and 1994

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. Fund Accounting - Continued

recovered primarily through user charges or (b) where the governing body has decided the period determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

3. Fixed Assets

The accounting and reporting treatment applied to the fixed assets and long-term liabilities associated with a fund are determined by its measurement focus.

The proprietary fund is accounted for on a cost of services or "capital maintenance" measurement focus. This means that all assets and all liabilities (whether current or noncurrent) associated with its activity are included on its balance sheet. Its reported fund equity (net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total assets.

Fixed assets consist of property, plant and equipment. All fixed assets are recorded at cost. Donated fixed assets are stated at estimated fair value on the date donated.

Depreciation of all exhaustible fixed assets used by the proprietary fund is charged as an expense against its operations. Accumulated depreciation is reported on the proprietary fund balance sheet. Depreciation has been provided over the estimated useful lives using the straight line method. The estimated lives are as follows:

Water, Sewerage and Gas Systems	25-40 years
Equipment	5 years

The Town did not maintain inventories of fixed assets for the proprietary fund prior to January 1, 1980. Therefore, the value of fixed assets acquired prior to that date are not represented in the financial statements. Detailed records and the valuation of fixed asset additions for the years subsequent to that date have been maintained.

Town of Abita Springs, Louisiana

ENTERPRISE FUND
UTILITY SYSTEMS

NOTES TO FINANCIAL STATEMENTS (Continued)

December 31, 1985 and 1984

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4. Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement bases applied.

The accompanying proprietary fund is accounted for using the accrual basis of accounting whereby revenues are recognized when they are earned and expenses are recognized when incurred.

5. Budgets and Budgetary Accounting

Prior to the beginning of each year, an annual operating budget is prepared. At the end of the fiscal year, unexpended appropriations of these funds automatically lapse.

The Town follows these procedures in establishing budgets:

- (1) The Mayor, Board of Aldermen, Town Clerk, and other advisory personnel assemble the necessary financial information. The Mayor submits the information for review to the Council before the November meeting.
- (2) The budget information is introduced at its regular meeting in November and is published in its official publication.
- (3) The budget is adopted prior to or at the last meeting of the current fiscal year. The budget is legally adopted at the department level through passage of an ordinance.

6. 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 balance sheet.

Town of Abita Springs, Louisiana

ENTERPRISE FUND
UTILITY SYSTEMS

NOTES TO FINANCIAL STATEMENTS (Continued)

December 31, 1995 and 1994

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4. Cash, Cash Equivalents and Investments - Continued

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, or certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana.

The Town's deposits for the Enterprise Fund at December 31, are summarized as follows:

Category 1	Carrying	Amounts
	1995	1994
Demand Deposits	<u>\$ 28,222</u>	<u>\$ 62,226</u>

Under state law, the bank balances of these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal or exceed the amount on deposit with the fiscal agent. At December 31, 1995 and 1994, deposits are entirely insured or collateralized with securities held by a mutually acceptable third party financial institution in the Town's name, which is considered a category 1 investment risk as defined by the Governmental Accounting Standards Board.

The Enterprise Fund of the Town of Abita Springs had investments which consisted of two United States treasury bills stated at a cost of \$158,434 and \$29,474 at December 31, 1995 and a cost of \$162,767 and \$28,510 at December 31, 1994. These investments are considered a category 2 investment risk, which includes investments for which the securities are held by the counterpart's trust department in the Town's name. The market value at December 31, 1995 and 1994 approximates cost. The investments are carried at the lower of cost or market and do not include \$3,726 and \$3,186, respectively, of accrued interest.

The Town considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents in the Enterprise Fund.

Town of Abita Springs, Louisiana

ENTERPRISE FUND
UTILITY SYSTEMS

NOTES TO FINANCIAL STATEMENTS (Continued)

December 31, 1993 and 1994

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1. Accounts Receivable

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 uncollectibility of the particular receivable. The allowance is \$7,723 and \$8,471 at December 31, 1993 and 1994, respectively.

NOTE B - RESTRICTED ASSETS

Section 10 of the resolution authorizing the issuance of \$200,000 Utility Revenue Bonds, of the Town of Abita Springs dated March 28, 1988, provided for certain restrictions on the assets of the Enterprise Fund. The following reserve requirements have been met for the year ended December 31, 1993.

1. Revenue Bond Sinking Fund

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

2. Revenue Bond Reserve Fund

The resolution required 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 issue. The sole purpose of this fund is to pay the principal and interest on the bonds payable from the Revenue Bond Sinking Fund which would otherwise be in default.

3. Depreciation and Contingency Fund

The resolution required 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 \$114 a month are to be deposited with the regularly designated fiscal agent of the Town until said bonds are paid off.

Town of Abita Springs, Louisiana

ENTERPRISE FUND
UTILITY SYSTEMS

NOTES TO FINANCIAL STATEMENTS (Continued)

December 31, 1995 and 1994

NOTE B - RESTRICTED ASSETS (Continued)

Sewer Equipment Reserve Fund

Under the provisions of a grant received from the Environment Protection Agency to aid in the construction of a sewer treatment plant, the Town was obligated to establish a reserve from which repairs to the sewer treatment equipment could be paid. During 1994 and 1995, the Town used funds from this reserve to pay costs relating to the upgrade of the sewer system.

Water Deposit Fund

The Town established a water deposit fund to help maintain customer meter deposits on hand as well as help control customer meter deposits received.

NOTE C - DUE TO OTHER FUNDS

Due to other funds consist of the following as of December 31:

	<u>1995</u>	<u>1994</u>
Due to General Fund	<u>\$ -</u>	<u>\$ 82,821</u>

NOTE D - FIXED ASSETS

Fixed assets are shown at net on the Balance Sheet for the Enterprise Fund and consist of the following:

	<u>1995</u>	<u>1994</u>
Utility systems - initial costs and improvements: 1960 through 1978	\$ 270,268	\$ 270,268
Sewer system: 1978	888,288	884,288
Extensions and additions: 1979 to 1993	48,888	49,635
Water system improvements: 1990 and beyond	659,804	659,804
Extensions and additions: 1990 and beyond	749,264	180,545
Computer equipment and software	<u>8,354</u>	<u>8,354</u>
	2,425,258	1,782,828
Less: Accumulated Depreciation	<u>728,421</u>	<u>471,184</u>
Construction in progress	-	<u>160,438</u>
Balance at end of year	<u>\$1,696,837</u>	<u>\$1,211,644</u>

Town of Abita Springs, Louisiana

ENTERPRISE FUND
UTILITY SYSTEMS

NOTES TO FINANCIAL STATEMENTS (Continued)

December 31, 1993 and 1994

NOTE E - LONG-TERM DEBT

The following is a summary of bond transactions of the Town for the year ended December 31, 1994:

	Revenue <u>Bonds</u>
Bonds Payable at 01/01/90	\$ 388,330
Bonds Issued	-
Bonds Retired	<u>3,368</u>
Bonds Payable at 12/31/94	<u>\$ 384,962</u>

Bonds payable at December 31, is comprised of the following individual bonds:

Revenue bonds	<u>1993</u>	<u>1994</u>
\$388,000 Utility Bonds dated 03/28/90; due in annual installments of \$26,426 including interest at 6.0%; secured by revenues of the Enterprise System.	\$ 388,334	\$ 388,330
Less current maturities	<u>3,372</u>	<u>3,368</u>
Long-term debt	<u>\$ 379,522</u>	<u>\$ 384,962</u>

NOTE F - ANNUAL REQUIREMENTS TO AMORTIZE LONG-TERM DEBT

The annual requirements to amortize Revenue Bonds payable, including interest payments of \$26,426, are as follows as of December 31, 1995:

Year Ending December 31	Revenue <u>Bonds</u>
1995	\$ 26,426
1997	26,426
1998	26,426
1999	26,426
2000	26,426
Thereafter	<u>785,151</u>
	<u>\$ 850,281</u>

Town of Abita Springs, Louisiana

ENTERPRISE FUND
UTILITY SYSTEMS

NOTE TO FINANCIAL STATEMENTS (Continued)

December 31, 1995 and 1994

NOTE G - PENSION PLANS

MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM (MERS)

Plan Description and Provisions:

All of the Town's full time employees, other than police employees, participate in the MERS, a multiple-employer, cost sharing pension plan.

Employees can retire providing they meet one of the following criteria:

1. Any age with thirty (30) or more years of creditable service.
2. Age 55 with twenty-five (25) years of creditable service.
3. Age 60 with a minimum of ten (10) years of creditable service.
4. Under age 60 with a minimum of five (5) years of creditable service eligible for disability benefits.
5. Survivor's benefits require five (5) years creditable service at death of member.

Generally, the monthly amount of the retirement allowance for any member shall consist of an amount equal to three percent of the member's final compensation multiplied by his years of creditable service. However, under certain conditions as outlined in the statutes, the benefits are limited to specified amounts.

In lieu of terminating employment and accepting a service retirement allowance, any member of the plan who has been an active contributing member for one full year after becoming eligible for normal retirement may elect to participate in the deferred retirement option plan (DROF) for up to three years and defer the receipt of benefits. Upon commencement of participation in the plan, membership in the system terminates. During participation in the plan, employer contributions are payable but employee contributions cease.

If a member's employment is terminated before the member is eligible for any benefits under MERS, the member shall receive a refund of his member contributions.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Employees Retirement System of Louisiana, 7817 Office Park Boulevard, Baton Rouge, Louisiana 70809, or by calling (504) 825-4810.

Town of Abita Springs, Louisiana

METROPOLITAN PLAN
UTILITY SYSTEMS

NOTES TO FINANCIAL STATEMENTS (Continued)

December 31, 1995 and 1994

NOTE C - PENSION PLANS (Continued)

MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM (MERS) - Continued

Description of Funding Policy:

Under Plan A, members are required by state statute to contribute 9.25 percent of their annual covered salary and the Town is required to contribute at an actuarially determined rate, which is currently 6.78% of annual covered payroll. Contributions to the system also include one-fourth of one percent (except in Orleans and East Baton Rouge Parishes) of the taxes shown to be collectible by the tax rolls of each parish. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. The contribution requirements of plan members and the town are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:303, 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. The Town's contributions to the System under Plan A for the years ending December 31, 1995, 1994, and 1993, were \$5,794, \$5,214, and \$5,741, respectively, equal to the required contributions for each year.

NOTE E - OTHER COMMITMENTS

In September, 1993, the Town contracted for residential garbage disposal with a different independent third party. The new contract requires the Town to remit a total of \$8.48 for each residential customer, on a monthly basis. This rate provides for the collection of certain residential recyclable materials on a weekly basis, in addition to regular service.

NOTE I - BOARD OF ALDERMEN SALARIES

The Board of Aldermen receive two hundred dollars per monthly meeting. They also receive fifty dollars for any special meetings. The special meetings in which the Board can earn fifty dollars are limited to not more than one per month. The Board of Aldermen salaries are included in the Town's General Fund.

Town of Abita Springs, Louisiana

ENTERPRISE FUND
UTILITY SYSTEMS

NOTES TO FINANCIAL STATEMENTS (Continued)

December 31, 1995 and 1994

NOTE J - CHANGES IN CONTRIBUTED CAPITAL

The change in contributed capital for the year ended December 31, 1995 is as follows:

Balance at January 1, 1994	\$ 525,504
Community Development Block Grant	<u>31,000</u>
Balance at December 31, 1995	<u>\$ 556,504</u>

NOTE K - GRANT AWARD

In late 1992, the Town was chosen as a recipient of a Louisiana Community Development Block Grant. The total awarded was \$624,298, to be used for improvements to the Town's sewer system, as required under an Environmental Protection Agency Administrative Order. The accompanying financial statements reflect \$166,256 received from this grant, which was closed out in April, 1995.

NOTE L - RECONCILIATION OF CASH AND CASH EQUIVALENTS

The following is a reconciliation of cash and cash equivalents per the balance sheet of the Proprietary fund to the cash and cash equivalents per the statement of cash flow:

	<u>1995</u>	<u>1994</u>
Cash and cash equivalents per balance sheet:		
Cash on hand and in bank	\$ 8,193	\$ 17,262
Restricted:		
Sector Deposits	<u>30,325</u>	<u>25,863</u>
Total	<u>\$ 38,517</u>	<u>\$ 43,125</u>
Cash and cash equivalents per statement of cash flows	<u>\$ 30,325</u>	<u>\$ 43,125</u>

NOTE M - SUBSEQUENT EVENT

The Town is currently pursuing a loan from the Rural Economic and Community Development Agency to finance the construction of a new sewer plant.

SUPPLEMENTARY INFORMATION

Town of Abita Springs, Louisiana

ENTERPRISE FUND
UTILITY SYSTEMS

SCHEDULE OF FEDERAL FINANCIAL ASSISTANCES

For the Year Ended December 31, 1993

Federal Appropriation Title	Federal CFDA Number	Beginning Balance at January 1, 1993	Receipts	Expenses	Ending Balance at December 31, 1993
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT; Community Development Block Grants (Small Cities Program) - 1993	14.219	\$ -	\$ 37,050	\$ 37,050	\$ -

Town of Abita Springs, Louisiana

INTERMUNICIPAL FUND
UTILITY SYSTEMS

SCHEDULES OF OPERATING EXPENSES

For the Years Ended December 31, 1995 and 1994

	<u>1995</u>	<u>1994</u>
Gas System		
Repairs and maintenance	\$ 28,807	\$ 22,584
Engineering	5,422	3,488
Total Gas System	<u>\$ 34,229</u>	<u>\$ 26,072</u>
Garbage Collection		
Garbage pick-up	\$ 70,500	\$ 72,123
Wreck pickup	1,300	1,328
Total Garbage Collection	<u>\$ 71,800</u>	<u>\$ 73,451</u>
Sanitary System		
Repairs and maintenance	\$ 40,459	\$ 58,772
Materials and supplies	5,497	6,221
Utilities	4,146	2,332
Total Sanitary System	<u>\$ 50,102</u>	<u>\$ 67,325</u>
Water System		
Repairs and maintenance	\$ 12,125	\$ 24,700
Utilities	3,885	2,341
Total Water System	<u>\$ 16,010</u>	<u>\$ 27,041</u>
Administrative and General		
Salaries	\$ 26,471	\$ 24,816
Employee insurance and retirement	10,084	18,309
Legal and accounting	11,883	12,052
Insurance expense	8,813	6,372
Bad debts	1,253	600
Billing expense, primarily postage	1,253	-
Office supplies	167	398
Administrative expense	-	21
Miscellaneous	243	1,309
Travel and meetings	55	875
Total Administrative and General	<u>\$ 63,922</u>	<u>\$ 79,443</u>

Town of Abita Springs, Louisiana

ENTERPRISE FUND
UTILITY SYSTEMS

COMBINED SCHEDULE OF INVESTMENTS

December 31, 1995

	<u>Yield</u>	<u>Maturity Date</u>	<u>Amount</u>
Utility Fund			
Meter Deposit Account			
United States Treasury Bill			
First National Bank of Commerce	5.35%	1/25/96	\$ 18,000
Operations			
United States Treasury Bill			
First National Bank of Commerce	5.35%	1/25/96	43,604
Revenue Bond Reserves			
United States Treasury Bill			
First National Bank of Commerce	5.35%	1/25/96	48,446
Capital Additions and Contingencies			
United States Treasury Bill			
First National Bank of Commerce	5.35%	1/25/96	20,282
			150,334
Capital and Contingency			
United States Treasury Bill			
First National Bank of Commerce			20,874
			<u>219,338</u>

Town of Abita Springs, Louisiana

SUPPLEMENTAL INFORMATION

December 31, 1985

Utility Rate Schedule as December 31, 1985

Water charges:

- Residential - \$4.96 per month for the first 2,880 gallons
- .90 per month per thousand for next 8,988 gallons
- .50 per month per thousand over 10,860 gallons

- Commercial - \$15.00 per month for first 10,000 gallons
- .58 per month over 10,000 gallons

sewer charges:

- Residential - \$13.80
- Commercial - \$13.80
- Senior citizens - \$ 3.80

Gas rate schedule:

Charges are based on usage schedule ranging from \$4.90/cubic foot down to \$1.74/cubic foot depending on the volume used. The minimum charge is \$4.90 per month.

Town of Abita Springs, Louisiana

SUPPLEMENTAL INFORMATION

December 31, 1995

Governing Board

<u>Board of Aldermen</u>	<u>Term of Office</u>	<u>Compensation</u>
Oggs Neely, Mayor Pro-Tem P. O. Box 461 Abita Springs, LA 70420 504-882-0711	December 31, 1998	\$ 3,000
B. P. Granger P. O. Box 461 Abita Springs, LA 70420 504-882-0711	December 31, 1998	\$ 3,000
Ruth Terry-Sigee P. O. Box 461 Abita Springs, LA 70420 504-882-0711	December 31, 1998	\$ 3,000
Louis Fitzmorris P. O. Box 461 Abita Springs, LA 70420 504-882-0711	December 31, 1998	\$ 3,000
Calvin Demovich P. O. Box 461 Abita Springs, LA 70420 504-882-0711	December 31, 1998	\$ 3,000

Town of Abita Springs, Louisiana

SUPPLEMENTAL INFORMATION

December 31, 2008

Schedule of Insurance Coverage

Coverage	Amount of Coverage
Property and contents (aggregated)	\$ 430,220
Fidelity	
Mayor	\$ 30,000
Mayor pro tem	30,000
Town clerk	30,000
Utility clerk	30,000
Liability	
General	\$1,000,000
Auto	1,000,000
Error and omissions	1,000,000
Law enforcement	1,000,000

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FOR THE STATE OF LOUISIANA
FOR THE YEAR 1986

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH LAWS AND REGULATIONS

The Honorable Mayor and Board of Aldermen
Abita Springs, Louisiana

We have audited the financial statements of the Enterprise Fund - Utility Systems of the Town of Abita Springs, Louisiana, as of and for the years ended December 31, 1985 and 1984 and have issued our report thereon dated March 13, 1986.

We conducted our audit in accordance with generally accepted auditing standards and 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 general purpose financial statements are free of material misstatement.

Compliance with laws, regulations, contracts, and grants applicable to the Enterprise Fund - Utility Systems of the Town of Abita Springs, Louisiana, is the responsibility of Town of Abita's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the Town's compliance with certain provisions of laws, regulations, contracts, and grants. However, our objective was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance that are required to be reported herein under Government Auditing Standards.

As a requirement of the revenue bond agreement, the Town is to disconnect customers whose accounts are over 30 days delinquent. In some instances, the Town has exceeded the cut-off deadline for customers with extreme cases of economic hardship. However, the Town continues collection efforts in these cases.

This report is intended for the information of the management and others within the organization as well as the Louisiana Legislative Auditor. However, this report is a matter of public record and its distribution is not limited.

Smith, Hurst & Ratchiff, L.L.C.

March 13, 1986

Smith, Hoyal & Ratcliff, L.L.C.

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Certified Public Accountants

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Bossier, Louisiana 71201

MEMBER OF THE AICPA
MEMBER OF THE CPAA

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL

The Honorable Mayor and Board of Aldermen
Abita Springs, Louisiana

We have audited the financial statements of the Enterprise Fund - Utility Systems of the Town of Abita Springs, Louisiana as of and for the years ended December 31, 1995 and 1994 and have issued our report thereon dated March 13, 1996.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards issued by the Comptroller General of the United States; the provisions of the Commission's Regulation for Single Audits of State and Local Governments; and Circular A-133, Audits of State and Local Governments, published by the Office of Management and Budget. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

The management of the Town of Abita Springs, Louisiana is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are recorded in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

In planning and performing our audit of the financial statements of the Enterprise Fund - Utility Systems of the Town of Abita Springs, Louisiana for the years ended December 31, 1995 and 1994, we obtained an understanding of its internal control structure. With respect to the internal control structure, we obtained an understanding of the design

The Honorable Mayor and Board of Aldermen
Abbeville Springs, Louisiana

of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of the specific internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control structure and its operations that we consider to be material weaknesses as defined above. However, we have provided some recommendations to the management of the Town of Abbeville Springs, Louisiana in a separate letter dated March 13, 1996.

This report is intended for the information of the management and others within the organization as well as the Louisiana Legislative Auditor. However, this report is a matter of public record and its distribution is not limited.

Smith, Havel & Hutchiff, L.L.C.

March 13, 1996

Smith, Hurst & Ratcliff, L.L.C.

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INDEPENDENT AUDITORS' REPORT ON THE INTERNAL CONTROL STRUCTURE USED IN ADMINISTERING FEDERAL FINANCIAL ASSISTANCE PROGRAMS

The Honorable Mayor and Board of Aldermen
Abita Springs, Louisiana

We have audited the financial statements of the Enterprise Fund - Utility Systems of the Town of Abita Springs, Louisiana, as of and for the years ended December 31, 1995 and 1994, and have issued our report thereon dated March 13, 1996.

We conducted our audit in accordance with generally accepted auditing standards: Government Auditing Standards, issued by the Comptroller General of the United States; and Office of Management and Budget Circular A-136, Audits of State and Local Governments. These standards and OMB Circular A-136 require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement and about whether the Town of Abita Springs, Louisiana complied with laws and regulations, noncompliance with which would be material to a federal financial assistance program.

In planning and performing our audit for the years ended December 31, 1995 and 1994, we considered the internal control structure of the Town of Abita Springs, Louisiana in order to determine our auditing procedures for the purpose of expressing our opinion on the Town of Abita Springs, Louisiana's financial statements and to report on the internal control structure in accordance with OMB Circular A-136. This report addresses our consideration of internal control structure policies and procedures relevant to compliance with requirements applicable to federal financial assistance programs. We have addressed internal control structure policies and procedures relevant to our audit of the financial statements in a separate report dated March 13, 1996.

The management of the Town of Abita Springs, Louisiana, is responsible for establishing and maintaining an internal control structure. In fulfilling that responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from

The Honorable Mayor and Board of Aldermen
White Springs, Louisiana

unauthorized use or disposition, that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles, and that federal financial assistance programs are managed in compliance with applicable laws and regulations. Because of inherent limitations in any internal control structure, errors, irregularities, or instances of noncompliance may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

For the purpose of this report, we have classified the significant internal control structure policies and procedures used in administering federal financial assistance programs into the following categories: Accounting controls - cash receipts, cash disbursements, budgeting, payroll, property and equipment, and electronic data processing; Administrative controls - political activities, civil rights, cash management, federal financial reporting, allowable cost, drug free workplace, administrative requirements, types of service allowed or unallowed, matching, level of effort or earmarking, and claims for advances and reimbursements.

For all of the internal control structure categories listed above, we obtained an understanding of the design of relevant policies and procedures and determined whether they have been placed in operation, and we assessed control risk.

During the years ended December 31, 1993 and 1994, the Town of White Springs, Louisiana expended 100 percent of its total federal financial assistance under the following nonmajor federal financial assistance programs:

- U. S. Department of Housing and Urban Development,
Louisiana Community Development Block Grant

We performed tests of controls, as required by OMB Circular A-128, to evaluate the effectiveness of the design and operation of internal control structure policies and procedures that we have considered relevant to preventing or detecting material noncompliance with specific requirements, general requirements, and requirements governing claims for advances and reimbursements and amounts claimed or used for matching that are applicable to the aforementioned nonmajor programs. Our procedures were less in scope than would be necessary to render an opinion on these internal control structure policies and procedures. Accordingly, we do not express an opinion.

The Honorable Mayor and Board of Aldermen
Abita Springs, Louisiana

This report is intended for the information of management and others within the organization as well as the Louisiana Legislative Auditor. However, this report is a matter of public record and its distribution is not limited.

Smith, Koval & Rataliff, C.C.P.

March 13, 1988

Smith, Hurst & Ratcliff, L.L.C.

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH SPECIFIC REQUIREMENTS APPLICABLE TO NONMAJOR FEDERAL FINANCIAL ASSISTANCE PROGRAMS

The Honorable Mayor and Board of Aldermen
Abita Springs, Louisiana

We have audited the Enterprise Fund - Utility Systems of the Town of Abita Springs, Louisiana, as of and for the years ended December 31, 1996 and 1995, and have issued our report thereon dated March 13, 1996.

In connection with our audit of the financial statements of the Town of Abita Springs, Louisiana, and with our consideration of the Town of Abita Springs, Louisiana's control structure used to administer federal financial assistance programs, as required by Office of Management and Budget (OMB) Circular A-133, audits of STATE and LOCAL GOVERNMENTS , we selected certain transactions applicable to certain nonmajor federal financial assistance programs for the years ended December 31, 1996 and 1995. As required by OMB Circular A-133, we performed auditing procedures to test compliance with the requirements governing allowable costs, reporting, claims for advances and reimbursements, matching and special requirements that are applicable to those transactions. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the Town of Abita Springs, Louisiana's compliance with these requirements. Accordingly, we do not express such an opinion.

With respect to the items tested, the results of our procedures disclosed no material instances of noncompliance with the requirements listed in the preceding paragraph. With respect to items not tested, nothing came to our attention that caused us to believe that the Town of Abita Springs, Louisiana had not complied, in all material respects, with these requirements.

This report is intended for the information of management and others within the organization as well as the Louisiana Legislative Auditor. However, this report is a matter of public record and its distribution is not limited.

Smith, Hurst & Ratcliff, L.L.C.

March 13, 1996

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FD-100 (Rev. 1-1-80)
FD-100 (Rev. 1-1-80)

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH GENERAL REQUIREMENTS APPLICABLE TO NONMAJOR FEDERAL FINANCIAL ASSISTANCE PROGRAMS

The Honorable Mayor and Board of Aldermen
Abita Springs, Louisiana

We have audited the financial statements of the Enterprise Fund - Utility Systems of the Town of Abita Springs, Louisiana, as of and for the years ended December 31, 1996 and 1994, and have issued our report thereon dated March 13, 1996.

We have applied procedures to test the Town of Abita Springs, Louisiana's compliance with the following general requirements applicable to its federal programs, which are identified in the accompanying schedule of federal financial assistance for the years ended December 31, 1996 and 1994. For the purpose of this report, we have classified the general requirements applicable to the Town of Abita Springs' federal financial assistance programs as: political activity, civil rights, cash management, federal financial reports, allowable costs, Davis Bacon act, and drug-free workplace.

Our procedures were limited to the applicable procedures described in the Office of Management and Budget's Compliance Supplement for Single Audits of State and Local Governments. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the Town of Abita Springs, Louisiana's compliance with the requirements listed in the preceding paragraph. Accordingly, we do not express such an opinion.

With respect to the items tested, the results of these procedures disclosed no material instances of noncompliance with the requirements listed in the second paragraph of this report. With respect to items not tested, nothing came to our attention that caused us to believe that the Town of Abita Springs, Louisiana, has not complied, in all material respects, with those requirements.

The Honorable Mayor and Board of Aldermen
White Springs, Louisiana

This report is intended for the information of management and others within the organization as well as the Louisiana Legislative Auditor. However, this report is a matter of public record and its distribution is not limited.

Smith, Havel & Hutchiff, C.C.C.

March 13, 1990

Smith, Hoyal & Ratcliff, L.L.C.

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH SPECIFIC REQUIREMENTS APPLICABLE TO NONMAJOR FEDERAL FINANCIAL ASSISTANCE PROGRAM TRANSACTIONS

The Honorable Mayor and Board of Aldermen
Abita Springs, Louisiana

We have audited the financial statements of the Enterprise Fund -
Utility Systems of the Town of Abita Springs, Louisiana, as of and for
the year ended December 31, 1993, and have issued our report thereon
dated March 13, 1994.

In connection with our audit of these 1993 financial statements and with
our consideration of the Town of Abita Springs, Louisiana, internal
control structure used to administer federal financial assistance
programs, as required by Office of Management and Budget Circular A-128,
"Audit of State and Local Governments," we selected certain
transactions applicable to certain nonmajor federal financial assistance
programs for the year ended December 31, 1993.

As required by OMB Circular A-128, we have performed auditing procedures
to test compliance with the requirements governing types of services
allowed or unallowed that are applicable to those transactions. Our
procedures were substantially less in scope than an audit, the objective
of which is the expression of an opinion on the Town of Abita Springs,
Louisiana, compliance with these requirements. Accordingly, we do not
express such an opinion.

With respect to the items tested, the results of these procedures
disclosed no material instances of noncompliance with the requirements
listed in the preceding paragraph. With respect to items not tested,
nothing came to our attention that caused us to believe that Town of
Abita Springs, Louisiana, had not complied, in all material respects,
with these requirements.

This report is intended for the information of management and others
within the organization as well as the Louisiana Legislative Auditor.
This restriction is not intended to limit the distribution of this
report which is a matter of public record.

Smith, Hoyal & Ratcliff, L.L.C.

March 13, 1994