

Four states savings banks

COMBINED BALANCE SHEET - ALL LIABILITIES AND ACCOUNT GROUPS

December 31, 1988

	Statement of Financial Position		Assets		Liabilities		Equity	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
ASSETS								
Cash and cash equivalents	1,000	0	1,000	0	1,000	0	1,000	0
Securities	10,000	0	10,000	0	10,000	0	10,000	0
Real estate	5,000	0	5,000	0	5,000	0	5,000	0
Other assets	0	0	0	0	0	0	0	0
Total Assets	16,000	0	16,000	0	16,000	0	16,000	0
LIABILITIES								
Accounts payable	0	0	0	0	0	0	0	0
Other liabilities	0	0	0	0	0	0	0	0
Total Liabilities	0	0	0	0	0	0	0	0
EQUITY								
Capital	0	0	0	0	0	0	0	0
Reserves	0	0	0	0	0	0	0	0
Retained earnings	0	0	0	0	0	0	0	0
Total Equity	0	0	0	0	0	0	0	0
Total Liabilities and Equity	0	0	0	0	0	0	0	0

Town of White Springs, Louisiana

NOTES TO FINANCIAL STATEMENTS (Continued)

December 31, 1996

NOTE D - INTERFUND RECEIVABLES AND PAYABLES

Individual fund interfund receivable and payable balances as December 31, 1996 were as follows:

Fund	Interfund Receivables	Interfund Payables
General Fund	\$ -	\$ 3,797
Debt Service Fund	200	-
Enterprise Fund	5,536	-
	<u>\$ 5,736</u>	<u>\$ 3,797</u>

NOTE E - FIXED ASSETS

The Town has established a detailed fixed asset listing using historical cost and estimated historical cost. In preparing this listing, the Town decided not to capitalize infrastructure assets thereby excluding these assets. Presented below is a summary of changes in general fixed assets:

Balance at January 1, 1996	\$ 418,963
Additions	7,139
Retirements	-
Balance at December 31, 1996	<u>\$ 426,102</u>

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

	1996	1995
Utility systems - initial costs and improvements: 1968 through 1978	\$ 270,155	\$ 270,155
Sewer system: 1978	684,284	684,284
Extensions and additions: 1979 to 1990	49,685	49,685
Water system improvements: 1991 and beyond	659,884	659,884
Extensions and additions: 1992 and beyond	749,184	749,184
Computer equipment and software	8,551	8,551
	<u>2,421,751</u>	<u>2,421,751</u>
Less: Accumulated Depreciation	<u>781,782</u>	<u>728,451</u>
Balance at end of year	<u>\$ 1,640,000</u>	<u>\$ 1,693,300</u>

Town of Abita Springs, Louisiana

STATEMENT OF FINANCIAL STATEMENTS (Continued)

December 31, 1996

NOTE B - AD VALOREM TAXES

Property taxes are annually levied and billed in December of each year and are due in February of the following year. Revenues are recognized when levied in the amount they are determined to be currently collectible. The Town bills and collects its own property taxes using the assessed values determined by the tax assessor of St. Tammany Parish. Total property income for the year ended December 31, 1996 is recorded in the funds as follows:

General Fund 3.86 mills Ordinance handling charges	\$ 18,412
Debt Service Fund 11.84 mills	55,868
Total	<u>\$ 74,280</u>

NOTE C - RESTRICTED ASSETS

Section 10 of the resolution authorizing the issuance of a \$795,000 Utility Revenue Bond, of the Town of Abita Springs dated March 24, 1990, provided for the certain restrictions of assets of the Enterprise Fund. The following reserve requirements have been met for the year ended December 31, 1996.

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 to be 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 and each time as there has been accumulation in said Reserve Fund a sum equal to the highest unpaid 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 there 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 depreciations, extensions, additions, improvements and replacements necessary to properly operate the system. Regular deposits of \$145 a month are to be deposited with the regularly designated fiscal agent of the Town.

Water Deposits Fund - The Town established a water deposits fund to help maintain customer water deposits on hand as well as help control customer water deposits received.

Town of Ada Springs, Louisiana
NOTES TO FINANCIAL STATEMENTS (Continued)

December 31, 1995

NOTE 1A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

6. Cash, Cash Equivalents and Investments - continued

The Town's investments of \$133,908 at December 31, 1995, include United States Treasury Bills stated at cost, which approximates market value. This investment is considered a Category 2 investment risk which includes securities held by the counterpart's trust department or agent in the Town's name. The carrying amount of this investment does not include \$4,626 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 Proprietary fund.

7. Total Columns on Combined Statements - Overview

Total columns on the combined statements - overview are captioned "interim/annual only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Notice in such data comparable to a consolidated one. Intended eliminations have not been made in the aggregation of this data.

8. Customer Accounts Receivable

Uncollectible amounts due the customers' utility receivables included in the Enterprise Fund are recognized as bad debts through the establishment of an allowance account as the time information becomes available which would indicate the uncollectibility of the particular receivable. The allowance is \$18,834 and \$7,724 at December 31, 1995 and 1994, respectively.

9. Expenditures Exceeding Appropriation

The Town did not prepare a budget for special revenue funds in 1995. Excess of expenditures over appropriations in departments within the general fund occurred as follows:

	Budget	Actual	Unfavorable Variance
General Fund			
General Government - Expenditures	\$ 626,863	\$ 637,536	\$ (10,673)

10. Comparative Data

Comparative data for the prior year has been presented in some funds of the accompanying financial statements in order to provide an understanding of changes in financial position and operations. However, complete comparative data has not been presented in those instances where its inclusion would not be meaningful or would make the statement unduly complex and difficult to read.

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INDEPENDENT AUDITORY REPORT ON COMPLIANCE WITH LAWS AND REGULATIONS

The Honorable Mayor and Board of Aldermen
Atita Springs, Louisiana

We have audited the general purpose financial statements of Town of Atita Springs, Louisiana, and the combining, individual fund and account group financial statements, as of and for the year ended December 31, 1996 and have issued our report thereon dated March 6, 1997.

We conducted our audit in accordance with generally accepted auditing standards and *Governmental Auditing Standards*, issued by the Comptroller General of the United States, and the provisions of Office of Management and Budget Circular A-128, *Audit of State and Local Governments*. Those standards and OMB Circular A-128 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 Town of Atita Springs, Louisiana, is the responsibility of the Town of Atita's management. As part of obtaining reasonable assurance about what has been reported in the general purpose 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 test disclosed no instances of noncompliance that are required to be reported under. However, the results of our test disclosed immaterial instances of noncompliance with the above requirements, which are as follows:

In accordance with Louisiana Revised Statutes 39:1304, the Town did not prepare and publicly adopt budgets for the special revenue funds. We have advised the Town officials of the provisions of this statute and the importance of their compliance.

As a requirement of the revenue bond agreement, the Town is to discontinue customers whose accounts are over 30 days delinquent. In some instances, the Town has extended 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 U.S. Department of Agriculture Rural Economic and Community Development Agency and the Louisiana Legislative Auditor. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

Smith, Huvall & Associates, L.L.C.

March 6, 1997

Town of Abita Springs, Louisiana

NOTES TO FINANCIAL STATEMENTS (Continued)

December 31, 1996

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

The Town's deposits as December 31, 1996, are summarized as follows:

Category 1	Carrying Amount	Book Balance
Demand deposits	\$ 44,393	\$ 63,479
Certificates of deposit	26,180	26,358
Total	\$ 70,573	\$ 89,837

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. As December 31, 1996, 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 credit risk as defined by the Governmental Accounting Standards Board. The carrying amount does not include accrued interest of \$546 on certificates of deposit.

Statutes authorize the Town to invest in the following types of securities:

1. Fully collateralized certificates of deposit issued by qualified commercial banks and savings and loan institutions located within the State of Louisiana.
2. Direct obligations of the U.S. Government including such instruments as treasury bills, treasury notes, and treasury bonds.
3. Obligations of U.S. Government agencies that are deliverable on the Federal Reserve System.
4. Repurchase agreements in government securities in (2) and (3) above made with the primary dealer, that report and are regulated by the Federal Reserve Bank of New York.

Town of Abita Springs, Louisiana

NOTES TO FINANCIAL STATEMENTS (Continued)

December 31, 1996

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4. Basis of Accounting - continued

All salaries, sales, and other taxes and fees are considered receivable when in the hands of intermediary collecting governments and are recognized as revenue at that time. Grants from other governments are recognized when qualifying expenditures are incurred.

Liabilities are generally recognized under the modified accrual basis of accounting when the related bond liability is incurred. Exceptions to this general rule include: (1) accumulated annual sick pay which is not accrued; and (2) principal and interest on general long-term debt which is recognized when due.

All proprietary funds are 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 the budgetary data reflected in this financial statement:

- (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 allowed to lay over for 30 days for recommendations and changes and is adopted prior to or at the last meeting of the current fiscal year. The budget is legally adopted through passage of an ordinance by department which is the legal level.

The Town amended its budget during 1996 following the same procedures as above. These amendments are reflected in the budget comparisons.

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 average 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 combined balance sheet.

Town of Abita Springs, Louisiana

NOTES TO FINANCIAL STATEMENTS (Continued)

December 31, 1985

NOTE 1A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Fixed Assets and Long-Term Liabilities - (Continued)

Fixed asset values are based on historical cost (if available) or estimated historical cost if historical cost was not available.

Long-term liabilities expected to be financed from governmental funds are accounted for in the General Long-Term Debt Account Group, not in the governmental funds.

Because of their spending measurement focus, expenditure recognition for governmental fund types is limited to exclude amounts represented by noncurrent liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities. They are listed as liabilities in the General Long-Term Debt Account Group.

The two account groups are not "funds". They are concerned only with the measurement of financial position. They are not involved with measurement of results of operations.

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 earning components. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total assets.

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 and Sewerage Systems	25-40 years
Equipment	5-10 years

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 focus applied.

All governmental funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available.

Town of Abita Springs, Louisiana

NOTES TO FINANCIAL STATEMENTS (Continued)

December 31, 1996

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. Fixed Accounting (Continued)

General Fixed Assets and General Long-Term Debt Account Groups:

General Fixed Assets - The General Fixed Assets Account Group is used to account for fixed assets used in governmental fund type operations for control purposes. All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated fixed assets are estimated at their fair market value on the date of donation. No depreciation is recorded on general fixed assets.

General Long-Term Debt Account Group - The General Long-Term Debt Account Group is used to account for long-term liabilities to be financed from governmental funds.

Proprietary Fund:

Enterprise Fund - 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 governmental body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or (b) where the governing body has decided the point of 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 and Long-Term Liabilities

The accounting and reporting criteria applied to the fixed assets and long-term liabilities associated with a fund are determined by its measurement focus. All governmental funds are accounted for on a spending or "financial flow" measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance (not current assets) is considered a measure of "available spendable resources". Governmental fund operating statements present income (revenues and other financing sources) and decreases (expenditures and other financing uses) in fund balance (not current assets). Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the Town of Abita Springs Fixed Assets Account Group rather than in governmental funds. Public domains ("infrastructure") general fixed assets consisting of certain improvements other than buildings, including roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, etc. lighting systems are not capitalized by the Town. No depreciation has been provided on general fixed assets.

Town of Abita Springs, Louisiana
NOTE TO FINANCIAL STATEMENTS

December 31, 1996

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of Abita Springs was incorporated in 1914, 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 Statute 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 Town of Abita Springs consists only of the governmental funds, proprietary fund, and account groups 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 dependency 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 following funds and groups of accounts included in the accompanying financial statements are used by the Town of Abita Springs:

Governmental Funds

General Fund - The General Fund is the general operating fund of the Town. It is used to account for all financial resources except those to be account for in another fund.

Special Revenue Funds - Special revenue funds are used to account for the proceeds of specific revenue sources (other than capital projects) that are legally restricted to expenditures for specific purposes.

Debt Service Fund - The Debt Service Fund is used to account for the accumulation of resources for, and payment of, general long-term debt principal, interest, and related costs.

Town of Abita Springs, Louisiana

ENTERPRISE FUND
UTILITY SYSTEMSSTATEMENT OF CASH FLOWS
PROPRIETARY FUND TYPE

For the Year ended December 31, 1996

	1996	1995
Cash flows from operating activities:		
Net operating income	\$ (26,818)	\$ 60,798
Adjustments to reconcile net operating income (loss) to net cash provided by operating activities:		
Depreciation	56,776	53,187
Decrease (increase) in receivables	(24,716)	(14,982)
Increase in other receivables	1,908	-
Decrease (increase) in prepaid expenses	(553)	809
(Decrease) increase in accounts payable	38,073	(6,394)
Total adjustments	69,000	96,518
Net cash provided by operating activities	42,182	157,516
Cash flows from noncapital financing activities:		
Increase in customer deposits	7,296	5,802
Decrease in due to other funds	-	(29,625)
Increase in due from other funds	(5,556)	-
Increase in deficit in pooled cash	23,363	-
Operating transfers out to other funds	(82,082)	(18,082)
Net cash used by noncapital financing activities	(56,979)	(41,899)
Cash flows from capital and related financing activities:		
CDBG grant proceeds	-	(2,050)
FEMA proceeds	-	8,725
Purchase of fixed assets	-	(29,553)
Principal payment on bonds	(1,999)	(1,368)
Interest payment on bonds	(24,816)	(27,852)
Net cash used for capital and related financing activities	(26,815)	(51,998)
Cash flows from investing activities:		
Interest received from investments	8,402	8,598
Purchase (maturity) of pooled investments not classified as cash equivalents	(33,353)	(2,614)
Net cash provided (used) from investing activities	(24,951)	5,984

The accompanying notes are an integral part of this statement.

State of Idaho Savings Accounts

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND FINANCIAL POSITION AS OF DECEMBER 31, 2008
 (NON-COMBINED STATEMENT OF REVENUES, EXPENDITURES AND FINANCIAL POSITION AS OF DECEMBER 31, 2008)

For the Year Ended December 31, 2008

	General Fund		Savings Accounts		Joint Savings Funds		Revenue Accounts
	Budget	Actual	Budget	Actual	Budget	Actual	
Revenues							
Fees	\$ 67,000	\$ 39,328	\$ 1,000	\$ 1,000	\$ -	\$ -	
License and permits	80,000	87,376	14,000	14,000	-	-	
Fees and fees - other	60,000	65,445	1,000	1,000	-	-	
Gift receipts	30,000	30,344	1,000	1,000	-	-	
Business license	24,000	49,820	10,000	10,000	-	-	
Other	1,000	1,541	100	100	-	-	
Interest	1,000	1,000	11,000	11,000	-	-	1,000
Total revenues	<u>\$85,000</u>	<u>\$378,814</u>	<u>\$37,000</u>	<u>\$37,366</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$1,000</u>
Expenditures							
General government	\$80,000	\$97,076	\$1,000	\$1,000	\$ -	\$ -	\$ -
Police	200,000	191,164	20,000	20,000	-	-	-
Public works	30,000	31,000	1,000	1,000	-	-	-
Total expenditures	<u>\$430,000</u>	<u>\$419,240</u>	<u>\$22,000</u>	<u>\$22,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Excess (deficiency) of revenues over expenditures	\$425,000	\$359,574	\$15,000	\$15,366	\$ -	\$ -	\$1,000
Gift (donating account fund)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Operating transfers to	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
100-year financing source (loan)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	\$425,000	\$359,574	\$15,000	\$15,366	\$ -	\$ -	\$1,000
Transfers in - beginning		\$10,000		\$ -		\$ -	\$ -
Transfers in - ending		\$ -		\$ -		\$ -	\$ -

The accompanying notes are an integral part of this statement.

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Year of Data Sample Location

COMPANIES REPORTING TO AIAA THROUGH ACCOUNTING PRINCIPLES (AIAA/AC)

December 31, 1991

	Operating Assets		Operating Liabilities		Operating Equity		Total Equity	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
ASSETS	1,000.0	1.0	1,000.0	1.0	1,000.0	1.0	1,000.0	1.0
Current Assets	1,000.0	1.0	1,000.0	1.0	1,000.0	1.0	1,000.0	1.0
Cash	1,000.0	1.0	1,000.0	1.0	1,000.0	1.0	1,000.0	1.0
Accounts Receivable	1,000.0	1.0	1,000.0	1.0	1,000.0	1.0	1,000.0	1.0
Inventory	1,000.0	1.0	1,000.0	1.0	1,000.0	1.0	1,000.0	1.0
Prepaid Expenses	1,000.0	1.0	1,000.0	1.0	1,000.0	1.0	1,000.0	1.0
Other Current Assets	1,000.0	1.0	1,000.0	1.0	1,000.0	1.0	1,000.0	1.0
Non-Current Assets	1,000.0	1.0	1,000.0	1.0	1,000.0	1.0	1,000.0	1.0
Property, Plant, and Equipment	1,000.0	1.0	1,000.0	1.0	1,000.0	1.0	1,000.0	1.0
Intangible Assets	1,000.0	1.0	1,000.0	1.0	1,000.0	1.0	1,000.0	1.0
Other Non-Current Assets	1,000.0	1.0	1,000.0	1.0	1,000.0	1.0	1,000.0	1.0
LIABILITIES	1.0	1,000.0	1.0	1,000.0	1.0	1,000.0	1.0	1,000.0
Current Liabilities	1.0	1,000.0	1.0	1,000.0	1.0	1,000.0	1.0	1,000.0
Accounts Payable	1.0	1,000.0	1.0	1,000.0	1.0	1,000.0	1.0	1,000.0
Short-Term Debt	1.0	1,000.0	1.0	1,000.0	1.0	1,000.0	1.0	1,000.0
Other Current Liabilities	1.0	1,000.0	1.0	1,000.0	1.0	1,000.0	1.0	1,000.0
Non-Current Liabilities	1.0	1,000.0	1.0	1,000.0	1.0	1,000.0	1.0	1,000.0
Long-Term Debt	1.0	1,000.0	1.0	1,000.0	1.0	1,000.0	1.0	1,000.0
Other Non-Current Liabilities	1.0	1,000.0	1.0	1,000.0	1.0	1,000.0	1.0	1,000.0
EQUITY	1,000.0	1.0	1,000.0	1.0	1,000.0	1.0	1,000.0	1.0
Current Equity	1,000.0	1.0	1,000.0	1.0	1,000.0	1.0	1,000.0	1.0
Common Stock	1,000.0	1.0	1,000.0	1.0	1,000.0	1.0	1,000.0	1.0
Retained Earnings	1,000.0	1.0	1,000.0	1.0	1,000.0	1.0	1,000.0	1.0
Other Current Equity	1,000.0	1.0	1,000.0	1.0	1,000.0	1.0	1,000.0	1.0
Non-Current Equity	1,000.0	1.0	1,000.0	1.0	1,000.0	1.0	1,000.0	1.0
Preferred Stock	1,000.0	1.0	1,000.0	1.0	1,000.0	1.0	1,000.0	1.0
Other Non-Current Equity	1,000.0	1.0	1,000.0	1.0	1,000.0	1.0	1,000.0	1.0

The accompanying notes are an integral part of these financial statements.

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GENERAL PURPOSE FINANCIAL STATEMENTS
(COMBINED STATEMENTS - OVERVIEW)

Smith, Hurst & Associates, L.L.C.

AN LIMITED LIABILITY COMPANY

Chartered Public Accountants

P.O. Box 1440

Covington, Louisiana 70414-1440

Shirley E. Smith, CPA
Francis "Frank" Hurst, CPA

PHONE 824-4676 - Covington
PHONE 824-4654 - LAO

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying general purpose financial statements of the Town of Abita Springs, Louisiana, and the combining, individual fund and account group financial statements of the Town of Abita Springs, Louisiana, as of and for the year ended December 31, 1996, as listed in the table of contents. These financial statements are the responsibility of the Town of Abita Springs, Louisiana's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. 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. 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 statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Town of Abita Springs, Louisiana, at December 31, 1996, and the results of its operations and cash flows for its proprietary fund type for the year then ended, in conformity with generally accepted accounting principles. Also, in our opinion, the combining, individual fund, and account group financial statements referred to above present fairly, in all material respects, the financial position of each of the individual funds and account groups of the Town of Abita Springs, Louisiana, at December 31, 1996, and the results of operations of such funds and cash flows for the proprietary fund for the year then ended, in conformity with generally accepted accounting principles.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole and on the combining and individual fund and account group financial statements. The accompanying financial information listed as supporting schedules in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements of Town of Abita Springs, Louisiana. Such information has been subjected to the auditing procedures applied in the audit of the general purpose, combining and individual fund and account group financial statements and, in our opinion, is fairly presented in all material respects in relation to the financial statements of each of the respective individual funds and account groups taken as a whole.

In accordance with Government Auditing Standards, we have also issued a report dated March 6, 1997, on our consideration of the Town of Abita Springs internal control structure and a report dated March 6, 1997, on its compliance with laws and regulations.

Smith, Hurst & Associates, L.L.C.

March 6, 1997

Town of Abbe Springs, Louisiana

NOTES TO FINANCIAL STATEMENTS (Continued)

December 31, 1996

NOTE F - LONG-TERM DEBT

The following is a summary of bond transactions of the Town for the year ended December 31, 1996:

	General Obligations Bonds	Revenue Bonds	Total
Bonds Payable at 01/01/96	\$ 454,808	\$ 382,964	\$ 837,772
Bonds Issued	-	-	-
Bonds Retired	<u>30,808</u>	<u>2,959</u>	<u>33,767</u>
Bonds Payable at 12/31/96	\$ 424,000	\$ 380,005	\$ 804,005

Bonds payable at December 31, 1996 are comprised of the following individual bonds:

\$291,000 Utility Bonds dated 03/24/98, due in annual installments of \$35,426 including interest at 6.0%, secured by revenues of the Enterprise System.	\$ 291,000
\$212,000 General Obligation Bonds Series 1989, due in annual installments through March 2009; interest paid semi-annually ranging from 7.75% to 11.0%, secured by ad valorem tax.	192,000
\$165,000 General Obligation Bonds Series 1995, due in annual installments through June 2014; interest paid semi-annually ranging from 5.5% to 10%, secured by ad valorem tax.	\$ 165,000
	<u>\$ 648,000</u>

General obligation bonds, \$424, 000, are secured by an annual ad valorem tax levy. In accordance with Louisiana Revised Statute 39:562, the Town is legally restricted from incurring long term bonded debt in excess of 10% of the assessed value of taxable property in the municipality. As December 31, 1996 the Town had not exceeded this statutory limit.

Town of Abita Springs, Louisiana
SUPPLEMENTAL INFORMATION
December 31, 1998

Schedule of Insurance Coverage

<u>Coverage</u>	<u>Amount of Coverage</u>
Property and contents (aggregate)	\$ 400,000
Fidelity	
Mayor	\$ 20,000
Mayor pro tem	20,000
Treasurer	20,000
Utility clerk	20,000
Liability	
General	\$ 1,000,000
Auto	1,000,000
Error and omissions	1,000,000
Law enforcement	1,000,000

Town of Abita Springs, Louisiana

GENERAL FUND
BALANCE SHEET

December 31, 1996

ASSETS	1996	1995
Cash on hand and in bank	\$ 3,500	\$ 192,368
Investments	34,190	32,540
All claims receivable (net of allowance for uncollectible taxes of \$3,732 and \$2,587, respective)	44,613	33,209
Taxes due receivable	20,908	33,540
Grant receivable	4,772	-
Other receivable	-	886
Interest receivable	693	749
Prepaid expenses	7,424	8,422
	<u>\$ 138,100</u>	<u>\$ 392,441</u>
LIABILITIES AND FUND BALANCES		
Liabilities:		
Deficit in pooled cash	53,801	91,938
Accounts payable	15,081	-
Payroll taxes and retirement payable	7,957	18,713
Due to other funds	5,757	-
Total liabilities	<u>82,696</u>	<u>111,641</u>
Fund balance	<u>33,552</u>	<u>278,800</u>
	<u>\$ 138,100</u>	<u>\$ 392,441</u>

Town of Abita Springs, Louisiana
SUPPLEMENTAL INFORMATION

December 31, 1998

Governing Board

<u>Board Member</u>	<u>Term of Office</u>	<u>Compensation</u>
Clay Mack, Mayor Pro-Tem P.O. Box 461 Abita Springs, LA 70420 504-892-0711	December 31, 1998	\$ 2,600
H. P. Crumler P.O. Box 461 Abita Springs, LA 70420 504-892-0711	December 31, 1998	\$ 2,600
Bohly Terry-Nixon P.O. Box 461 Abita Springs, LA 70420 504-892-0711	December 31, 1998	\$ 2,600
Leah Fitzsimons P.O. Box 461 Abita Springs, LA 70420 504-892-0711	December 31, 1998	\$ 2,600
Carlin Cagnacola P.O. Box 461 Abita Springs, LA 70420 504-892-0711	December 31, 1998	\$ 2,600

Town of Abbe Springs, Louisiana

COMBINED SCHEDULE OF INVESTMENTS - ALL FUNDS

December 31, 1998

	<u>Rate</u>	<u>Maturity</u>	<u>Amount</u>
General Fund			
United States Treasury Bill			
First National Bank of Commerce	5.169 %	10/3/97	\$ 34,195
Maintenance Fund			
Cash/Check of Deposit			
First National Bank of Commerce	5.480 %	2/18/97	26,180
Contingency Fund			
United States Treasury Bill			
First National Bank of Commerce	5.169 %	10/3/97	5,218
Debt Service Fund			
United States Treasury Bill			
First National Bank of Commerce	5.169 %	10/3/97	11,188
Utility Fund			
Money Deposit Account			
United States Treasury Bill			
First National Bank of Commerce	5.069 %	10/3/97	28,150
Operations			
United States Treasury Bill			
First National Bank of Commerce	5.169 %	10/3/97	46,268
Revenue Bond Reserve			
United States Treasury Bill			
First National Bank of Commerce	5.169 %	10/3/97	88,446
Capital Additions and Contingencies			
United States Treasury Bill			
First National Bank of Commerce	5.169 %	10/3/97	48,884
United States Treasury Bill			
First National Bank of Commerce	4.264 %	3/3/97	<u>28,513</u>
Total All Funds			<u>\$ 367,140</u>

OTHER SUPPLEMENTAL INFORMATION

Town of Abita Springs, Louisiana

STATEMENT OF GENERAL LONG-TERM DEBT

December 31, 1996 and 1995

	<u>Total</u>	
	<u>1996</u>	<u>1995</u>
AMOUNT AVAILABLE AND TO BE PROVIDED FOR THE RETIREMENT OF GENERAL LONG-TERM DEBT		
Funds available for retirement of bonds	\$ 424,808	\$ 454,080
Amount to be provided for retirement of leases	-	8,120
Total available and to be provided	<u>\$ 424,808</u>	<u>\$ 462,200</u>
GENERAL LONG-TERM DEBT PAYABLE:		
Bonds payable	\$ 424,808	\$ 454,080
Capital lease payable	-	8,120
Total general long-term debt	<u>\$ 424,808</u>	<u>\$ 462,200</u>

GENERAL LONG-TERM DEBT ACCOUNT GROUP

NARRATIVE EXPLANATION

GENERAL LONG-TERM DEBT ACCOUNT GROUP

This account is used to account for all long-term debt of the Town-except debt accounted for in specific governmental funds and proprietary funds.

Town of Abbe Springs, Louisiana

STATEMENT OF GENERAL FUND ASSETS

December 31, 1998

	<u>1998</u>	<u>1997</u>
GENERAL FUND ASSETS		
Building	\$ 343,751	\$ 343,751
Equipment and machinery	112,117	184,358
Transportation equipment	49,973	49,973
Furniture and fixtures	<u>12,879</u>	<u>12,879</u>
Total general fund assets	<u>\$ 518,720</u>	<u>\$ 510,961</u>
INVESTMENT IN GENERAL FUND ASSETS IN FUND		
General Fund	<u>\$ 518,720</u>	<u>\$ 510,961</u>
Total investment in general fund assets	<u>\$ 518,720</u>	<u>\$ 510,961</u>

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TOWN OF AMITA SPRINGS
AMITA SPRINGS, LOUISIANA
FINANCIAL STATEMENTS AND AUDITORS'
REPORT WITH SUPPLEMENTAL INFORMATION

DECEMBER 31, 1986

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 Motion House office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date: **Jan 25 1987**

Year of Issue: 1993

COMBINED STATEMENT OF RECEIPTS, EXPENDITURES AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUNDS (1993)

For the Year Ended December 31, 1993

Business	1993		1992	
	Actual	2000	Actual	2000
	\$	\$	\$	\$
Total	397,228	0	314,403	0
Unrestricted grants	11,579	0	442,000	0
Fees and less - jobs	41,482	0	11,078	14,500
Contributions	40,040	0	41,482	14,879
Intergovernmental	11,563	0	41,949	35,000
Other	11,563	0	41,600	4,000
Interest	11,563	0	0	0
Total receipts	118,090	0	1,000	0
Expenditures	118,090	0	1,000	0
Services provided	118,090	0	0	0
Fuels	118,090	0	0	0
Printing expenses	1,000	0	1,000	0
Salaries	0	0	0	0
Materials	0	0	0	0
Travel and less	0	0	0	0
Transportation	0	0	0	0
Other (Materials) expenses not elsewhere	118,090	0	1,000	0
Other financing sources (less)	4,000	0	4,000	0
Contributions in	0	0	0	0
Proceeds from	0	0	0	0
Total other financing sources (less)	4,000	0	4,000	0
Excess (deficiency) of restricted other	(118,090)	(0)	(4,000)	(0)
financing sources over expenditures	385,658	0	385,658	0
and other financing	0	0	0	0
Fund balance - ending	385,658	0	385,658	0

The accompanying notes are an integral part of this statement.

Town of White Springs, Louisiana

SPECIAL REVENUE FUNDS
 MAISON D'ENFANT/CARE FUND

STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL

For the Year Ended December 31, 1995

	1995		Variance- Favorable (Unfavorable)	1995 Actual
	Budget	Actual		
Revenues:				
Interest	\$ -	\$ 1,226	\$ 1,226	\$ 812
Expenditures:				
Miscellaneous	-	-	-	-
Excess of revenues over expenditures	<u>\$ -</u>	<u>1,226</u>	<u>\$ 1,226</u>	<u>812</u>
Fund balance, beginning		<u>34,799</u>		<u>33,887</u>
Fund balance, ending		<u>\$ 36,025</u>		<u>\$ 34,712</u>

Town of White Springs, Local Data

ENTERPRISE FUND
UTILITY SYSTEMS

STATEMENT OF CASH FLOWS
PROPRIETARY FUND TYPE - (Continued)

For the Year ended December 31, 1996

	<u>1996</u>	<u>1995</u>
Net increase (decrease) in cash and cash equivalents	\$ 19,820	\$ (4,818)
Cash and cash equivalents at the beginning of the year	<u>38,117</u>	<u>42,935</u>
Cash and cash equivalents at the end of the year	<u>\$ 57,937</u>	<u>\$ 38,117</u>

The accompanying notes are an integral part of this statement.

GENERAL FIXED ASSETS ACCOUNT GROUP

NARRATIVE EXPLANATION

GENERAL FIXED ASSETS ACCOUNT GROUP

This account is used to account for fixed assets not used in proprietary fund operations. General Fixed Assets do not represent financial resources available for operations but are items for which financial resources have been used and for which accountability is maintained.

Town of Abita Springs, Louisiana

ENTERPRISE FUND
UTILITY SYSTEMS

SCHEDULE OF OPERATING EXPENSES

For the Years Ended December 31, 1996 and 1995

	<u>1996</u>	<u>1995</u>
Administrative and General		
Salaries	\$ 38,638	\$ 36,171
Employee insurance and retirement	6,717	10,984
Legal and accounting	13,920	13,982
Insurance expense	3,273	8,613
Bad debts	2,311	1,753
Office supplies	288	167
Hiring expense	2,113	1,181
Miscellaneous	1,894	762
Travel and meetings	-	58
	<u>\$ 73,944</u>	<u>\$ 82,923</u>
Gas System		
Repairs and maintenance	\$ 23,188	\$ 24,107
Engineering	2,874	5,627
	<u>\$ 26,062</u>	<u>\$ 29,734</u>
Water System		
Repairs and maintenance	\$ 52,521	\$ 32,125
Utilities	8,578	3,682
	<u>\$ 61,099</u>	<u>\$ 35,807</u>
Sewerage System		
Repairs and maintenance	\$ 118,623	\$ 60,458
Materials and supplies	4,868	5,687
Utilities	8,602	4,188
	<u>\$ 132,093</u>	<u>\$ 70,333</u>
Garbage Collection		
Garbage pick-up	\$ 88,843	\$ 35,198
Truck pick-up	2,538	1,788
	<u>\$ 91,381</u>	<u>\$ 36,986</u>

Town of White Springs, Louisiana

UTILITIES/REGULATED
UTILITY SYSTEMS

STATEMENT OF CASH FLOWS
PROPRIETARY FUND TYPE - (Continued)

For the Year ended December 31, 1996

	<u>1996</u>	<u>1995</u>
Net increase (decrease) in cash and cash equivalents	\$ (8,828)	\$ (4,828)
Cash and cash equivalents at the beginning of the year	<u>36,117</u>	<u>40,945</u>
Cash and cash equivalents at the end of the year	<u>\$ 27,289</u>	<u>\$ 36,117</u>

Town of Abita Springs, Louisiana

ENTERPRISE FUND
UTILITY SYSTEMS

STATEMENT OF CASH FLOWS
PROPRIETARY FUND TYPE

For the Year ended December 31, 1995

	1995	1994
Cash flows from operating activities:		
Net operating income	\$ (26,818)	\$ 28,795
Adjustments to reconcile net operating loss (loss) to net cash provided by operating activities:		
Depreciation	56,176	53,187
Decrease (increase) in receivables	(29,716)	(14,982)
Increase in other receivables	1500	-
Decrease (increase) in prepaid expenses	(563)	889
(Decrease) increase in accounts payable	38,873	30,181
Total adjustments	65,277	69,185
Net cash provided by operating activities	38,459	198,980
Cash flows from noncapital financing activities:		
Increase in customer deposits	7,298	3,907
Decrease in due to other funds	-	(29,627)
Decrease in due from other funds	15,366	-
Increase in deficit in pooled cash	27,263	-
Operating transfers out to other funds	(82,693)	(29,092)
Net cash used by noncapital financing activities	(22,766)	(54,812)
Cash flows from capital and related financing activities:		
USDK grant proceeds	-	25,858
FEMA proceeds	-	8,273
Purchase of fixed assets	-	(29,953)
Principals payment on bonds	(1,999)	(3,388)
Interest payment on bonds	(26,428)	(21,672)
Net cash used for capital and related financing activities	(28,427)	(21,882)
Cash flows from investing activities:		
Interest received from investments	8,412	8,293
Purchase (maturity) of pooled investments not classified as cash equivalents	(13,152)	(7,641)
Net cash provided from investing activities	(4,740)	652

Town of Abita Springs, Louisiana

ENTERPRISE FUND
UTILITY SYSTEMSSTATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN RETAINED EARNINGS -
PROPRIETARY FUND TYPE

For the Year ended December 31, 1996

	<u>1996</u>	<u>1995</u>
Operating revenues		
Gas sales	\$ 298,704	\$ 290,411
Water sales	91,282	89,007
sewer service charges	92,481	85,176
Garbage collection fees	79,879	89,597
Water and gas contract fees	982	750
Miscellaneous	45	-
Total operating revenues	<u>553,373</u>	<u>655,471</u>
Operating expenses		
Administrative and general	71,844	62,972
Gas purchased	176,248	87,988
Gas systems	38,163	29,454
Water systems	58,895	77,819
Sewerage system	122,259	86,274
Garbage collection	88,573	77,298
Depreciation	56,728	55,187
Total operating expenses	<u>598,540</u>	<u>615,173</u>
Net operating income (loss)	<u>(45,167)</u>	<u>80,298</u>
Non-operating revenue (expenses)		
Interest income	8,268	9,150
Federal assistance	-	8,275
Interest expense	<u>(21,586)</u>	<u>(22,908)</u>
Total non-operating revenue (expenses)	<u>(13,318)</u>	<u>(15,473)</u>
Net income (loss) before operating transfers	<u>(58,485)</u>	<u>64,825</u>
Operating transfers out	<u>(48,000)</u>	<u>(40,000)</u>
Net income (loss)	<u>(96,485)</u>	<u>24,825</u>
Retained earnings, beginning	<u>31,558</u>	<u>(87)</u>
Retained earnings (deficit), ending	<u>\$ (64,927)</u>	<u>\$ 24,738</u>

Town of Abbe Springs, Louisiana

ENTERPRISE FUNDS
UTILITY SYSTEMS

BALANCE SHEET (Continued)

December 31, 1998

LIABILITIES AND FUND EQUITY

Current Liabilities (payable from current assets)	<u>1998</u>	<u>1999</u>
Accounts payable	\$ 81,480	\$ 53,480
Deficit in prebid cash	27,343	-
Total current liabilities (payable from current assets)	<u>108,823</u>	<u>53,480</u>
Current Liabilities (payable from restricted assets)		
Accrued interest	16,762	17,894
Revised bonds payable	4,823	3,410
Consumer meter deposits	<u>56,655</u>	<u>49,358</u>
Total current liabilities (payable from restricted assets)	<u>78,240</u>	<u>70,662</u>
Long-Term Liabilities:		
Revenue bond payable	<u>376,082</u>	<u>379,553</u>
Total Liabilities	<u>563,145</u>	<u>503,695</u>
Fund Equities:		
Contributed capital		
Capital Project Fund	293,894	293,894
Sales Tax Fund	1,808	2,088
Municipality	271,274	271,274
L.P.A. Grant	273,338	273,338
CEIS Grant	<u>308,706</u>	<u>308,706</u>
Total contributed capital	<u>1,449,010</u>	<u>1,449,300</u>
Retained earnings:		
Revenue Bond Fund	26,891	25,121
Capital Improvement and Contingency Fund	81,197	59,296
Meter Deposit Reserve Fund	657	617
Unreserved (deficit)	<u>(146,555)</u>	<u>(93,586)</u>
Total retained earnings (deficit)	<u>152,190</u>	<u>91,458</u>
Total Fund Equity	<u>1,601,200</u>	<u>1,473,308</u>
	<u>\$1,038,725</u>	<u>\$1,000,003</u>

City of Lake Springs, Louisiana

ENTERPRISE FUND
UTILITY SYSTEMS

BALANCE SHEET

December 31, 1990 and 1989

ASSETS

	<u>1990</u>	<u>1989</u>
Current Assets:		
Cash on hand and in bank	\$ 125	\$ 879
Equity in pooled cash	-	8,957
Investments	48,768	43,494
Customer accounts receivable (net of reserves of \$14,035 for 1990 and \$3,723 for 1989)	90,148	66,662
Other receivables	508	-
Due from other funds	5,556	-
Interest receivable	5,554	3,738
Prepaid expenses	4,024	3,861
Total current assets	<u>193,783</u>	<u>124,959</u>
Restricted Assets:		
Cash with paying agent for redemption of bonds and payments of interest		
Revenue Bond Sinking Fund		
Investments	22,820	22,820
Revenue Bond Reserve Fund		
Investments	26,473	26,473
Capital Additions and Contingencies Fund		
Investments	61,187	58,766
Water Deposit Fund		
Cash in bank	28,980	38,768
Equity in pooled cash	637	613
Investments	28,150	15,892
Total restricted assets	<u>168,250</u>	<u>164,729</u>
Fixed Assets:		
Plant and equipment at cost, net of accumulated depreciation (1990 - \$781,267; 1989 - \$724,491)	<u>1,680,988</u>	<u>1,600,769</u>
	<u>\$1,938,733</u>	<u>\$1,888,959</u>

ENTERPRISE FUND
NARRATIVE EXPLANATION

ENTERPRISE FUND

To account for the provision of water, sewer, gas and garbage services to residents of the Town. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt service, and billing and collection.

Smith, Huval & Associates, L.L.C.

LA LIMITED LIABILITY COMPANY

Certified Public Accountants

P.O. Box 1662

Covington, Louisiana 70034-1662

Thomas K. Smith, CPA
Patrick Thayer/Huval, CPA

504.833.6661 - Covington
504.833.6661 - N.O.

INDEPENDENT AUDITORY REPORT ON INTERNAL CONTROL

The Honorable Mayor and Board of Aldermen
Abita Springs, Louisiana

We have audited the general purpose financial statements of the Town of Abita Springs, Louisiana and the subsidiary, established fund and account group financial statements, as of and for the year ended December 31, 1996 and have issued our report thereon dated March 6, 1997.

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 *Compliance Supplement 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. These 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 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 waste, misstatement or disposition, and that transactions are recorded in accordance with management's authorizations 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 or procedures may deteriorate.

In planning and performing our audit of the financial statements of the Town of Abita Springs, Louisiana for the year ended December 31, 1996, we obtained an understanding of its internal control structure. With respect to the internal control structure, we obtained an understanding of the design 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 reportable 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 time period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control structure and its operation that we consider to be material weaknesses as defined above. However, we have provided some recommendations to the management of the Town of Abita Springs, Louisiana in a separate letter dated March 6, 1997.

Town of Abbe Springs, Louisiana

DEBT SERVICE FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

For the Year Ended December 31, 1995

	<u>1995</u>	<u>1994</u>
Revenues:		
Ad valorem taxes	\$ 51,458	\$ 48,454
Interest income	<u>1,408</u>	<u>1,553</u>
Total revenues	56,866	46,007
Expenditures:		
Principal payments	30,000	29,000
Interest payments and fees	<u>31,786</u>	<u>32,421</u>
Total expenditures	<u>61,786</u>	<u>61,421</u>
Excess of revenues over expenditures	(4,920)	(15,414)
Fund balance, beginning	<u>130,627</u>	<u>146,041</u>
Fund balance, ending	<u>\$ 125,707</u>	<u>\$ 130,627</u>

FINANCIAL STATEMENTS
OF INDIVIDUAL FIRMS AND ACCOUNT GROUPS

DEBT SERVICE FUND
NARRATIVE EXPLANATION

DEBT SERVICE FUND

The Debt Service Fund is used to accumulate monies for the payment of the principal and interest of the USBA General Obligation Bonds. Financing is to be provided by ad valorem taxes.

Town of Abita Springs, Louisiana

NOTES TO FINANCIAL STATEMENTS (Continued)

December 31, 1996

NOTE G - ANNUAL REQUIREMENTS TO AMORTIZE LONG-TERM DEBT

The following is a schedule of principal and interest debt service requirements:

Year Ending December 31	Revenue Items	General Obligation Bonds	Total
1997	\$ 26,426	\$ 53,438	\$ 79,864
1998	26,426	41,540	67,966
1999	26,426	41,159	67,583
2000	26,426	39,777	66,203
2001	26,426	39,583	66,009
Thereafter	<u>288,637</u>	<u>489,444</u>	<u>1,778,081</u>
	<u>\$ 458,747</u>	<u>\$ 783,507</u>	<u>\$ 1,242,254</u>

As of December 31, 1996, there is \$325,751 available in the Debt Service Fund to service the general obligation bonds.

NOTE H - FUND DEFICITS

The Enterprise Fund has a deficit in unreserved retained earnings of \$348,559 as December 31, 1996.

NOTE I - PENSION PLANS

MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM (MERS)

Plan Description and Participants

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

Town of Abita Springs, Louisiana

SPECIAL REVENUE FUNDS
CEMETERY FUND

STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET (GAAP BASE) AND ACTUAL

For the Year Ended December 31, 1996

	1996		Variance- Favorable (Unfavorable)	1995 Actual
	Budget	Actual		
Revenues:				
Interest on investment	\$ -	\$ 320	\$ 320	\$ -
Total revenues	-	320	320	320
Expenses:				
Repairs and maintenance	-	8,880	(8,880)	-
Miscellaneous	-	116	(116)	132
Total expenditures	-	9,096	(9,096)	132
Excess of revenues over expenditures	\$ -	(8,776)	\$ (8,776)	320
Fund balance, beginning		41,453		41,769
Fund balance, ending		\$ 32,677		\$ 42,417

Town of Abita Springs, Louisiana

ALL SPECIAL REVENUE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES

For the Year Ended December 31, 1996

	Cemetery Fund	Miscellaneous Unfunded Cash Fund	Totals	
			1996	1995
Revenues:				
Interest	\$ 320	\$ 1,216	\$ 1,546	\$ 1,216
Total revenues	<u>320</u>	<u>1,216</u>	<u>1,546</u>	<u>1,216</u>
Expenditures:				
Repairs & maintenance	1,800	-	1,800	-
Miscellaneous	136	-	136	132
Total expenditures	<u>1,936</u>	<u>-</u>	<u>1,936</u>	<u>132</u>
Excess of revenues over expenditures	(1,616)	1,216	(400)	1,084
Fund balance, beginning	45,137	24,718	79,176	79,092
Fund balance, ending	<u>\$ 43,521</u>	<u>\$ 25,934</u>	<u>\$ 69,720</u>	<u>\$ 79,176</u>

Town of Abita Springs, Louisiana

S.I. SPECIAL REVENUE FUNDS

COMBINING BALANCE SHEET

December 31, 1999

ASSETS	County	Municipal	Totals	
	Fund	Employed City Fund	1999	1998
Cash in bank	\$ 481	\$	\$ 481	\$ 63,219
Equity in pooled cash	22,714		22,714	-
Investments	1,518	20,180	20,698	1,194
Interest receivable	71	440	512	388
	<u>\$ 26,784</u>	<u>\$ 20,720</u>	<u>\$ 63,582</u>	<u>\$ 79,937</u>
LIABILITIES AND FUND BALANCE				
Liabilities:				
Debt in pooled cash	\$ -	\$ 781	\$ 781	\$ 781
Total liabilities	-	781	781	781
Fund balances	<u>26,784</u>	<u>25,939</u>	<u>62,720</u>	<u>79,937</u>
	<u>\$ 26,784</u>	<u>\$ 26,720</u>	<u>\$ 63,582</u>	<u>\$ 79,937</u>

SPECIAL REVENUE FUNDS

NARRATIVE EXPLANATION

CEMETERY FUNDS

The Cemetery Fund is used to account for the revenues to maintain the Town's cemetery. Revenues are received from sales of plots and interest earned on investments. Expenditures are generally for repairs, maintenance and administrative costs.

MANICULEUM/ENHANCED CARE FUND

The Maniculeum/Enhanced Care Fund is used to account for the revenues to maintain the Town's maniculeum. Revenues are received from sales of maniculeum cypis and interest earned on investments. Expenditures consist of repairs, maintenance and administrative costs.

Town of Abita Springs, Louisiana

GENERAL FUNDS

SCHEDULE OF EXPENDITURES COMPARED TO
BUDGET (GAAP BASIS) - CONTINUED

For the Year Ended December 31, 1996

	1996		Variance- Favorable (Unfavorable)	1995
	Budget	Actual		Actual
Police:				
Salaries	\$ 873,625	\$ 898,114	\$ 24,489	\$ 94,274
Insurance and benefits	18,000	32,168	(2,168)	32,370
Gas and oil	15,000	6,789	8,211	69,036
General insurance	2,000	3,900	1,900	1,195
H.A.R.I. Fund	2,000	2,853	(853)	4,142
Miscellaneous	1,000	899	101	1,000
Office supplies	2,000	5,238	(3,238)	1,500
Repairs and maintenance	2,000	6,258	(4,258)	587
Telephone	1,625	1,218	407	1,347
Training	-	4,848	(4,848)	5,500
Uniforms	1,575	756	819	-
Witness fees	-	3,995	(3,995)	4,481
Auto purchase	14,000	-	14,000	-
Equipment purchased	4,500	4,858	(458)	7,242
	<u>\$ 905,325</u>	<u>\$ 981,634</u>	<u>\$ 76,309</u>	<u>\$ 167,682</u>
Police and recreation:				
Utilities	\$ 12,000	\$ 7,324	\$ 4,676	\$ 2,944

Town of Abbe Springs, Louisiana

GENERAL FUND

SCHEDULE OF EXPENDITURES COMPARED TO BUDGET (GAAP BASIS)

For the Year Ended December 31, 1995

	1995		Variance- Favorable (Unfavorable)	1995 Actual
	Budget	Actual		
General government:				
Office salaries	131,000	140,000	(11,000)	133,993
Council salaries	14,000	13,000	1,000	15,000
Employee insurance and benefits	10,000	21,858	(15,058)	13,459
Payroll taxes	7,000	7,165	(165)	7,500
Accounting	17,000	9,319	7,681	80,150
Advertising and publications	3,000	3,248	(248)	301
Civil defense	2,000	-	2,000	47
Books and subscriptions	1,500	2,501	(1,001)	1,909
Gas, oil, and repairs	8,000	11,700	(3,700)	6,900
Grant expense	21,500	21,552	(52)	94,003
Impairment	20,000	19,449	551	7,154
Insurance	90,000	79,186	10,814	26,000
Legal	3,200	3,023	1,177	3,971
Miscellaneous	1,000	4,797	(3,797)	19,001
Office supplies	2,000	7,013	(5,013)	17,035
Repairs and maintenance	90,000	93,854	(3,854)	61,142
Street repairs - general	25,000	37,666	(12,666)	3,000
Street repairs - bond	147,321	163,574	(16,253)	193,651
St. Tammany Assessor	1,000	2,000	(1,000)	-
Senior citizens	2,000	1,250	750	2,000
Telephone	4,000	3,687	313	3,000
Travel and conventions	5,000	3,621	1,379	8,500
Utilities	17,000	14,572	2,428	17,647
Equipment purchased	11,000	2,760	8,240	9,727
Capital lease payments				
- principal	-	8,129	(8,129)	11,000
- interest	-	277	(277)	1,112
	<u>\$ 620,001</u>	<u>\$ 637,576</u>	<u>\$ (17,575)</u>	<u>\$ 591,324</u>

Town of White Springs, Louisiana

GENERAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL - (CONTINUED)

For the Year Ended December 31, 1996

	1996		Variance- Favorable (Unfavorable)	1995 Actual
	Budget	Actual		
Other financing sources (uses)				
Operating transfers in	\$ 20,000	\$ 40,000	\$ 20,000	\$ 40,000
Proceeds from bond issue				265,000
Total other financing sources (uses)	20,000	40,000	20,000	405,000
Excess of expenditures and other financing uses over revenues and other financing sources	\$ (167,321)	(155,249)	\$ (12,072)	175,000
Fund balance, beginning		199,880		15,321
Fund balance, ending		\$ 35,555		\$ 190,300

Town of Abita Springs, Louisiana

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL

For the Year Ended December 31, 1996

	1996		Variance- Favorable (Unfavorable)	1995 Actual
	Budget	Actual		
Revenues:				
Taxes:				
Ad valorem tax	\$ 50,000	\$ 28,412	\$ (21,588)	\$ 34,454
Beer	1,000	1,782	(180)	1,000
Business	5,000	5,097	97	6,700
Franchise	48,000	47,240	(760)	35,414
Police	227,250	183,743	(43,507)	169,866
Sales taxes - regular	75,750	61,814	(13,936)	55,000
Sales taxes - police	-	49,722	49,722	39,763
Auto	-	1,928	1,928	-
Water police	88,000	87,376	(624)	64,580
Licenses and permits	60,000	45,482	(14,518)	34,976
Fines and fees - police	15,165	43,560	28,395	50,171
Grant revenues	34,000	48,839	14,839	8,029
Insurance licenses	8,000	3,378	(4,622)	7,761
Miscellaneous	3,000	4,600	1,600	2,100
Miscellaneous	77,000	3,990	(73,010)	19,119
Interest	6,000	7,282	1,282	10,256
Other	-	61,385	61,385	-
Total revenues	678,085	621,385	(56,700)	526,596
Expenditures:				
General government	626,800	627,376	(576)	596,318
Police	285,125	181,639	103,486	162,685
Parks and recreation	15,000	7,000	8,000	2,918
Total expenditures	926,925	816,015	110,910	761,921
Excess of expenditures over revenues	(248,840)	(194,630)	(54,210)	(235,325)

GENERAL FUND

NARRATIVE EXPLANATION

The General Fund is used to account for resources traditionally associated with governments which are not required to be accounted for in another fund.

Town of White Springs, Louisiana

NOTES TO FINANCIAL STATEMENTS (Continued)

December 31, 1996

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 flows:

	<u>1996</u>	<u>1995</u>
Cash and cash equivalents per balance sheet:		
Cash on hand and in bank	\$ 125	\$ 8,182
Restricted:		
Money Deposits	<u>29,185</u>	<u>28,925</u>
Total	<u>\$ 29,288</u>	<u>\$ 28,112</u>
Cash and cash equivalents per statement of cash flows	<u>\$ 29,288</u>	<u>\$ 28,112</u>

NOTE M - STATE GRANTS

During 1996, the Town received the following assistance from state and private organizations:

Funding Source	Anteched.	Received as of 12/31/96	Receivable as of 12/31/96
LA Commission on Law Enforcement (LAWLE) Grant 3091-6006 : 1096-7-081	\$ 1,814	\$ 1,814	-
10993 - 6994 : 6991-7-087	\$ 3,592	-	\$ 1,643
Louisiana Division of the Arts 3091-6003 : 1197958	\$ 3,376	\$ 3,528	-
Louisiana Division of the Arts through City of Slidell Commission on the Arts 1196-6-06 : 1096632	\$ 1,600	\$ 1,600	-
Department of Public Safety and Corrections, LA Highway Safety Commission Traffic Sign Program 11996-6-07 : 9762	\$ 5,580	\$ 5,580	-

Town of Abita Springs, Louisiana

NOTES TO FINANCIAL STATEMENTS (Continued)

December 31, 1996

NOTE 1 - PENSION PLANS (Continued)

MUNICIPAL AND STATE POLICE EMPLOYEES' RETIREMENT SYSTEM (MSPERC) - (Continued)

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Police Employees Retirement System of Louisiana, 8421 Lakeside Boulevard, Baton Rouge, Louisiana 70809-0256, or by calling (504) 838-3111.

A member is eligible to receive disability benefits if the member was an active contributing member of the Retirement System or, if he is no longer a member but has 20 years creditable service established in the System and suffers a disability which has been certified by examination by a member of the Statewide Medical Disability Board. A service related disability requires no certain number of years of creditable service, however, a non-service connected disability requires five years of creditable service.

Description of Funding Policy:

Plan members are required by state statute to contribute 7.5 percent of their annual covered salary and the Town is required to contribute at an actuarially determined rate. The current rate is 9.0 percent of annual covered payroll. The contribution requirements of plan members and the Town are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:1003, the employee 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 for the years ending December 31, 1996, 1995, and 1994 were \$8,848, \$8,248, and \$6,592, respectively, equal to the required contribution for each year.

NOTE 2 - OTHER COMMITMENTS

In September 1992, the Town of Abita Springs contracted for residential garbage disposal with an independent third party. The contract requires the Town to make a total of \$5.33 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 services.

NOTE 3 - BOARD OF ALDERMEN SALARIES

The Board of Aldermen receive one 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 Abbe Springs, Louisiana

NOTES TO FINANCIAL STATEMENTS (Continued)

December 31, 1998

NOTE 1 - PENSION PLANS (Continued)

MUNICIPAL EMPLOYEES RETIREMENT SYSTEM (MERS) (Continued)

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 case 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 (DROP) 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. This report may be obtained by writing to the Municipal Employees Retirement System of Louisiana, 7933 of Lee Park Boulevard, Baton Rouge, Louisiana 70809, or by calling (504) 525-4818.

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 an actuarially determined rate, which is currently 6.75% 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 13:105, 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, 1996, 1997, and 1998, were \$2,433, \$2,734, and \$3,214, respectively, equal to the required contributions for each year.

MUNICIPAL AND STATE POLICE EMPLOYEES RETIREMENT SYSTEM (MSPERS)

Plan Description and Provision:

All full-time police department employees engaged in law enforcement are required to participate in the System. Employees who retire at or after age 58 with at least 28 years of creditable service or at or after age 55 with at least 12 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 5 1/3 percent of their final-average salary for each year of creditable service. Final-average salary is the employee's average salary over the 36 consecutive or jointed months that produce the highest average. Employees who terminate with at least the amount of creditable service stated, and do not withdraw their employee contributions, may retire at the ages specified previously and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established by state statute.

Town of Abita Springs, Louisiana

DEBT SERVICE FUNDS

BALANCE SHEET

December 31, 1995

ASSETS	<u>1995</u>	<u>1994</u>
Cash in bank	\$ 882	\$ 4,994
Equity in pooled cash	77,683	64,373
Investments	18,188	19,704
Accounts receivable - ad valorem (net)	22,649	62,617
Interest receivable	288	441
Due from other funds	281	-
	<u>\$ 125,751</u>	<u>\$ 158,677</u>
LIABILITIES AND FUND EQUITY		
Fund balance		
Reserve for debt service	<u>125,751</u>	<u>158,677</u>
	<u>\$ 125,751</u>	<u>\$ 158,677</u>

Town of Abita Springs
March 6, 1997

Utility Rates

During the current year, the Town's utility system incurred a loss from operations of \$24,818. This loss was mainly caused by an increase in gas costs, an increase in garbage collection fees and the added repairs and maintenance cost of the sewerage system.

The Town's utility system is accounted for under Enterprise Fund whereby operations are financed and operated in a manner similar to a private for-profit business. Accordingly, cost of providing goods and services, including depreciation cost, should be recovered through user charges. The Town should evaluate current utility rates and adjust them as needed to cover the cost of providing these services.

Collection Efforts on Utility Accounts

Comment:

Despite the Town's collection efforts on past due utility accounts, the amount of past due receivables has continued to increase. We recommend that the Town continue to closely monitor the past due accounts and disconnect those in delinquent status rather than allowing customers to accumulate large balances, and continue filing liens against the property of disconnected customers who have not made payment arrangements.

Debt Service Fund Millage Rate

Comment:

During 1996, there was a large increase in property tax assessments. We recommend that the Town look into adjusting the millage rate for the Debt Service Fund to be used for the repayment of the Town's general obligation bonds as an act to over-collect for purposes of satisfying the bond requirements.

This letter is intended for the information of management and others within the organization as well as the U.S. Department of Agriculture Rural Economic and Community Development Agency and the Louisiana Legislative Auditor. This restriction is not intended to limit the distribution of this report, which is a matter of public record. We wish to express our appreciation for the cooperation and courtesies extended to us by the management and employees of the Town of Abita Springs, Louisiana, and look forward to working with you in the future.

Sincerely,

SMITH, TRIVIA & ASSOCIATES, L.L.C.

Town of Aika Springs, Louisiana

ENTERPRISE FUND
UTILITY SYSTEMS

STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN RETAINED EARNINGS -
PROPRIETARY FUND TYPE

For the Year ended December 31, 1996

	1996	1995
Operating revenues		
Gas sales	\$ 290,764	\$ 250,443
Water sales	91,287	89,847
Sanitary service charges	92,483	83,376
Garbage collection fees	75,829	69,907
Water and gas connect fees	965	740
Miscellaneous	45	-
Total operating revenues	<u>551,328</u>	<u>495,313</u>
Operating expenses		
Administrative and general	71,944	62,972
Gas purchased	130,240	81,858
Gas systems	30,163	29,404
Water system	34,095	37,818
Sewerage system	123,323	262,54
Garbage collection	88,573	37,248
Depreciation	58,728	53,387
Total operating expenses	<u>588,344</u>	<u>655,133</u>
Net operating income (loss)	(36,916)	88,748
Nonoperating revenues (expenses)		
Interest income	8,160	9,178
Federal assistance	-	8,213
Interest expense	(23,394)	(22,860)
Total non-operating revenue (expenses)	<u>(15,234)</u>	<u>14,531</u>
Net income (loss) before operating transfers	(52,080)	74,265
Operating transfer's out	<u>(48,802)</u>	<u>(80,098)</u>
Net income (loss)	(100,882)	34,265
Retained earnings, beginning	33,958	1892
Retained earnings (deficit), ending	<u>\$ (66,924)</u>	<u>\$ 38,527</u>

The accompanying notes are an integral part of this statement.

Smith, Hurst & Associates, L.L.C.

AN EQUAL OPPORTUNITY FIRM

Certified Public Accountants

P.O. Box 1000

Greenville, Louisiana 70434-1000

Samuel E. Smith, CPA
Samuel E. Hurst, CPA

PHONE 850-4603 - CELLPHONE
FAX 850-4603 - 1335

March 6, 1997

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

Gentlemen:

In planning and performing our audit of the general purpose financial statements of the Town of Abita Springs, Louisiana, for the year ended December 31, 1996, we considered the Town's internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure. Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses and/or reportable conditions 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. A reportable condition involves matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the Town's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. We noted no matters involving the internal control structure and its operation that we consider to be a material weakness and/or a reportable condition as defined above during our audit. However, we did note certain matters involving the Town's internal control structure and its operation that we feel the following recommendations would improve:

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COLLECTION EFFORTS ON UTILITY ACCOUNTS	4
WWT SERVICE FUND MILLAGE RATE	4

Recommendations
for Improvements in
Internal Accounting Controls of
TOWN OF ABITA SPRINGS, LOUISIANA

December 31, 1986

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Smith, Huvall & Associates, L.L.C.

AN EQUAL OPPORTUNITY COMPANY

Certified Public Accountants

P.O. Box 3662

Covington, Louisiana 70424-1662

Samuel K. Smith, CPA,
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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH GENERAL REQUIREMENTS APPLICABLE TO NON-MAJOR FEDERAL FINANCIAL ASSISTANCE PROGRAMS

The Honorable Mayor and Board of Aldermen
Abita Springs, Louisiana

We have audited the general purpose financial statements of the Town of Abita Springs, Louisiana, and the combining individual fund and account group financial statements, as of and for the year ended December 31, 1996, and have issued our report thereon dated March 6, 1997.

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. 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 Audit 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 listed, the results of those procedures disclosed no material instances of non-compliance with the requirements listed in the second paragraph of this report. With respect to items not listed, 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.

This report is intended for the information of management and others within the organization as well as the U.S. Department of Agriculture Rural Business and Community Development Agency and the Louisiana Legislative Auditor. However, this report is a matter of public record and its distribution is not limited.

March 6, 1997

Smith, Huvall & Associates, L.L.C.

Smith, Hurval & Associates, L.L.C.

AN LIMITED LIABILITY COMPANY

Chartered Public Accountants

P.O. Box 1668

Covington, Louisiana 70424-1668

James H. Smith, CPA
Paul H. Hurval, CPA

REGISTRATION - Louisiana
004192-600 - 1/84

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH SPECIFIC REQUIREMENTS APPLICABLE TO NON-MAJOR FEDERAL FINANCIAL ASSISTANCE PROGRAMS

The Honorable Mayor and Board of Aldermen
Abita Springs, Louisiana

We have audited the general purpose financial statements of the Town of Abita Springs, Louisiana, and the combining, individual fund and account group financial statements, as of and for the year ended December 31, 1996, and have issued our report thereon dated March 6, 1997.

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-128, *Audits of State and Local Governments*, we selected certain transactions applicable to certain non-major federal financial assistance programs for the year ended December 31, 1996. As required by OMB Circular A-128, 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 non-compliance 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 U.S. Department of Agriculture Rural Economic and Community Development Agency and the Louisiana Legislative Auditor. However, this report is a matter of public record and its distribution is not limited.

Smith, Hurval & Associates, L.L.C.

March 6, 1997

The Honorable Mayor and Board of Aldermen
Abita Springs, Louisiana
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For the purposes of this report, we have classified the significant internal control structure policies and procedures used in administering Federal financial assistance programs in the following categories: Accounting Controls - costs receipts, cash disbursements, budgeting, payroll, property and equipment, and electronic data processing; Administrative Controls - political activities, civil rights, cash management, cash management, Federal financial reporting, allowable cost, drug free workplace, administrative requirements, types of services allowed or disallowed, matching, level of effort or cost-sharing, 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 year ended December 31, 1996, the Town of Abita Springs, Louisiana had no major Federal financial assistance programs and expended 100 percent of its total Federal financial assistance under the following non major Federal financial assistance programs:

CHIPS EAST Grant
Urban and Community Poverty Project
National Endowment for the Arts

We performed tests of controls, as required by OMBIC Circular A-128, to evaluate the effectiveness of the design and operation of internal control structure policies and procedures that we considered relevant to preventing or detecting material noncompliance with specific and general requirements and requirements governing claims for advances and reimbursements and amounts claimed or used for matching that are applicable to the aforementioned non major 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 such an opinion.

Our consideration of the internal control policies and procedures used in administering federal financial assistance, would not necessarily disclose all matters which the internal control structure that might constitute material weaknesses under standards established by the AICPA for Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that non-compliance with laws and regulations that would be material to a federal financial assistance program 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 operation that we consider to be material weaknesses as defined above.

However, we noted certain matters involving the internal control structure and its operation that we have reported to the management of Town of Abita Springs, Louisiana, in a separate letter dated March 6, 1997.

This report is intended for the information of management and others within the organization as well as the U.S. Department of Agriculture Rural Economic and Community Development Agency and the Louisiana Legislative Auditor. However, this report is a matter of public record and its distribution is not limited.

Smith, Howard & Associates, L.L.C.

March 6, 1997

Smith, Hurst & Associates, L.L.C.

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

The Honorable Mayor and Board of Aldermen
Abita Springs, Louisiana

We have audited the general purpose financial statements of the Town of Abita Springs, Louisiana, and the combining, individual fund and account group financial statements, as of December 31, 1996, and for the years then ended, and have issued our report thereon dated March 8, 1997.

We evaluated our audit in accordance with generally accepted auditing standards, Government Auditing Standards issued by the Comptroller General of the United States, and the Office of Management and Budget (OMB) Circular A-128, *Audit of State and Local Governments*. Those standards and OMB Circular A-128, require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

In planning and performing our audits for the year ended December 31, 1996, we considered the Town's internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the Town's financial statements and to report on the internal control structure in accordance with OMB Circular A-128. 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 8, 1997.

The management of the Town of Abita Springs, Louisiana is responsible for establishing and maintaining an internal control structure. In fulfilling this ongoing duty, estimates and judgments by management are required to attain 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 misstatement; are as depicted, 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 the 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 of 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.

The Honorable Mayor and Board of Aldermen
Abbeville Springs, Louisiana

This report is intended for the information of management and others within the organization as well as the U.S. Department of Agriculture Rural Economic and Community Development Agency and the Louisiana Legislative Auditor. However, this report is a matter of public record and its distribution is not limited.

Smith, Havel & Associates, L.L.C.

March 6, 1997