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TOWN OF ABITA SPRINGS  
ABITA SPRINGS, LOUISIANA  
FINANCIAL STATEMENTS AND AUDITORS'  
REPORT WITH SUPPLEMENTAL INFORMATION  
DECEMBER 31, 1998 AND 1997

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Release Date JUN 30 1999

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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 general purpose financial statements of the Town of Abita Springs and the combining, individual fund and account group financial statements of the Town of Abita Springs as of December 31, 1998 and for the years ended December 31, 1998 and 1997, 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.

Except as discussed in the following paragraph, 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 statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Governmental Accounting Standards Board Technical Bulletin 98-1, Disclosures about Year 2000 Issues, requires disclosure of certain matters regarding the year 2000 issue in order for financial statements to be prepared in conformity with generally accepted accounting principles. Such required disclosures include:

- any significant amount of resources committed to make computer systems and other electronic equipment year 2000-compliant;
- a general description of the year 2000 issue, including a description of the stages of work in process or completed as of the end of the reporting period to make computer systems and other electronic equipment critical to conducting operations year 2000-compliant; and
- the additional stages of work necessary for making the computer systems and other electronic equipment year 2000-compliant.

The Town of Abita Springs has omitted such disclosures. We do not provide assurance that the Town of Abita Springs is or will be year 2000 ready, that the Town of Abita Springs year 2000 remediation efforts will be successful in whole or in part, or that parties with which the Town of Abita Springs does business will be year 2000 ready.

In our opinion, except for the omission of the information discussed in the preceding paragraph, 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, 1998, and the results of its operations and cash flows for its proprietary fund type for the two years 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, 1998, and the results of operations of such funds and cash flows for the proprietary fund for the two years 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 April 1, 1999, on our consideration of the Town of Abita Springs internal control over financial reporting and on its compliance with laws and regulations.

*Smith, Heval & Associates, L.L.C.*

April 1, 1999

GENERAL PURPOSE FINANCIAL STATEMENTS  
(COMBINED STATEMENTS - OVERVIEW)

COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS

December 31, 1998

	Governmental Fund Types			Proprietary Fund Type	Account Groups		Totals (Memorandum Only)
	General	Special Revenue	Debt Service		Enterprise	General Fixed Assets	
<b>ASSETS</b>							
Cash on hand and in bank	\$ 6,326	\$ 15,621	\$ 2,732	\$ 125	\$	\$	\$ 24,804
Certificates of deposit		27,623		795,918			823,541
Equity in pooled cash		32,720	35,676	58,797			127,193
Investments	29,018	3,690	15,271	25,116			73,095
Receivables							
Grant receivable				22,640			22,640
Consumers, net				70,139			70,139
Taxes	67,801		46,075				113,876
Less: allowance for uncollectible taxes	(2,304)		(2,304)				(4,608)
Interest receivable	1,253	85	384	4,712			6,434
Other receivable	18,013			2,742			20,755
Due from other funds		1,923	23,218				25,141
Prepaid expenses				2,511			2,511
Restricted assets:							
Revenue Bond Sinking Fund							
Cash				20,633			20,633
Investments				22,623			22,623
Revenue Bond Reserve Fund							
Cash				890			890
Investments				27,148			27,148
Capital Additions and Contingencies Fund							
Cash				871			871
Investments				22,616			22,616
Meter Deposits							
Cash in bank				38,376			38,376
Investments				28,003			28,003
Fixed assets - net of depreciation				1,536,756	448,652		1,985,408
Other assets:							
Amount available for debt service						121,052	121,052
Amount to be provided for retirement of bonds						262,948	262,948
Amount to be provided for retirement of capital lease						2,898	2,898
Bond issuance costs				11,456			11,456
Construction in progress				20,850			20,850
	\$ 120,107	\$ 81,662	\$ 121,052	\$ 2,712,922	\$ 448,652	\$ 386,898	\$ 3,871,293

The accompanying notes are an integral part of this statement.

Town of Abita Springs, Louisiana

COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS (CONTINUED)

December 31, 1998

	Governmental Fund Types			Proprietary Fund Type	Account Groups			Totals (Memorandum Only)
	General	Special Revenue	Debt Service		Enterprise	General Fixed Assets	General Long-Term Debt	
<b>LIABILITIES AND FUND EQUITY</b>								
Current liabilities:								
Accounts payable	\$ 45,303	\$	\$	\$ 113,111	\$	\$	\$ 158,414	
Payroll taxes and retirement payable	7,975						7,975	
Deficit in pooled cash	74,154	781					74,935	
Due to other funds	25,141						25,141	
Payable from restricted assets:								
Accrued interest				30,095			30,095	
Revenue bonds payable				20,091			20,091	
Certificate of indebtedness				14,000			14,000	
Customer meter deposits				64,503			64,503	
Long-term liabilities:								
Bonds payable				952,155		384,000	1,336,155	
Certificate of indebtedness				166,000			166,000	
Capital lease obligation						2,898	2,898	
Total liabilities	<u>152,573</u>	<u>781</u>	<u>-</u>	<u>1,359,955</u>	<u>-</u>	<u>386,898</u>	<u>1,900,207</u>	
Fund Equity:								
Contributed capital:								
Capital Project Fund				293,085			293,085	
Sales Tax Fund				7,008			7,008	
Municipality				271,273			271,273	
EPA grant				273,339			273,339	
Community Development Block Grant				598,706			598,706	
Investment in General Fixed Assets					448,652		448,652	
Retained earnings:								
Revenue Bond Fund				7,108			7,108	
Capital Additions and Contingencies Fund				23,487			23,487	
Meter Deposit Reserve Fund				1,875			1,875	
Reserve for construction of sewer plant				17,566			17,566	
Unreserved				(140,480)			(140,480)	
Fund balances:								
Reserve for Debt Service			121,052				121,052	
Unreserved and undesignated	(32,466)	80,881					48,415	
Total fund equity	<u>(32,466)</u>	<u>80,881</u>	<u>121,052</u>	<u>1,352,967</u>	<u>448,652</u>	<u>-</u>	<u>1,971,086</u>	
	\$ 120,107	\$ 81,662	\$ 121,052	\$ 2,712,922	\$ 448,652	\$ 386,898	\$ 3,871,293	

The accompanying notes are an integral part of this statement.



Town of Abita Springs, Louisiana

COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
ALL GOVERNMENTAL FUND TYPES

For the Year Ended December 31, 1998

	General	Special Revenue	Debt Service	Total (Memorandum Only)
Revenues:				
Taxes	\$ 427,684	\$	\$ 45,323	\$ 473,007
Licenses and permits	34,131			34,131
Fines and fees - police	78,326			78,326
Grant revenue	15,632			15,632
Insurance licenses	44,720			44,720
Other	49,689	22,700		72,389
Interest	6,168	1,449	892	8,509
Total revenues	<u>656,350</u>	<u>24,149</u>	<u>46,215</u>	<u>726,714</u>
Expenditures:				
General government	385,535	700	1,087	387,322
Police	306,004			306,004
Debt service				
Principal		6,000	15,000	21,000
Interest and fees		95	27,678	27,773
Total expenditures	<u>691,539</u>	<u>6,795</u>	<u>43,765</u>	<u>742,099</u>
Excess (deficiency) of revenues over expenditures	(35,189)	17,354	2,450	(15,385)
Other financing sources				
Operating transfers in	20,000			20,000
Total other financing sources	<u>20,000</u>	<u>-</u>	<u>-</u>	<u>20,000</u>
Excess (deficiency) of revenue and other financing sources over expenditures and other financing uses	(15,189)	17,354	2,450	4,615
Fund balance, beginning	(17,277)	63,527	118,602	164,852
Fund balance, ending	<u>\$ (32,466)</u>	<u>\$ 80,881</u>	<u>\$ 121,052</u>	<u>\$ 169,467</u>

The accompanying notes are an integral part of this statement.

Town of Abita Springs, Louisiana

COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
ALL GOVERNMENTAL FUND TYPES

For the Year Ended December 31, 1997

	General	Special Revenue	Debt Service	Total (Memorandum Only)
Revenues:				
Taxes	\$ 404,854	\$	\$ 45,826	\$ 450,680
Licenses and permits	59,405			59,405
Fines and fees - police	47,274			47,274
Grant revenue	72,446			72,446
Insurance licenses	42,266			42,266
Other	51,898			51,898
Interest	6,170	1,576	1,324	9,070
Total revenues	<u>684,313</u>	<u>1,576</u>	<u>47,150</u>	<u>733,039</u>
Expenditures:				
General government	470,949	6,775		477,724
Police	286,196			286,196
Debt service			25,000	25,000
Principal			29,299	29,299
Interest and fees			54,299	54,299
Total expenditures	<u>757,145</u>	<u>6,775</u>	<u>84,598</u>	<u>848,518</u>
Excess (deficiency) of revenues over expenditures	(72,832)	(5,199)	(7,149)	(85,180)
Other financing sources (uses)				
Operating transfers in	20,000			20,000
Proceeds from loan		6,000		6,000
Total other financing sources (uses)	<u>20,000</u>	<u>6,000</u>	<u>-</u>	<u>26,000</u>
Excess (deficiency) of revenue and other financing sources over expenditures and other financing uses	(52,832)	801	(7,149)	(59,180)
Fund balance, beginning	35,555	62,726	125,751	224,032
Fund balance, ending	<u>\$ (17,277)</u>	<u>\$ 63,527</u>	<u>\$ 118,602</u>	<u>\$ 164,852</u>

The accompanying notes are an integral part of this statement.

Town of Abita Springs, Louisiana

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET (GAAP BASIS) AND ACTUAL - GENERAL AND SPECIAL REVENUE FUND TYPES

For the Year Ended December 31, 1998

	General Fund			Special Revenue Funds		
	Budget	Actual	Variance- Favorable (Unfavorable)	Budget	Actual	Variance- Favorable (Unfavorable)
Revenues:						
Taxes	\$ 421,500	\$ 427,684	\$ 6,184	\$ -	\$ -	\$ -
Licenses and permits	30,000	34,131	4,131	-	-	-
Fines and fees - police	78,000	78,326	326	-	-	-
Grant revenue	15,000	15,632	632	-	-	-
Insurance licenses	50,000	44,720	(5,280)	-	-	-
Other	47,500	49,689	2,189	-	22,700	22,700
Interest	8,000	6,168	(1,832)	-	1,449	1,449
Total revenue	<u>650,000</u>	<u>656,350</u>	<u>6,350</u>	<u>-</u>	<u>24,149</u>	<u>24,149</u>
Expenditures:						
General government	388,386	385,535	2,851	-	700	(700)
Police	281,614	306,004	(24,390)	-	-	-
Debt service	-	-	-	-	-	-
Principal	-	-	-	-	6,000	(6,000)
Interest	-	-	-	-	95	(95)
Total expenditures	<u>670,000</u>	<u>691,539</u>	<u>(21,539)</u>	<u>-</u>	<u>6,795</u>	<u>(6,795)</u>
Excess (deficiency) of revenues over expenditures	<u>(20,000)</u>	<u>(35,189)</u>	<u>(15,189)</u>	<u>-</u>	<u>17,354</u>	<u>17,354</u>
Other financing sources (uses):						
Operating transfers in	20,000	20,000	-	-	-	-
Total other financing sources (uses)	<u>20,000</u>	<u>20,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	<u>\$ -</u>	<u>(15,189)</u>	<u>(15,189)</u>	<u>\$ -</u>	<u>17,354</u>	<u>17,354</u>
Fund balance, beginning		<u>(17,277)</u>			<u>63,527</u>	
Fund balance, ending		<u>\$ (32,466)</u>			<u>\$ 80,881</u>	

The accompanying notes are an integral part of this statement.

Town of Abita Springs, Louisiana

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-  
BUDGET (GAAP BASIS) AND ACTUAL - GENERAL AND SPECIAL REVENUE FUND TYPES

For the Year Ended December 31, 1997

	General Fund			Special Revenue Funds		
	Budget	Actual	Variance- Favorable (Unfavorable)	Budget	Actual	Variance- Favorable (Unfavorable)
Revenues:						
Taxes	\$ 384,250	\$ 404,854	\$ 20,604	\$ -	\$ -	\$ -
Licenses and permits	72,500	59,405	(13,095)			
Fines and fees - police	60,000	47,274	(12,726)			
Grant revenue	24,625	72,446	47,821			
Insurance licenses	40,000	42,266	2,266			
Other	32,000	51,898	19,898			
Interest	10,000	6,170	(3,830)		1,576	1,576
Total revenue	<u>623,375</u>	<u>684,313</u>	<u>60,938</u>	<u>-</u>	<u>1,576</u>	<u>1,576</u>
Expenditures:						
General government	419,425	470,949	(51,524)		6,775	(6,775)
Police	258,950	286,196	(27,246)			
Total expenditures	<u>678,375</u>	<u>757,145</u>	<u>(78,770)</u>	<u>-</u>	<u>6,775</u>	<u>(6,775)</u>
Excess (deficiency) of revenues over expenditures	<u>(55,000)</u>	<u>(72,832)</u>	<u>(17,832)</u>	<u>-</u>	<u>(5,199)</u>	<u>(5,199)</u>
Other financing sources (uses):						
Operating transfers in	20,000	20,000				
Proceeds of loans					6,000	6,000
Total other financing sources (uses)	<u>20,000</u>	<u>20,000</u>	<u>-</u>	<u>-</u>	<u>6,000</u>	<u>6,000</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	<u>\$ (35,000)</u>	<u>\$ (52,832)</u>	<u>\$ (17,832)</u>	<u>\$ -</u>	<u>\$ 801</u>	<u>\$ 801</u>
Fund balance, beginning		<u>35,555</u>			<u>62,726</u>	
Fund balance, ending	<u>\$ -</u>	<u>(17,277)</u>		<u>\$ -</u>	<u>63,527</u>	

The accompanying notes are an integral part of this statement.

Town of Abita Springs, Louisiana

ENTERPRISE FUND  
UTILITY SYSTEMS

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

For the Years ended December 31, 1998 and 1997

	<u>1998</u>	<u>1997</u>
Operating revenues		
Gas sales	\$ 277,923	\$ 284,527
Water sales	94,241	91,481
Sewer service charges	118,858	97,995
Garbage collection fees	108,654	94,552
Water and gas connect fees	20,139	8,079
Miscellaneous	<u>28,299</u>	<u>15,320</u>
Total operating revenues	<u>648,114</u>	<u>591,954</u>
Operating expenses		
Administrative and general	70,270	46,360
Gas purchased	153,301	160,455
Gas systems	52,749	40,790
Water system	88,306	86,109
Sewerage system	96,298	102,019
Garbage collection	105,897	104,223
Depreciation	<u>57,567</u>	<u>57,202</u>
Total operating expenses	<u>624,388</u>	<u>597,158</u>
Net operating income (loss)	23,726	(5,204)
Non-operating revenues (expenses)		
Interest income	23,481	10,477
Rural development grant	22,640	-
Interest expense	<u>(46,635)</u>	<u>(21,025)</u>
Total non-operating revenue (expenses)	<u>(514)</u>	<u>(10,548)</u>
Net income (loss) before operating transfers	23,212	(15,752)
Operating transfers out	<u>(20,000)</u>	<u>(20,000)</u>
Net income (loss)	3,212	(35,752)
Retained earnings (deficit), beginning	<u>(93,656)</u>	<u>(57,904)</u>
Retained earnings (deficit), ending	<u>\$ (90,444)</u>	<u>\$ (93,656)</u>

The accompanying notes are an integral part of this statement.

Town of Abita Springs, Louisiana

ENTERPRISE FUND  
UTILITY SYSTEMS

STATEMENT OF CASH FLOWS  
PROPRIETARY FUND TYPE

For the Years ended December 31, 1998 and 1997

	<u>1998</u>	<u>1997</u>
Cash flows from operating activities:		
Net operating income (loss)	\$ 23,726	\$ (5,204)
Adjustments to reconcile net operating income (loss) to net cash provided by operating activities		
Depreciation	57,567	57,202
Decrease (increase) in receivables	27,352	(6,743)
Increase in other receivables	(2,742)	-
Increase in grant receivables	(22,640)	-
Decrease (increase) in prepaid expenses	2,139	(626)
Increase in accounts payable	16,367	5,264
Total adjustments	<u>78,043</u>	<u>55,097</u>
Net cash provided by operating activities	<u>101,769</u>	<u>49,893</u>
Cash flows from noncapital financing activities:		
Increase in customer deposits	3,429	4,418
Decrease in due from other funds	-	5,556
Decrease in deficit in pooled cash	-	(27,363)
Increase in equity in pooled cash	(35,096)	(23,701)
Operating transfers out to other funds	<u>(20,000)</u>	<u>(20,000)</u>
Net cash used by noncapital financing activities	<u>(51,667)</u>	<u>(61,090)</u>
Cash flows from capital and related financing activities:		
Rural development grant proceeds	22,640	-
Bond and certificate of indebtedness proceeds	780,000	-
Bond issuance costs deferred	(11,456)	-
Current construction costs	(20,850)	-
Purchase of fixed assets	(10,541)	-
Principal payment on bonds	(3,335)	(5,384)
Interest payment on bonds	<u>(32,681)</u>	<u>(21,646)</u>
Net cash provided (used) by capital and related financing activities	<u>723,777</u>	<u>(27,030)</u>

The accompanying notes are an integral part of this statement.

Town of Abita Springs, Louisiana

ENTERPRISE FUND  
UTILITY SYSTEMS

STATEMENT OF CASH FLOWS  
PROPRIETARY FUND TYPE - (Continued)

For the Years ended December 31, 1998 and 1997

	<u>1998</u>	<u>1997</u>
Cash flows from investing activities:		
Interest received from investments	\$ 22,260	\$ 11,060
Maturity of pooled investments not classified as cash equivalents	<u>26,051</u>	<u>32,502</u>
Net cash provided from investing activities	<u>48,311</u>	<u>43,562</u>
Net increase in cash and cash equivalents	822,190	5,335
Cash and cash equivalents at the beginning of the year	<u>34,623</u>	<u>29,288</u>
Cash and cash equivalents at the end of the year	<u>\$ 856,813</u>	<u>\$ 34,623</u>

The accompanying notes are an integral part of this statement.

Town of Abita Springs, Louisiana  
NOTES TO FINANCIAL STATEMENTS  
December 31, 1998

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The accounting and reporting policies of the Town of Abita Springs 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 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 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 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 accounted 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

NOTES TO FINANCIAL STATEMENTS (Continued)

December 31, 1998

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. Fund 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 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 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 and Long-Term Liabilities

The accounting and reporting treatment 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 (net current assets) is considered a measure of "available spendable resources". Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in fund balance (net 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 General Fixed Assets Account Group rather than in governmental funds. Public domain ("infrastructure") general fixed assets consisting of certain improvements other than buildings, including roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, and lighting systems are not capitalized by the Town. No depreciation has been provided on general fixed assets.

Town of Abita Springs, Louisiana

NOTES TO FINANCIAL STATEMENTS (Continued)

December 31, 1998

NOTE A - 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 propriety 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 System	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, 1998

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4. Basis of Accounting - continued

Ad valorem, sales, and other taxes and fees are considered measurable 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.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Exceptions to this general rule include: (1) accumulated unvested 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 1998 and 1997 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 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 combined balance sheet. The combined balance in this pooled cash account as of December 31, 1998 is \$52,258.

Town of Abita Springs, Louisiana

NOTES TO FINANCIAL STATEMENTS (Continued)

December 31, 1998

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

6. 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 at December 31, 1998, are summarized as follows:

	<u>Carrying Amount</u>	<u>Bank Balance</u>
Category 1		
Demand deposits	\$ 137,832	\$ 156,329
Certificates of deposit	<u>823,541</u>	<u>823,541</u>
Total	<u>\$ 961,373</u>	<u>\$ 979,870</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, 1998, 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 \$2,178 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 dealers 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, 1998

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

6. Cash, Cash Equivalents and Investments - continued

The Town's investments of \$173,485 at December 31, 1998, 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 \$4,256 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 "memorandum 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. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

8. Customer Accounts Receivable

Uncollectible amounts due for customers' utility receivables included in the Enterprise Fund 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 \$4,825 and \$12,899 at December 31, 1998 and 1997, respectively.

9. Expenditures Exceeding Appropriations

The Town did not prepare a budget for special revenue funds in 1998 and 1997. Excess of expenditures over appropriations in departments within the general fund occurred as follows:

	<u>Budget</u>	<u>Actual</u>	<u>Unfavorable Variance</u>
For the year ended December 31, 1998			
General Fund			
Police Department - Expenditures	\$ 281,614	\$ 306,004	\$ (24,390)
For the year ended December 31, 1997			
General Fund			
General Government - Expenditures	\$ 419,425	\$ 470,949	\$ (51,524)
Police Department - Expenditures	\$ 258,950	\$ 286,196	\$ (27,246)

Town of Abita Springs, Louisiana

NOTES TO FINANCIAL STATEMENTS (Continued)

December 31, 1998

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

NOTE B - AD VALOREM TAXES

Property taxes are normally levied and billed in December of each year and are due in February of the following year. Revenues are recognized when levied to the extent 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 revenue for the year ended December 31, 1998 is recorded in the funds as follows:

General Fund 7.86 mills (includes handling charges)	\$ 36,093
Debt Service Fund 7.86 mills	<u>45,323</u>
Total	<u>\$ 81,416</u>

NOTE C - RESTRICTED ASSETS

The Town has approved resolutions authorizing the issuance of \$395,000 Utility Revenue Bonds dated March 24, 1990 and \$600,000 of Utility Revenue Bonds dated July 8, 1998. Both of these resolutions provide for certain restrictions on the assets of the Enterprise Fund. The following reserve requirements have been met for the year ended December 31, 1998 and 1997.

1. Revenue Bond Sinking Fund

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

2. Revenue Bond Reserve Fund

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

Town of Abita Springs, Louisiana

NOTES TO FINANCIAL STATEMENTS (Continued)

December 31, 1998

NOTE C - RESTRICTED ASSETS (CONTINUED)

3. Depreciation and Contingency Fund

The resolution called for the establishment and maintenance of a Depreciation and Contingency Fund to care for depreciation, extensions, additions, improvements and replacements necessary to properly operate the system. Regular deposits of \$371 a month are to be deposited with the regularly designated fiscal agent of the Town.

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

NOTE D - INTERFUND RECEIVABLES AND PAYABLES

Individual fund Interfund receivable and payable balances at December 31, 1998 were as follows:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ -	\$ 25,141
Debt Service Fund	23,218	-
Special Revenue Funds		
Mauseleum Fund	<u>1,923</u>	<u>-</u>
	<u>\$ 25,141</u>	<u>\$ 25,141</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:

	<u>Amount</u>
Balance at January 1, 1997	\$ 418,722
Additions	48,523
Retirements	<u>(12,677)</u>
Balance at December 31, 1997	454,568
Additions	27,220
Retirements	<u>(33,136)</u>
Balance at December 31, 1998	<u>\$ 448,652</u>

Town of Abita Springs, Louisiana

NOTES TO FINANCIAL STATEMENTS (Continued)

December 31, 1998

NOTE E - FIXED ASSETS (CONTINUED)

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

	<u>1998</u>	<u>1997</u>
Utility systems - initial costs and improvements: 1960 through 1978	\$ 270,353	\$ 270,353
Sewer system: 1978	684,284	684,284
Extensions and additions: 1979 to 1990	49,695	49,695
Water system improvements: 1990 and beyond	667,719	659,804
Extensions and additions: 1990 and beyond	751,190	749,164
Computer equipment and software	<u>9,551</u>	<u>8,951</u>
	2,432,792	2,422,251
Less: Accumulated Depreciation	<u>896,036</u>	<u>838,469</u>
Balance at end of year	<u>\$ 1,536,756</u>	<u>\$ 1,583,782</u>

NOTE F - LONG-TERM DEBT

The following is a summary of bond transactions of the Town for the years ended December 31, 1998 and 1997:

	General Obligation Bonds	Revenue Bonds	Total
Bonds Payable at 1/01/97	\$ 424,000	\$ 380,965	\$ 804,965
Bonds Issued	-	-	-
Bonds Retired	<u>25,000</u>	<u>5,384</u>	<u>30,384</u>
Bonds Payable at 12/31/97	399,000	375,581	774,581
Bonds Issued	-	600,000	600,000
Bonds Retired	<u>15,000</u>	<u>3,335</u>	<u>18,335</u>
Bonds Payable at 12/31/98	<u>\$ 384,000</u>	<u>\$ 972,246</u>	<u>\$ 1,356,246</u>



Town of Abita Springs, Louisiana

NOTES TO FINANCIAL STATEMENTS (Continued)

December 31, 1998

NOTE F - LONG-TERM DEBT (CONTINUED)

Bonds payable at December 31, 1998 are comprised of the following individual bonds:

\$395,000 Utility Bonds dated 03/24/90; due in annual installments of \$26,426 including interest at 6.0%; secured by revenues of the Enterprise System.	\$ 372,246
\$600,000 Utility Bonds dated 07/08/98; due in annual installments through March 1, 2018 including interest at 6.0%; secured by revenues of the Enterprise System.	600,000
\$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 advalorem tax.	99,000
\$365,000 General Obligation Bonds Series 1995; due in annual installments through June 2014; interest paid semi-annually Ranging from 5.55% to 10%; secured by ad valorem tax.	<u>285,000</u>
	<u>\$ 1,356,246</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 35% of the assessed value of taxable property in the municipality. At December 31, 1998 the Town had not exceeded this statutory limit.

Town of Abita Springs, Louisiana

NOTES TO FINANCIAL STATEMENTS (Continued)

December 31, 1998

NOTE G - ANNUAL REQUIREMENTS TO AMORTIZE LONG-TERM DEBT

The following is a schedule of future principal debt service requirements:

Year ending December 31	Revenue Bonds	General Obligation Bonds	Total
1999	\$ 20,091	\$ 16,000	\$ 36,091
2000	21,336	16,000	37,336
2001	22,596	17,000	39,596
2002	24,872	18,000	42,872
2003	26,164	23,000	49,164
Thereafter	<u>857,187</u>	<u>294,000</u>	<u>1,151,187</u>
	<u>\$ 972,246</u>	<u>\$ 384,000</u>	<u>\$ 1,356,246</u>

As of December 31, 1998, there is \$121,052 available in the Debt Service Fund to service the general obligation bonds.

NOTE H - CERTIFICATE OF INDEBTEDNESS

The Town issued a Certificate of Indebtedness in the amount of \$180,000 to a local bank dated July 8, 1998 payable in annual installments, with semiannual interest payments at 6%, maturing on June 1, 2008. The Certificate is secured by all future revenues of the Town. As it is the Town's intention to pay this Certificate from the Enterprise Fund, the liability has been recorded in that fund only. Presented below are the required future principal payments by year.

1999	\$ 14,000
2000	15,000
2001	15,000
2002	16,000
2003	17,000
Thereafter	<u>103,000</u>
Balance at December 31, 1998	<u>\$ 180,000</u>

NOTE I - FUND DEFICITS

The Enterprise Fund has a deficit in unreserved retained earnings of \$140,480 at December 31, 1998. The General Fund has a deficit in unreserved fund balance of \$32,466 at December 31, 1998. The Town intends to eliminate these deficits with future excesses of revenues over expenditures.

Town of Abita Springs, Louisiana

NOTES TO FINANCIAL STATEMENTS (Continued)

December 31, 1998

NOTE J - PENSION PLAN

Substantially all employees of the Town of Abita Springs are members of the following statewide retirement systems: Municipal Employees Retirement System of Louisiana and Municipal Police Employees Retirement System of Louisiana. These systems are cost-sharing multiple-employer, defined benefit pension plans administered by separate boards of trustees. Pertinent information relative to each plan follows:

A. Municipal Employees Retirement System of Louisiana (System)--The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. All employees of the municipality are members of Plan A.

All permanent employees working at least 35 hours per week who are not covered by another pension plan and are paid wholly or in part from municipal funds and all elected municipal officials are eligible to participate in the System. Under Plan A, employees who retire at or after age 60 with at least 10 years of creditable service, at or after age 55 with at least 25 years of creditable service, or at any age with at least 30 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 per cent of their final-average salary for each year of creditable service. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Employees Retirement System of Louisiana, 7937 Office Park Boulevard, Baton Rouge, Louisiana 70809, or by calling (504) 925-4810.

**Funding Policy.** Under Plan A, members are required by state statute to contribute 9.25 percent of their annual covered salary and the Town of Abita Springs is required to contribute at an actuarially determined rate. The current rate is 5.75 percent 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 proportionately on the salaries of the active members of each plan. The contribution requirements of plan members and the Town of Abita Springs are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Town of Abita Springs required contributions to the System under Plan A for the years ending December 31, 1998, 1997, and 1996 were \$9,735, \$8,639, and \$8,435, respectively, equal to the required contributions for each year.

Town of Abita Springs, Louisiana

NOTES TO FINANCIAL STATEMENTS (Continued)

December 31, 1998

NOTE J - PENSION PLANS (Continued)

B. Municipal Police Employees Retirement System of Louisiana (System)--All full-time police department employees engaged in law enforcement are required to participate in the System. Employees who retire at or after age 50 with at least 20 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 3 1/3 per cent of their final-average salary for each year of creditable service. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated, 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.

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, 8401 United Plaza Boulevard, Baton Rouge, Louisiana 70809-2250, or by calling (504) 929-7411.

**Funding Policy.** Plan members are required by state statute to contribute 7.5 percent of their annual covered salary and the Town of Abita Springs 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 of Abita Springs are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Town of Abita Springs required contributions to the System for the years ending December 31, 1998, 1997, and 1996 were \$13,142, \$10,316, and \$8,848, respectively, equal to the required contributions for each year.

NOTE K - COMMITMENTS

The Town has entered into a contract for construction of a new sewer plant at a cost of \$801,800. As of December 31, 1998 no monies have been remitted on this contract. Construction is expected to be completed by October 15, 1999.

NOTE L - 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 Abita Springs, Louisiana

NOTES TO FINANCIAL STATEMENTS (Continued)

December 31, 1998

NOTE M - 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>1998</u>
Cash and cash equivalents per balance sheet:	
Cash on hand and in bank	\$ 125
Certificates of Deposit	795,918
Restricted:	
Bond Sinking	20,633
Bond Reserve	890
Capital Additions and Contingencies	871
Meter Deposits	<u>38,376</u>
Total cash and cash equivalents	<u>\$ 856,813</u>

NOTE N - LEASE

The Town is obligated under certain leases accounted for as a capital lease. The leased asset and related obligations are accounted for in the General Fixed Assets Account Group and the General Long-Term Debt Account Group, respectively. Assets under capital leases totaled \$5,495 at December 31, 1998. The remaining liability of \$2,898 will be retired in 1999.

FINANCIAL STATEMENTS  
OF INDIVIDUAL FUNDS AND ACCOUNT GROUPS

## 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 Abita Springs, Louisiana

GENERAL FUND

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

For the Years Ended December 31, 1998 and 1997

	1998		Variance- Favorable (Unfavorable)	1997 Actual
	Budget	Actual		
Revenue:				
Taxes				
Ad valorem tax	\$ 45,000	\$ 36,093	\$ (8,907)	\$ 41,729
Beer	2,500	4,881	2,381	1,395
Tobacco	7,500	6,742	(758)	3,920
Franchise	40,000	45,791	5,791	48,331
Sales taxes - regular	240,000	243,331	3,331	228,724
Sales taxes - police	80,000	81,111	1,111	76,241
Video poker	6,500	9,735	3,235	4,514
Licenses and permits	30,000	34,131	4,131	59,405
Fines and fees - police	78,000	78,326	326	47,274
Grant revenue	15,000	15,632	632	72,446
Insurance licenses	50,000	44,720	(5,280)	42,266
Mowing income	6,000	2,813	(3,187)	5,526
Rent income	11,000	13,000	2,000	8,525
Miscellaneous				
Interest	8,000	6,168	(1,832)	6,170
Other	30,500	33,876	3,376	37,847
Total revenues	<u>650,000</u>	<u>656,350</u>	<u>6,350</u>	<u>684,313</u>
Expenditures:				
General government	388,386	385,535	2,851	470,949
Police	<u>281,614</u>	<u>306,004</u>	<u>(24,390)</u>	<u>286,196</u>
Total expenditures	<u>670,000</u>	<u>691,539</u>	<u>(21,539)</u>	<u>757,145</u>
Excess of expenditures over revenues	(20,000)	(35,189)	(15,189)	(72,832)



Town of Abita Springs, Louisiana

GENERAL FUND

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

For the Years Ended December 31, 1998 and 1997

	1998		Variance- Favorable (Unfavorable)	1997 Actual
	Budget	Actual		
Other financing sources (uses)				
Operating transfers in	\$ 20,000	\$ 20,000	\$ -	\$ 20,000
Total other financing sources (uses)	<u>20,000</u>	<u>20,000</u>	<u>-</u>	<u>20,000</u>
Excess of expenditures and other financing uses over revenues and other financing sources	<u>\$ -</u>	(15,189)	<u>\$ (15,189)</u>	(52,832)
Fund balance, beginning		<u>(17,277)</u>		<u>35,555</u>
Fund balance, ending		<u>\$ (32,466)</u>		<u>\$ (17,277)</u>

Town of Abita Springs, Louisiana

GENERAL FUND

SCHEDULE OF EXPENDITURES COMPARED TO BUDGET (GAAP BASIS)

For the Years Ended December 31, 1998 and 1997

	1998		Variance- Favorable (Unfavorable)	1997 Actual
	Budget	Actual		
General government:				
Office salaries	160,000	110,492	49,508	142,932
Council salaries	14,000	11,900	2,100	14,500
Employee insurance and benefits	43,500	45,257	(1,757)	41,689
Payroll taxes	10,000	5,644	4,356	8,689
Accounting	11,500	9,140	2,360	11,975
Advertising and publication	3,000	4,455	(1,455)	3,189
Animal Control	1,500	1,502	(2)	974
Contract labor	3,486	6,508	(3,022)	-
Dues and subscriptions	1,000	1,692	(692)	1,005
Gas, oil and repairs	4,000	4,990	(990)	7,637
Grant expense	20,500	25,197	(4,697)	31,473
Inspections	10,000	10,500	(500)	12,860
Insurance	19,000	19,982	(982)	21,755
Land lease	1,200	2,225	(1,025)	1,112
Legal	4,000	5,947	(1,947)	3,316
Miscellaneous	8,000	9,870	(1,870)	16,474
Office supplies	6,000	7,785	(1,785)	6,996
Park	2,000	4,664	(2,664)	-
Repairs and maintenance	18,000	21,813	(3,813)	54,220
Street repairs - general	15,000	29,087	(14,087)	52,461
St. Tammany Assessor	1,800	1,087	713	2,113
Senior citizens	2,000	2,210	(210)	2,361
Telephone	5,000	7,076	(2,076)	6,931
Travel and conventions	2,000	2,115	(115)	5,135
Utilities	17,000	22,357	(5,357)	21,152
Equipment purchases	4,900	12,040	(7,140)	-
	<u>\$ 388,386</u>	<u>\$ 385,535</u>	<u>\$ 2,851</u>	<u>\$ 470,949</u>

Town of Abita Springs, Louisiana

GENERAL FUND

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

For the Years Ended December 31, 1998 and 1997

	1998		Variance- Favorable (Unfavorable)	1997 Actual
	Budget	Actual		
Police:				
Salaries	\$ 161,214	\$ 159,776	\$ 1,438	\$ 149,708
Insurance and benefits	53,000	54,284	(1,284)	33,611
Gas and oil	10,000	17,315	(7,315)	16,031
General insurance	12,000	7,877	4,123	5,986
D.A.R.E. Grant	4,000	-	4,000	15,535
Miscellaneous	1,000	10,330	(9,330)	2,090
Office supplies	4,000	3,285	715	5,415
Repairs and maintenance	5,500	21,341	(15,841)	1,880
Telephone	2,500	2,808	(308)	2,448
Training	3,000	890	2,110	2,721
Uniforms	1,500	1,526	(26)	2,550
Witness fees	9,900	11,392	(1,492)	-
Auto purchase	6,000	4,500	1,500	35,003
Equipment purchased	8,000	10,680	(2,680)	13,218
	<u>\$ 281,614</u>	<u>\$ 306,004</u>	<u>\$ (24,390)</u>	<u>\$ 286,196</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.

#### MAUSOLEUM ENDOWED CARE FUND

The Mausoleum Endowed Care Fund is used to account for the revenues to maintain the Town's mausoleum. Revenues are received from sales of mausoleum crypts and interest earned on investments. Expenditures consist of repairs, maintenance and administrative costs.

Town of Abita Springs, Louisiana  
 ALL SPECIAL REVENUE FUNDS  
 COMBINING BALANCE SHEET

December 31, 1998

	<u>Cemetery Fund</u>	<u>Mausoleum Endowed Care Fund</u>	<u>Total</u>
<b>ASSETS</b>			
Cash in bank	\$ 15,621	\$	\$ 15,621
Equity in pooled cash	32,720		32,720
Investments	3,690	27,623	31,313
Due from other funds	-	1,923	1,923
Interest receivable	<u>85</u>	<u>-</u>	<u>85</u>
	<u>\$ 52,116</u>	<u>\$ 29,546</u>	<u>\$ 81,662</u>
 <b>LIABILITIES AND FUND BALANCE</b>			
<b>Liabilities:</b>			
Deficit in pooled cash	<u>\$ -</u>	<u>\$ 781</u>	<u>\$ 781</u>
Total liabilities	-	781	781
 Fund balances	 <u>52,116</u>	 <u>28,765</u>	 <u>80,881</u>
	<u>\$ 52,116</u>	<u>\$ 29,546</u>	<u>\$ 81,662</u>

Town of Abita Springs, Louisiana

ALL SPECIAL REVENUE FUNDS

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

For the Years Ended December 31, 1998 and 1997

	Cemetery Fund	Mausoleum Endowed Care Fund	Totals	
			1998	1997
Revenues				
Interest	\$ 85	\$ 1,364	\$ 1,449	\$ 1,576
Sale of cemetery plots	<u>22,700</u>	<u>-</u>	<u>22,700</u>	<u>-</u>
Total revenue	<u>22,785</u>	<u>1,364</u>	<u>24,149</u>	<u>1,576</u>
Expenditures:				
Repairs & maintenance	700	-	700	6,775
Debt Service				
Principal	6,000	-	6,000	-
Interest	<u>95</u>	<u>-</u>	<u>95</u>	<u>-</u>
Total expenditures	<u>6,795</u>	<u>-</u>	<u>6,795</u>	<u>6,775</u>
Excess of revenue over expenditures	15,990	1,364	17,354	(5,199)
Other Financing Sources				
Loan proceeds	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,000</u>
Excess of revenue and other sources over expenditures	15,990	1,364	17,354	801
Fund balance, beginning	<u>36,126</u>	<u>27,401</u>	<u>63,527</u>	<u>62,726</u>
Fund balance, ending	<u>\$ 52,116</u>	<u>\$ 28,765</u>	<u>\$ 80,881</u>	<u>\$ 63,527</u>

ENTERPRISE FUND  
NARRATIVE EXPLANATION

ENTERPRISE FUND

To account for the provision of water, sewer, Governmental Auditing Standards 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.

Town of Abita Springs, Louisiana

ENTERPRISE FUND  
UTILITY SYSTEMS

SCHEDULES OF OPERATING EXPENSES

For the Years Ended December 31, 1998 and 1997

	<u>1998</u>	<u>1997</u>
Administrative and General		
Employee insurance and retirement	\$23,537	\$8,121
Miscellaneous	12,396	1,306
Legal and accounting	10,289	14,721
Insurance expense	7,360	8,927
Travel and meetings	5,457	2,640
Billing expense, primarily postage	3,239	2,426
Office supplies	2,826	5,355
Uniforms	3,211	-
Advertising and publication	1,848	-
Bad debts	107	2,864
Total Administrative and General	<u>\$ 70,270</u>	<u>\$ 46,360</u>
Gas		
Repairs and maintenance	\$ 26,363	\$ 24,559
Salaries	26,386	14,392
Engineering	-	1,839
Total Gas	<u>\$ 52,749</u>	<u>\$ 40,790</u>
Water System		
Repairs and maintenance	\$ 56,337	\$ 65,030
Salaries	28,120	15,521
Utilities	3,849	5,558
Total Water System	<u>\$ 88,306</u>	<u>\$ 86,109</u>
Sewerage System		
Repairs and maintenance	\$ 42,439	\$ 70,412
Salaries	33,188	15,304
Utilities	11,125	11,518
Materials and supplies	5,385	4,785
Plant testing	4,161	-
Total Sewerage System	<u>\$ 96,298</u>	<u>\$102,019</u>
Garbage Collections		
Garbage pick-up	\$102,007	\$101,563
Trash pickup	3,890	2,660
Total Garbage Collection	<u>\$105,897</u>	<u>\$104,223</u>



OTHER SUPPLEMENTAL INFORMATION

Town of Abita 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			
Citizen's Bank and Trust	5.25%	1/21/99	\$ 29,018
Mausoleum Fund			
Certificate of Deposit			
Citizen's Bank and Trust	5.00%	2/12/99	27,623
Cemetery Fund			
United States Treasury Bill			
Citizen's Bank and Trust	5.25%	1/21/99	3,690
Debt Service Fund			
United States Treasury Bill			
Citizen's Bank and Trust	5.25%	1/21/99	15,271
Utility Fund			
Certificates of Deposit			
Citizen's Bank and Trust	5.04%	1/16/99	795,918
United States Treasury Bill			
Unrestricted	5.25%	1/21/99	25,116
Bond Sinking	5.25%	1/21/99	22,623
Bond Reserve	5.25%	1/21/99	27,148
Capital Additions and Contingency	5.25%	1/21/99	22,616
Meter Deposits	5.25%	1/21/99	28,003
All with Citizens Bank and Trust			
Total All Funds			<u>\$ 997,026</u>

Town of Abita Springs, Louisiana  
SUPPLEMENTAL INFORMATION

December 31, 1998

Utility Rate Schedule at December 31, 1998

Water charges:

- Residential      - \$ 5.95 per month for the first 2,000 gallons  
                     - .90 per month per thousand for next 8,000 gallons  
                     - .50 per month per thousand over 10,000 gallons
- Commercial      - \$15.00 per month for first 10,000 gallons  
   - .50 per month over 10,000 gallons

Sewer charges:

- All customers      - 2.17 times the water bill calculated above with a minimum of \$13.00

Governmental Auditing Standards rate schedule:

Charges are based on usage schedule ranging from \$4.95/cubic foot to \$.74/cubic foot depending on the volume used. The minimum charge is \$4.95 per month.

Garbage Collection

Flat rate of \$13.00 for all customers.

Town of Abita Springs, Louisiana  
SUPPLEMENTAL INFORMATION

December 31, 1998

Governing Board

<u>Board of Aldermen</u>	<u>Term of Office</u>	<u>Compensation</u>
Olga Neely P.O. Box 461 Abita Springs, LA 70420 504-892-0711	December 31, 1998	\$ 2,400
R. P. Granier P.O. Box 461 Abita Springs, LA 70420 504-892-0711	December 31, 1998	\$ 2,400
Ruth Terry-Sipos P.O. Box 461 Abita Springs, LA 70420 504-892-0711	December 31, 2002	\$ 2,400
Louis Fitzmorris P.O. Box 461 Abita Springs, LA 70420 504-892-0711	December 31, 2002	\$ 2,400
Calvin Cognovich P.O. Box 461 Abita Springs, LA 70420 504-892-0711	December 31, 2002	\$ 2,300

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)	\$ 455,600
Fidelity	
Mayor	\$ 30,000
Mayor pro tem	30,000
Town clerk	30,000
Utility clerk	30,000
Liability	
General	2,000,000
Auto	1,000,000
Error and omissions	1,000,000
Law enforcement	1,000,000

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

(A LIMITED LIABILITY COMPANY)

*Certified Public Accountants*

P.O. Box 1660

Covington, Louisiana 70434-1660

Samuel K. Smith, CPA  
Patrick "Bryan" Huval, CPA

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## REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

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

We have audited the general purpose financial statements of the Town of Abita Springs, Louisiana, as of December 31, 1998 and for the years ended December 31, 1998 and 1997, and have issued our report thereon dated April 1, 1999 which was qualified due to the omission of the year 2000 disclosures that are required by Government Accounting Standards Board Technical Bulletin 98-1, *Disclosures about Year 2000 Issues*. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

As part of obtaining reasonable assurance about whether the Town of Abita Springs, Louisiana's, general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determinations of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under Government Auditing Standards which is described in the following paragraph.

For the year ending December 31, 1997 the General Fund's actual expenditures of \$757,145 exceeded budgeted expenditures of \$678,375 which resulted in an unfavorable variance of \$78,770. La Rev. Stat. 39:1310 requires the Mayor to advise the Board of Aldermen in writing when total actual expenditures plus projected expenditures for the remainder of the year, within a fund, are exceeding the total budgeted expenditures by five percent or more. In this case, the unfavorable percent variance was 7.7%. Also, the Town did not adopt a budget for its special revenue funds for either 1998 or 1997. In the future, the Mayor and Board of Aldermen should institute procedures whereby actual to budgeted expenditures are monitored and budget is amended as necessary.

In planning and performing our audit, we considered Town of Abita Springs, Louisiana's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce, to a relatively low level, the risk that misstatements in amounts that would be material in relation to the general purpose 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 over financial reporting and its operation that we consider to be material weaknesses.

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

*Smith, Heval & Associates, L.L.C.*

April 1, 1999