

TOWN OF ABITA SPRINGS, LOUISIANA

**REPORT ON AUDIT OF
FINANCIAL STATEMENTS**

**AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2021**



ERICKSEN KRENTEL^{LLP}
CERTIFIED PUBLIC ACCOUNTANTS • CONSULTANTS

TABLE OF CONTENTS

	<u>Page</u>
INDEPENDENT AUDITORS' REPORT	1 – 4
REQUIRED SUPPLEMENTARY INFORMATION – PART I	
Management's Discussion and Analysis	5 – 8
BASIC FINANCIAL STATEMENTS	
<u>Government-Wide Financial Statements:</u>	
Statement of Net Position	9
Statement of Activities.....	10
<u>Fund Financial Statements:</u>	
Governmental Funds:	
Balance Sheet.....	11
Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position.....	12
Statement of Revenues, Expenditures, and Changes in Fund Balances	13
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Government-Wide Statement of Activities	14
Proprietary Fund:	
Statement of Net Position	15
Statement of Revenues, Expenses, and Changes in Net Position.....	16
Statement of Cash Flows.....	17 – 18
Notes to Financial Statements	19 – 43
REQUIRED SUPPLEMENTARY INFORMATION – PART II	
Budgetary Comparison Schedule – General Fund.....	44 – 45
Budgetary Comparison Schedule – Shared Sales Tax Fund.....	46
Budgetary Comparison Schedule – Special Sales Tax Fund.....	47
Budgetary Comparison Schedule – Cemetery Fund.....	48
Schedule of Proportionate Share of the Net Pension Liability	49
Schedule of Contributions – Retirement Plan.....	50
Notes to the Required Supplementary Information.	51

TABLE OF CONTENTS (CONTINUED)

	<u>Page</u>	
OTHER SUPPLEMENTARY INFORMATION		
Non-major Governmental Funds:		
Combining Balance Sheet	52	
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	53	
Supporting Schedules:		
Schedule of Compensation Paid to the Members of the Board of Aldermen.....	54	
Schedule of Compensation, Benefits and Other Payments to Agency Head	55	
Justice System Funding Schedule – Collecting/Disbursing Entity	56	
Justice System Funding Schedule – Receiving Entity	57	
SINGLE AUDIT SECTION		
Independent Auditors’ Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>		58 – 59
Independent Auditors’ Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by Uniform Guidance.....		60 – 62
Supplementary Schedule of Expenditures of Federal Awards	63	
Notes to Schedule of Expenditures of Federal Awards	64	
Schedule of Findings and Questioned Costs	65	
Summary Schedule of Prior Year Findings.....	66	



INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Abita Springs, Louisiana (the "Town") as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information for the Town as of December 31, 2021, and the respective changes in financial position and, where applicable, cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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



To the Honorable Mayor and Board of Aldermen
Town of Abita Springs, Louisiana
June 21, 2022

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for a reasonable period of time.



To the Honorable Mayor and Board of Aldermen
Town of Abita Springs, Louisiana
June 21, 2022

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town’s basic financial statements. The accompanying combining nonmajor governmental fund financial statements, schedule of compensation to alderman and schedule of compensation, benefits and other payments to agency head is presented to comply with the requirements issued by the State of Louisiana and is not a required part of the basic financial statements. The accompanying schedule of justice system funding schedules is presented to comply with Act 87 of the 2020 Louisiana Legislative Session and is not required part of the basic financial statement. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United



ERICKSEN KRENTEL LLP

CERTIFIED PUBLIC ACCOUNTANTS • CONSULTANTS

To the Honorable Mayor and Board of Aldermen
Town of Abita Springs, Louisiana
June 21, 2022

States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 21, 2022 on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

June 21, 2022
Mandeville, Louisiana

Ericksen Krentel, LLP
Certified Public Accountants

REQUIRED SUPPLEMENTARY INFORMATION – PART I

TOWN OF ABITA SPRINGS, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2021

As management of the Town of Abita Springs, Louisiana (the "Town"), we offer residents of the Town this narrative overview and financial analysis of the financial activities of the Town as of December 31, 2021, and for the year then ended.

Overview of Financial Statements

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

Government-Wide Financial Statements

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

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

Fund Financial Statements

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

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

TOWN OF ABITA SPRINGS, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
DECEMBER 31, 2021

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

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

Financial Highlights

At December 31, 2021, the Town's assets exceeded its liabilities by \$6,632,825 (net position). Of this amount, \$1,620,584 (unrestricted net position) may be used to meet the Town's ongoing obligations to its citizens and creditors. The Town's total net position increased by \$583,963 for the year ended December 31, 2021.

At December 31, 2021, the Town's governmental funds reported combined ending fund balances of \$1,730,404. Compared to prior year, the total combined fund balance decreased by \$175,068 for the year ended December 31, 2021.

Financial Analysis of the Town as a Whole

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

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>2021</u>	<u>2020</u>
Assets				
Current assets	\$ 3,388,535	\$ 2,695,662	\$ 6,084,197	\$ 5,407,041
Other assets	121,747	487,318	609,065	1,153,519
Capital assets	<u>3,089,420</u>	<u>5,866,513</u>	<u>8,955,933</u>	<u>7,013,749</u>
Total assets	<u>6,599,702</u>	<u>9,049,493</u>	<u>15,649,195</u>	<u>13,574,309</u>
Total deferred outflows of resources	125,763	223,578	349,341	234,693
Liabilities				
Current and other liabilities	1,877,988	1,007,459	2,885,447	3,102,899
Long-term liabilities	<u>777,887</u>	<u>5,347,443</u>	<u>6,125,330</u>	<u>4,644,625</u>
Total liabilities	<u>2,655,875</u>	<u>6,354,902</u>	<u>9,010,777</u>	<u>7,747,524</u>
Total deferred inflows of resources	127,776	227,158	354,934	12,616
Net position				
Net investments in capital assets	2,475,640	618,358	3,093,998	2,898,548
Restricted	1,278,706	639,537	1,918,243	1,622,503
Unrestricted	<u>187,468</u>	<u>1,433,116</u>	<u>1,620,584</u>	<u>1,527,811</u>
Total net position	<u>\$ 3,941,814</u>	<u>\$ 2,2691,011</u>	<u>\$ 6,632,825</u>	<u>\$ 6,048,862</u>

TOWN OF ABITA SPRINGS, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
DECEMBER 31, 2021

The net investment in capital assets amount represents 47% of total net position. Net investment in capital assets consists of land, buildings, and equipment, less any outstanding debt used to acquire those assets. The Town has elected not to retroactively record, as capital assets, its infrastructure that existed prior to adopting GASB 34.

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

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues						
Program revenues						
Charges for services	\$ 49,850	\$ 39,980	\$ 2,045,313	\$ 1,896,130	\$ 2,095,163	\$ 1,936,110
Operating grants and contributions	7,925	6,073	-	-	7,925	6,073
Capital grants and contributions	-	-	43,388	25,146	43,388	25,146
General revenues						
Taxes	1,973,775	1,632,342	-	-	1,973,775	1,632,342
Licenses and permits	168,299	159,559	-	-	168,299	159,559
Fines and forfeitures	27,998	32,469	-	-	27,998	32,469
Investment earnings	2,367	11,928	970	6,615	3,337	18,543
Museum income	15,247	6,656	-	-	15,247	6,656
Other	141,306	259,364	-	-	141,306	259,364
Total revenues	<u>2,386,767</u>	<u>2,148,371</u>	<u>2,089,671</u>	<u>1,927,891</u>	<u>4,476,438</u>	<u>4,076,262</u>
Expenses						
General government	1,338,066	994,723	-	-	1,338,066	994,723
Public safety	146,979	171,788	-	-	146,979	171,788
Public works	512,476	477,488	-	-	512,476	477,488
Cemetery	1,957	10,184	-	-	1,957	10,184
Culture and recreation	47,008	21,330	-	-	47,008	21,330
Utilities	-	-	1,767,450	1,606,775	1,767,450	1,606,775
Interest on long-term debt	19,996	24,686	58,543	44,960	78,539	69,646
Total expenses	<u>2,066,482</u>	<u>1,700,199</u>	<u>1,825,993</u>	<u>1,651,735</u>	<u>3,892,475</u>	<u>3,351,934</u>
Change in net position	320,285	448,172	263,678	276,156	583,963	724,328
Net position – beginning	<u>3,621,529</u>	<u>3,173,357</u>	<u>2,427,333</u>	<u>2,151,177</u>	<u>6,048,862</u>	<u>5,324,534</u>
Net position – ending	<u>\$ 3,941,814</u>	<u>\$ 3,621,529</u>	<u>\$ 2,691,011</u>	<u>\$ 2,427,333</u>	<u>\$ 6,632,825</u>	<u>\$ 6,048,862</u>

TOWN OF ABITA SPRINGS, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
DECEMBER 31, 2021

Financial Analysis of the Major Funds

The Town's General Fund, Shared Sales Tax Fund, Special Sales Tax Fund, Cemetery Fund, and Debt Service Fund had increases (decreases) in fund balances in the amount of \$(541,219), \$290,396, \$96,129, \$31,752, and \$17,905, respectively, for the year ended December 31, 2021. Total governmental fund amounts are different from governmental activities due to capital assets and long-term debt.

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

Budget Highlights

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

Capital Asset Administration

For governmental activities, capital assets, net of accumulated depreciation, increased by \$324,838 for the year ended December 31, 2021, as a result of purchases of assets exceeding depreciation expense for the year. For business-type activities, capital assets, net of accumulated depreciation, increased by \$1,617,346 as a result of purchases exceeding depreciation expense for the year.

Debt Administration

The Town's total long-term debt increased by \$1,918,131 during the year ended December 31, 2021, as the result of new debt issues exceeding regularly scheduled debt payments.

Economic Factors and a Look at Next Year

With no new debt issuances, the Town will continue using the outstanding bond proceeds for acquiring, constructing improvements, and replacing the Town's sewerage system and water system as well as constructing, paving, resurfacings and improving public streets in the Town.

Requests for Information

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

BASIC FINANCIAL STATEMENTS

TOWN OF ABITA SPRINGS, LOUISIANA
STATEMENT OF NET POSITION
DECEMBER 31, 2021

	<u>PRIMARY GOVERNMENT</u>		Total
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	
<u>ASSETS:</u>			
Cash and cash equivalents	\$ 616,430	\$ 117,275	\$ 733,705
Equity in pooled cash	-	1,141,338	1,141,338
Investments	2,194,199	1,210,417	3,404,616
Receivables, net of allowances for uncollectibles	577,906	219,336	797,242
Prepaid items	-	7,296	7,296
Cash and cash equivalents - restricted	121,747	487,318	609,065
Capital assets not being depreciated	742,281	4,031,499	4,773,780
Capital assets being depreciated, net of accumulated depreciation	<u>2,347,139</u>	<u>1,835,014</u>	<u>4,182,153</u>
Total assets	<u>6,599,702</u>	<u>9,049,493</u>	<u>15,649,195</u>
<u>DEFERRED OUTFLOWS OF RESOURCES:</u>			
Pensions	<u>125,763</u>	<u>223,578</u>	<u>349,341</u>
Total deferred outflows of resources	<u>125,763</u>	<u>223,578</u>	<u>349,341</u>
<u>LIABILITIES:</u>			
Accounts payable and other liabilities	559,004	364,979	923,983
Accrued expenses	37,998	6,213	44,211
Due to other funds	-	-	-
Pooled cash in other funds	1,141,338	-	1,141,338
Accrued interest payable	4,323	17,619	21,942
Meter deposits	-	180,854	180,854
Compensated absences	3,957	11,794	15,751
Net pension liability	295,475	525,288	820,763
Lease payable:			
Due within one year	45,368	-	45,368
Due in more than one year	82,412	-	82,412
Bonds payable:			
Due within one year	86,000	398,000	484,000
Due in more than one year	400,000	4,822,155	5,222,155
Certificate of indebtedness:			
Due within one year	-	28,000	28,000
Due in more than one year	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>2,655,875</u>	<u>6,354,902</u>	<u>9,010,777</u>
<u>DEFERRED INFLOWS OF RESOURCES:</u>			
Pensions	<u>127,776</u>	<u>227,158</u>	<u>354,934</u>
Total deferred inflows of resources	<u>127,776</u>	<u>227,158</u>	<u>354,934</u>
<u>NET POSITION:</u>			
Net investment in capital assets	2,475,640	618,358	3,093,998
Restricted for:			
Dedicated sales tax usage	1,116,086	-	1,116,086
Dedicated ad valorem tax usage	-	-	-
Debt service	162,620	-	162,620
Capital projects	-	-	-
Bond covenants	-	639,537	639,537
Unrestricted net position	<u>187,468</u>	<u>1,433,116</u>	<u>1,620,584</u>
Total net position	<u>\$ 3,941,814</u>	<u>\$ 2,691,011</u>	<u>\$ 6,632,825</u>

The accompanying notes are an integral part of this statement

TOWN OF ABITA SPRINGS, LOUISIANA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2021

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-type Activities	
PRIMARY GOVERNMENT:							
Governmental Activities:							
General government	\$ 1,338,066	\$ 16,250	\$ 7,925	\$ -	\$ (1,313,891)	\$ -	\$ (1,313,891)
Public safety	146,979	-	-	-	(146,979)	-	(146,979)
Public works	512,476	-	-	-	(512,476)	-	(512,476)
Cemetery	1,957	33,600	-	-	31,643	-	31,643
Culture and recreation	47,008	-	-	-	(47,008)	-	(47,008)
Interest on long-term debt	19,996	-	-	-	(19,996)	-	(19,996)
Total governmental activities	2,066,482	49,850	7,925	-	(2,008,707)	-	(2,008,707)
Business-type Activities:							
Utilities	1,767,450	2,045,313	-	43,388	-	321,251	321,251
Interest on long-term debt	58,543	-	-	-	-	(58,543)	(58,543)
Total business-type activities	1,825,993	2,045,313	-	43,388	-	262,708	262,708
Total primary government	\$ 3,892,475	\$ 2,095,163	\$ 7,925	\$ 43,388	(2,008,707)	262,708	(1,745,999)
General Revenues:							
Taxes:							
Property taxes					434,531	-	434,531
Franchise taxes					120,037	-	120,037
Sales taxes					1,414,409	-	1,414,409
Other taxes					4,798	-	4,798
Licenses and permits					69,703	-	69,703
Fines and forfeitures					27,998	-	27,998
Insurance licenses					98,596	-	98,596
Investment earnings					2,367	970	3,337
Museum income					15,247	-	15,247
Other general revenues					141,306	-	141,306
Total general revenues					2,328,992	970	2,329,962
Change in net position					320,285	263,678	583,963
Net position - beginning of year					3,621,529	2,427,333	6,048,862
Net position - end of year					\$ 3,941,814	\$ 2,691,011	\$ 6,632,825

The accompanying notes are an integral part of this statement

TOWN OF ABITA SPRINGS, LOUISIANA
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2021

ASSETS

Special Revenue Funds

	General Fund	Shared Sales Tax Fund	Special Sales Tax Fund	Cemetery Fund	Debt Service Fund	Non-Major Governmental Funds	Total Governmental Funds
<u>CURRENT ASSETS:</u>							
Cash and cash equivalents	\$ 265,885	\$ 12,622	\$ -	\$ 55,637	\$ 282,286	\$ -	\$ 616,430
Equity in pooled cash	-	546,325	259,584	58,037	-	46	863,992
Investments	1,913,526	55,024	-	148,890	76,759	-	2,194,199
Receivables							
Property taxes, net	230,499	-	-	-	73,071	69,962	373,532
Sales taxes	41,718	48,749	41,718	-	-	-	132,185
Other	64,649	-	7,540	-	-	-	72,189
Due from other funds	-	41,524	-	33,725	-	483,397	558,646
Cash and cash equivalents - restricted	7,342	-	-	-	-	114,405	121,747
Total assets	\$ 2,523,619	\$ 704,244	\$ 308,842	\$ 296,289	\$ 432,116	\$ 667,810	\$ 4,932,920

LIABILITIES AND FUND BALANCES

<u>LIABILITIES:</u>							
Accounts payable and other liabilities	\$ 46,142	\$ 7,036	\$ 14,922	\$ -	\$ -	\$ 490,904	\$ 559,004
Accrued expenses	37,998	-	-	-	-	-	37,998
Pooled cash in other funds	1,548,792	-	-	-	167,198	289,340	2,005,330
Due to other funds	558,646	-	-	-	-	-	558,646
Total liabilities	2,191,578	7,036	14,922	-	167,198	780,244	3,160,978

DEFERRED INFLOWS OF RESOURCES:

Unavailable revenue - property taxes	25,632	-	-	-	8,126	7,780	41,538
Total deferred inflows of resources	25,632	-	-	-	8,126	7,780	41,538

FUND BALANCES:

Restricted, reported in							
Special revenue funds	-	697,208	-	-	-	-	697,208
Debt service	-	-	-	-	256,792	(94,172)	162,620
Committed	-	-	-	296,289	-	-	296,289
Unassigned	306,409	-	293,920	-	-	(26,042)	574,287
Total fund balances	306,409	697,208	293,920	296,289	256,792	(120,214)	1,730,404

Total liabilities and fund balances	\$ 2,523,619	\$ 704,244	\$ 308,842	\$ 296,289	\$ 432,116	\$ 667,810	\$ 4,932,920
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The accompanying notes are an integral part of this statement

TOWN OF ABITA SPRINGS, LOUISIANA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2021

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

Funds balances, total governmental funds	\$	1,730,404
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		3,089,420
Deferred outflows of resources related to pensions are not reported in governmental funds		125,763
Deferred inflows of resources related to pensions are not reported in governmental funds		(127,776)
Long-term liabilities including bonds payable are not due and payable in the current period and, therefore, are not reported in the governmental funds:		
Accrued interest		(4,323)
Compensated absences		(3,957)
Pension liability		(295,475)
Lease payable		(127,780)
Bonds payable		(486,000)
Certain property tax collections are not available to pay for current-period expenditures and therefore are reported as deferred inflows of resources in the governmental funds.		41,538
Net position of governmental activities	\$	3,941,814

TOWN OF ABITA SPRINGS, LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2021

	Special Revenue Funds				Debt Service Fund	Non-Major Governmental Funds	Total Governmental Funds
	General Fund	Shared Sales Tax Fund	Special Sales Tax Fund	Cemetery Fund			
REVENUES:							
Taxes							
Property taxes	\$ 251,009	\$ -	\$ -	\$ -	\$ 63,076	\$ 89,691	\$ 403,776
Franchise taxes	120,037	-	-	-	-	-	120,037
Sales taxes	481,328	447,514	485,567	-	-	-	1,414,409
Other	4,798	-	-	-	-	-	4,798
Fines and forfeitures	27,998	-	-	-	-	-	27,998
Insurance licenses	98,596	-	-	-	-	-	98,596
Other revenues	90,611	-	15,363	-	-	35,332	141,306
Licenses and permits	69,703	-	-	-	-	-	69,703
Museum income	-	-	-	-	-	15,247	15,247
Sale of cemetery plots	-	-	-	33,600	-	-	33,600
Rentals	8,225	-	-	-	-	8,025	16,250
Interest income	1,833	197	-	109	79	149	2,367
Total revenues	<u>1,154,138</u>	<u>447,711</u>	<u>500,930</u>	<u>33,709</u>	<u>63,155</u>	<u>148,444</u>	<u>2,348,087</u>
EXPENDITURES:							
General government	958,953	-	-	-	1,175	133,531	1,093,659
Public safety	118,171	-	-	-	-	-	118,171
Public works	-	107,675	404,801	-	-	-	512,476
Clerk of court	28,808	-	-	-	-	-	28,808
Cemetery	-	-	-	1,957	-	-	1,957
Culture and recreation	-	-	-	-	-	30,368	30,368
Capital outlay	464,467	124,958	-	-	-	-	589,425
Debt service:							
Principal	-	43,618	-	-	35,000	49,000	127,618
Interest	-	6,022	-	-	9,075	5,576	20,673
Total expenditures	<u>1,570,399</u>	<u>282,273</u>	<u>404,801</u>	<u>1,957</u>	<u>45,250</u>	<u>218,475</u>	<u>2,523,155</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(416,261)</u>	<u>165,438</u>	<u>96,129</u>	<u>31,752</u>	<u>17,905</u>	<u>(70,031)</u>	<u>(175,068)</u>
Net change in fund balances	(416,261)	165,438	96,129	31,752	17,905	(70,031)	(175,068)
Fund balances - beginning of year	<u>722,670</u>	<u>531,770</u>	<u>197,791</u>	<u>264,537</u>	<u>238,887</u>	<u>(50,183)</u>	<u>1,905,472</u>
Fund balances - end of year	<u>\$ 306,409</u>	<u>\$ 697,208</u>	<u>\$ 293,920</u>	<u>\$ 296,289</u>	<u>\$ 256,792</u>	<u>\$ (120,214)</u>	<u>\$ 1,730,404</u>

The accompanying notes are an integral part of this statement

TOWN OF ABITA SPRINGS, LOUISIANA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2021

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

Net change in fund balances, total governmental funds	\$	(175,068)
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		324,838
Repayment of debt principal and capital leases is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.		127,618
Under the modified accrual basis of accounting used in the governmental funds, advances of derived tax revenues is not recognized until received, rather than as it is earned. This is the amount by which prior year advances of derived tax revenues recognized of \$6,948 exceeded current advances of derived tax revenues recognized of \$10,783.		30,755
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:		
Compensated absences		1,887
Pensions		1,654
Non-employer contributions for pensions		7,925
Accrued interest		676
		676
Change in net position of governmental activities	\$	320,285

TOWN OF ABITA SPRINGS, LOUISIANA
STATEMENT OF NET POSITION
PROPRIETARY FUND
DECEMBER 31, 2021

ASSETS:

Current assets:	
Cash and cash equivalents	\$ 117,275
Pooled cash in other funds	1,141,338
Accounts receivable, net	219,336
Prepaid insurance	7,296
Total current assets	1,485,245
Restricted assets:	
Cash and cash equivalents	487,318
Investments	1,210,417
Total restricted assets	1,697,735
Long-term assets:	
Capital assets, net	5,866,513
Total long-term assets	5,866,513
Total assets	9,049,493

DEFERRED OUTFLOWS OF RESOURCES:

Pensions	223,578
Total deferred outflows of resources	223,578

LIABILITIES:

Current liabilities:	
Accounts payable	364,979
Accrued wages	6,213
Due to other funds	-
Compensated absences	11,794
Total current liabilities	382,986
Current liabilities (payable from restricted assets):	
Accrued interest payable	17,619
Revenue bonds payable, current portion	398,000
Certificate of indebtedness, current portion	28,000
Customer meter deposits	180,854
Total current liabilities (payable from restricted assets)	624,473
Non-current liabilities:	
Net pension liability	525,288
Revenue bonds, net of current portion	4,822,155
Certificate of indebtedness, net of current portion	-
Total noncurrent liabilities	5,347,443
Total liabilities	6,354,902

DEFERRED INFLOWS OF RESOURCES:

Pensions	227,158
Total deferred inflows of resources	227,158

NET POSITION:

Net investment in capital assets	618,358
Restricted	639,537
Unrestricted	1,433,116
Total net position	\$ 2,691,011

The accompanying notes are an integral part of this statement

TOWN OF ABITA SPRINGS, LOUISIANA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2021

OPERATING REVENUES:

Charges for services:	
Gas sales	\$ 689,793
Water sales	339,204
Sewer service charges	539,548
Garbage collection fees	319,611
Impact fees	46,082
Miscellaneous and other fees	111,075
Total operating revenues	<u>2,045,313</u>

OPERATING EXPENSES:

Administrative and general	196,038
Gas purchased	-
Gas system	594,100
Water system	351,440
Sewerage system	239,810
Garbage collection	267,358
Depreciation	118,704
Total operating expenses	<u>1,767,450</u>

Operating income	<u>277,863</u>
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NON-OPERATING REVENUES (EXPENSES):

Capital grants	29,295
Interest expense	(58,543)
Interest income	970
Non employer pension contribution	14,093
Total non-operating revenue (expenses)	<u>(14,185)</u>

Change in net position	263,678
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Net position - beginning of the year	<u>2,427,333</u>
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Net position - end of the year	<u>\$ 2,691,011</u>
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TOWN OF ABITA SPRINGS, LOUISIANA
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2021

CASH FLOWS FROM OPERATING ACTIVITIES:

Receipts from customers and users	\$ 2,053,658
Payments to suppliers	(2,038,380)
Payments to employees	<u>(174,484)</u>
Net cash used for operating activities	<u>(159,206)</u>

CASH FLOWS FROM NON-CAPITAL FINANCING

ACTIVITIES:

Decrease in meter deposits	14,564
Non-employer pension contributions	14,093
Repayment of interfund borrowings	<u>218,576</u>
Net cash provided by non-capital financing activities	<u>247,233</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING

ACTIVITIES:

Capital grant	29,295
Purchase of capital assets	(1,736,050)
Proceeds from long-term debt	2,149,351
Interest paid on leases, bonds, and certificates	(61,455)
Principal paid on bonds and certificates	<u>(275,000)</u>
Net cash provided by capital and related financing activities	<u>106,141</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Purchases of investments	(298,213)
Interest earned on investments and certificates	<u>970</u>
Net cash used for investing activities	<u>(297,243)</u>

Net decrease in cash and cash equivalents	(103,075)
Cash and cash equivalents - beginning of year	<u>707,668</u>
Cash and cash equivalents - end of year	<u>\$ 604,593</u>

TOWN OF ABITA SPRINGS, LOUISIANA
STATEMENT OF CASH FLOWS (CONTINUED)
PROPRIETARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2021

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

Operating income	\$ 277,863
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	118,704
Pension expense	(17,030)
Change in asset and liabilities:	
(Increase) decrease in accounts receivable	8,345
Increase (decrease) in accounts payable	(549,899)
Increase (decrease) in accrued expenses	(750)
Increase (decrease) in due to other funds	-
Increase (decrease) in compensated absences	<u>3,561</u>
Net cash provided by operating activities	<u>\$ (159,206)</u>

The accompanying notes are an integral part of this statement

TOWN OF ABITA SPRINGS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

INTRODUCTION

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

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

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

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

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

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the Town. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely, to a significant extent, on fees and charges for support.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate fund financial statements are provided for the Town's governmental funds and proprietary fund.

TOWN OF ABITA SPRINGS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2021

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

The Town reports these governmental funds and fund types:

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

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

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

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

TOWN OF ABITA SPRINGS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2021

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

Amounts reported as program revenues include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes, licenses and permits, and other general revenues.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating revenues for the Town's proprietary fund consist of charges to customers and users of its natural gas, water, sewer, and garbage collection services. Operating expenses for the Town's proprietary fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Budgets and Budgetary Accounting

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

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

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

During the year ended December 31, 2021, the Town amended its General Fund, Special Sales Tax Fund, Cemetery Fund, Lighting Fund, and Parks/Playground Fund budgets.

Cash, Cash Equivalents, and Investments

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

TOWN OF ABITA SPRINGS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2021

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash, Cash Equivalents, and Investments (Continued)

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

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

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

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

Investments

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

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

Investments - LAMP

The Louisiana Asset Management Pool, (“LAMP”) is administered by LAMP, Inc., a non-profit Corporation, organized under the laws of the State of Louisiana. Only local government entities having contracted to participate in LAMP have an investment interest in its pool of assets.

The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LA-R.S. 33:2955. LAMP is rated AAA by Standard & Poor’s.

TOWN OF ABITA SPRINGS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2021

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments – LAMP (Continued)

The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days. LAMP is designed to be highly liquid to give its participants immediate access to the account balances. The investments in LAMP are stated at fair value based on quoted market rates. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the value of the pool shares. LAMP, Inc. is subject to the regulatory oversight of the state treasurer and the board of directors. LAMP is not registered with the U.S. Securities and Exchange Commission (SEC) as an investment company. If you have any questions, please feel free to contact the LAMP administrative office at (800) 249-5267.

Investments in LAMP are stated at amortized cost due to their liquidity.

Sales Taxes

The Town imposes the following sales and use taxes:

- The original 1965 1% sales and use tax passed by voters is to be used for constructing, improving, maintaining, and operating recreational facilities; constructing, maintaining, re-surfacing, lighting, and improving public streets; constructing sidewalks and bridges; acquiring and maintaining a garbage disposal site and garbage collection equipment, and purchasing equipment for all of the public works and departments of the Town. The proceeds from this sales and use tax are accounted for in the Special Sales Tax Special Revenue Fund.
- Pursuant to the Growth Management and Revenue Sharing Agreement between the Town and St. Tammany Parish (the Parish) dated December 21, 2006, the Town collects the 2% sales and use tax imposed by the Parish on the growth management area surrounding the Town. The proceeds from the tax are to be used for projects that benefits residents of the growth management area. The proceeds from this sales and use tax are accounted for in the Shared Sales Tax Special Revenue Fund.
- The additional 1983 1% sales and use tax proceeds are to be split in half. Fifty percent is to be used to defray expenses borne by or from the Police Fund and the other fifty percent is to be used for the supplementation of and the performance of all other duties and services funded from the General Fund. The proceeds from this sales and use tax are accounted for in the General Fund.

Compensated Absences

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

TOWN OF ABITA SPRINGS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2021

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Long-Term Debt

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

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

Accounts Receivable

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

Uncollectible amounts due for customers' utility receivables are recognized as bad debts through the establishment of an allowance account at the time information becomes available which would indicate the uncollectability of the receivable. The allowance was \$15,000, at December 31, 2021.

Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are capitalized at historical cost, or estimated cost if historical cost is not available.

Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Town maintains a threshold level of \$2,500 or more for capitalizing equipment, furniture, and fixtures. The threshold for infrastructure and improvements is \$25,000. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

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

TOWN OF ABITA SPRINGS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2021

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets (Continued)

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

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

Fund Equity

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

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

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

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

Interfund Transactions

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

Use of Estimates

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

TOWN OF ABITA SPRINGS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2021

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Date of Management Review

Subsequent events have been evaluated through June 21, 2022, which is the date the financial statements were available to be issued.

(2) STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Deposit and Investment Laws and Regulations

In accordance with state law, all uninsured deposits of municipal funds in financial institutions must be secured with acceptable collateral valued at the lower of market or par. At December 31, 2021, the Town was in compliance with the deposit and investment laws and regulations.

(3) CASH, CASH EQUIVALENTS, AND INVESTMENTS

Custodial Credit Risk

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

As of December 31, 2021, \$1,124,583 of the Town's bank balance of \$1,374,583 was exposed to custodial credit risk. However, these deposits are secured from risk by the pledge of securities owned by the fiscal agent bank.

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

Cash, cash equivalents, and investments per Statement of Net Position	
Unrestricted	\$ 117,275
Restricted:	
Meter deposits	78,848
Bond sinking	40,319
Bond reserve	203,081
Capital additions and contingency	121,873
Sewer debt service	<u>43,197</u>
Total restricted	<u>487,318</u>
Total cash and cash equivalents per Statement of Cash Flows	<u>\$ 604,593</u>

Investments

At December 31, 2021, the Authority had an investment of \$3,404,616 with the Louisiana Asset Management Pool (LAMP), which is included in investments. LAMP is stated at amortized cost and is therefore not included in the fair value hierarchy.

TOWN OF ABITA SPRINGS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2021

(4) RECEIVABLES

The net receivables at December 31, 2021, were as follows:

	<u>General Fund</u>	<u>Debt Service Funds</u>	<u>Special Revenue Funds</u>	<u>Proprietary Fund</u>	<u>Total</u>
Taxes					
Property	\$ 230,499	\$ 73,071	\$ 69,962	\$ -	\$ 373,532
Sales and use	41,718	-	90,467	-	132,185
Other	64,649	-	7,540	-	72,189
Utility accounts	-	-	-	219,336	219,336
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Totals	<u>\$ 336,866</u>	<u>\$ 73,071</u>	<u>\$ 167,969</u>	<u>\$ 219,336</u>	<u>\$ 797,242</u>

Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. Total allowance for doubtful accounts amounted to \$19,659 for the governmental funds and \$15,000 for the business-type activities.

(5) PROPERTY TAXES

Property taxes are normally levied and billed in November of each year and are due by December 31st of the year levied. Revenues are recognized when levied to the extent they are determined to be currently collectible. Property taxes are billed and collected using the assessed values determined by the Tax Assessor of St. Tammany Parish. The property taxes receivable is recorded net of allowance of \$19,659 on the accompanying balance sheet. For the year ended December 31, 2021, the Town levied taxes of 7.40 mills for general purposes, 5.00 mills for debt service, 1.00 mill for town lighting, and 1.83 mills for parks and playground expenditures.

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

	<u>Assessed Valuation</u>	<u>% of Total Assessed Value</u>
Central LA Elec Co.	\$ 614,380	2.38%
Abita Lumber Co Inc.	350,550	1.36%
Longbranch Real Estate Holding	244,455	0.95%
Phillips Building Supply	153,308	0.59%
Victory Life/ Inglesia Hispanic	150,365	0.58%
R4 Holdings, LLC	144,352	0.56%
Patrick Fabricating & Welding	141,656	0.55%
Little Village, Inc.	120,975	0.47%
Citizens Bank & Trust	119,501	0.46%
Northlake Property Holdings, LLC	<u>118,631</u>	<u>0.46%</u>
	<u>\$ 2,158,173</u>	<u>8.36%</u>

TOWN OF ABITA SPRINGS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2021

(6) CAPITAL ASSETS

The following is a summary of the changes in capital assets for the fiscal year ended December 31, 2021:

	<u>Balance</u> <u>1/1/2021</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>12/31/2021</u>
<u>Governmental Activities</u>				
Capital assets not being depreciated				
Works of art	\$ 40,000	\$ -	\$ -	\$ 40,000
Construction in progress	74,889	464,503	(33,500)	505,892
Land	<u>196,389</u>	<u>-</u>	<u>-</u>	<u>196,389</u>
Total capital assets not being depreciated	<u>311,278</u>	<u>464,503</u>	<u>(33,500)</u>	<u>742,281</u>
Capital assets being depreciated				
Infrastructure	2,231,128	-	-	2,231,128
Culture and recreation	498,225	-	-	498,225
Machinery and equipment	1,184,511	124,958	-	1,309,469
Office equipment and furniture	188,115	33,500	-	221,615
Buildings and building improvements	507,763	-	-	507,763
Police machinery and equipment	3,535	-	-	3,535
Police furniture and fixtures	<u>1,197</u>	<u>-</u>	<u>-</u>	<u>1,197</u>
Total capital assets being depreciated	<u>4,614,474</u>	<u>158,458</u>	<u>-</u>	<u>4,772,932</u>
Accumulated depreciation for:				
Infrastructure	(984,333)	(115,299)	-	(1,099,632)
Culture and recreation	(118,315)	(16,640)	-	(134,954)
Machinery and equipment	(746,510)	(93,798)	-	(840,308)
Office equipment and furniture	(21,895)	(27,098)	-	(48,993)
Buildings and building improvements	(285,385)	(11,788)	-	(297,174)
Police machinery and equipment	(3,535)	-	-	(3,535)
Police furniture and fixtures	<u>(1,197)</u>	<u>-</u>	<u>-</u>	<u>(1,197)</u>
Total accumulated depreciation	<u>(2,161,170)</u>	<u>(264,623)</u>	<u>-</u>	<u>(2,425,793)</u>
Total capital assets being depreciated, net	<u>2,453,304</u>	<u>(106,165)</u>	<u>-</u>	<u>2,347,139</u>
Governmental activities capital assets, net	<u>\$ 2,764,582</u>	<u>\$ 358,338</u>	<u>\$ (33,500)</u>	<u>\$ 3,089,420</u>

Depreciation was charged to governmental functions as follows:

General governmental	\$ 247,983
Culture and recreation	<u>16,640</u>
Total	<u>\$ 264,623</u>

TOWN OF ABITA SPRINGS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2021

(6) CAPITAL ASSETS (CONTINUED)

	<u>Balance</u> <u>1/1/2021</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>12/31/2021</u>
<u>Business-Type Activities</u>				
Capital assets not being depreciated				
Construction in progress	\$ 2,302,389	\$ 1,729,110	\$ -	\$ 4,031,499
Total capital assets not being depreciated	<u>2,302,389</u>	<u>1,729,110</u>	<u>-</u>	<u>4,031,499</u>
Capital assets being depreciated				
Gas distribution system	150,035	-	-	150,035
Water distribution system	1,795,605	-	-	1,795,605
Sewer plant and lines	2,951,996	-	-	2,951,996
Vehicles	17,600	-	-	17,600
Machinery and equipment	139,635	6,940	-	146,575
Buildings and building improvements	<u>35,808</u>	<u>-</u>	<u>-</u>	<u>35,808</u>
Total capital assets being depreciated	<u>5,090,679</u>	<u>6,940</u>	<u>-</u>	<u>5,097,619</u>
Accumulated depreciation for:				
Gas distribution system	(59,688)	(4,324)	-	(64,012)
Water distribution system	(1,120,841)	(38,584)	-	(1,159,425)
Sewer plant and lines	(1,843,772)	(65,147)	-	(1,908,919)
Vehicles	(17,600)	-	-	(17,600)
Machinery and equipment	(82,597)	(9,456)	-	(92,053)
Buildings and building improvements	<u>(19,403)</u>	<u>(1,193)</u>	<u>-</u>	<u>(20,596)</u>
Total accumulated depreciation	<u>(3,143,901)</u>	<u>(118,704)</u>	<u>-</u>	<u>(3,262,605)</u>
Total capital assets being depreciated, net	<u>1,946,778</u>	<u>(111,764)</u>	<u>-</u>	<u>1,835,014</u>
Total capital assets, net	<u>\$ 4,249,167</u>	<u>\$ 1,617,346</u>	<u>\$ -</u>	<u>\$ 5,866,513</u>

TOWN OF ABITA SPRINGS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2021

(7) EMPLOYEE PENSION PLAN

Municipal Employees' Retirement System of Louisiana (MERS)

Plan Description

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

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

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

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

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

Plan Membership:

The System provides retirement benefits to employees of all incorporated villages, towns, and cities within the State which do not have their own retirement system and which elect to become members of the System. For the year ended June 30, 2021, there were 87 contributing municipalities in Plan A and 67 in Plan B.

Eligibility Requirements:

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

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

TOWN OF ABITA SPRINGS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2021

(7) EMPLOYEE PENSION PLAN (CONTINUED)

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

Plan Description (Continued)

Retirement Benefits:

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

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

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

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

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

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

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

TOWN OF ABITA SPRINGS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2021

(7) EMPLOYEE PENSION PLAN (CONTINUED)

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

Plan Description (Continued)

Survivor Benefits:

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

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

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

DROP Benefits:

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

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

Disability Benefits:

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

TOWN OF ABITA SPRINGS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2021

(7) EMPLOYEE PENSION PLAN (CONTINUED)

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

Plan Description (Continued)

Cost of Living Increases:

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

Deferred Benefits:

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

Funding Policy

For the twelve months ended December 31, 2021, members of the System are required to contribute 10.0% of their annual covered salary and the Town is required to contribute at an actuarially determined rate. At December 31, 2021, the employer contribution rate was 29.5%. The contribution requirements of plan members and the Town are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year.

Contributions

According to state statute, for the System, contribution requirements for all employees are actuarially determined each year. State statute requires covered employees to contribute a percentage of their salaries to the System. For the year ending December 31, 2021, the actual employer contribution rate and the actuarially determined employer contribution rate is listed below. The actual rate differs from the actuarially required rate due to state statutes that require the contribution rate be calculated and set two years prior to the year effective.

The amount of the Town's employer contributions to the System for the year ended December 31, 2021 was \$173,172. The District's covered payroll for the System for the year ended December 31, 2021 was \$587,020.

TOWN OF ABITA SPRINGS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2021

(7) EMPLOYEE PENSION PLAN (CONTINUED)

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

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

At December 31, 2021, the Town reported a liability totaling \$820,763 for its proportionate share of the net pension liability for the System. The net pension liability was measured as of June 30, 2021 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. The Town's proportion of the Net Pension Liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2021, the Town's proportion was 0.295079% for the System, which was an increase of 0.046423% from its proportion measured as of June 30, 2021.

For the year ended December 31, 2021, the Town recognized pension expense for the System totaling \$170,394. Subtracted from pension expense is the employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions totaling \$76,402 for the System.

For the year ended December 31, 2021, the Town recognized revenue from ad valorem taxes and revenue sharing funds received by the System. These additional sources of income are used as employer contributions and are considered support from non-employer contributing entities totaling \$14,092.

At December 31, 2021, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the System:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 9,089
Change in assumptions	29,993	-
Net difference between projected and actual earnings on pension plan investments	107,277	338,529
Changes in proportion and differences between employer contributions and proportionate share of contributions	127,310	7,316
Employer contributions subsequent to the measurement date	84,761	-
Total	\$ 349,341	\$ 354,934

TOWN OF ABITA SPRINGS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2021

(7) EMPLOYEE PENSION PLAN (CONTINUED)

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

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

Employer contributions subsequent to the measurement date totaling \$84,761 and reported as deferred outflows of resources will be recognized as a reduction of the Net Pension Liability in the year ended December 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31:

2022	\$	35,767
2023		16,117
2024		(60,322)
2025		<u>(78,279)</u>
Total	\$	<u>(86,717)</u>

Actuarial Assumptions

The total pension liability in the June 30, 2021 actuarial valuation for the System was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation Date:	June 30, 2020
Actuarial Cost Method:	Entry age normal cost
Actuarial Assumptions:	
Investment Rate of Return	6.85%
Inflation rate:	2.5%
Projected Salary Increases	6.4% for 1 to 4 years of service 4.5% for more than 4 years of service
Mortality Rates	PubG-2010(B) Employee Table for active members PubG-2010(B) Healthy Retiree Table for healthy annuitants PubNS-2010(B) Disabled Retiree Table for disabled annuitants
Expected Remaining Service Lives	2021 – 3 years for Plan A; 2020 – 3 years for Plan A

TOWN OF ABITA SPRINGS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2021

(7) EMPLOYEE PENSION PLAN (CONTINUED)

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

Actuarial Assumptions (Continued)

Discount Rate:

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

Best estimates of arithmetic real rates of return for each major asset class included in the System's target asset allocation as of June 30, 2021 are summarized in the following table:

Asset Class	Target Asset Allocation	Long-Term Expected Portfolio Real Rate of Return
Public equity	53%	2.31%
Public fixed income	38%	1.65%
Alternatives	<u>9%</u>	<u>0.39%</u>
Totals	<u>100%</u>	<u>4.35%</u>
Inflation		2.60%
Expected arithmetic nominal return		6.95%

Discount Rate:

The discount rate used to measure the total pension liability was 6.85% for the years ended June 30, 2021. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates, which are calculated in accordance with relevant statutes and approved by the Board of Trustees and the Public Retirement Systems' Actuarial Committee. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The effects of certain other changes in the net pension liability are required to be included in pension expense over the current and future periods. The effects on the total pension liability of (1) changes of economic and demographic assumptions or of other inputs and (2) differences between expected and actual experience are required to be included in pension expense in a systematic and rational manner over a closed period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension plan (active employees and inactive employees), determined as of the beginning of the measurement period. The effect on net pension liability of differences between the projected earnings on pension plan investments and actual experience with regard to those earnings is required to be included in pension expense in a systematic and rational manner over a closed period of five years, beginning with the current period. The Expected Remaining Service Lives (ERSL) for 2021 is 3 years for Plan A and 3 years for Plan B.

TOWN OF ABITA SPRINGS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2021

(7) EMPLOYEE PENSION PLAN (CONTINUED)

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

Actuarial Assumptions (Continued)

Sensitivity to Changes in Discount Rate:

The following presents the net pension liability of the System calculated using the discount rate of 6.85%, as well as what the System's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.85%) or one percentage point higher (7.85%) than the current discount rate (assuming all other assumptions remain unchanged):

Changes in discount for years ending June 30, 2021 for Plan A are as follows:

	<u>1% Decrease</u> 5.85%	<u>Current</u> <u>Discount Rate</u> 6.85%	<u>1% Increase</u> 7.85%
Town's proportionate share of the Net Pension Liability	\$ 1,215,593	\$ 820,763	\$ 487,275

Retirement System Audit Report:

The Municipal Employees' Retirement System of Louisiana has issued a stand-alone audit report on their financial statements for the year ended June 30, 2021. Access to the report can be found on the Louisiana Legislative Auditor's website, www.la.la.gov, or by contacting the Municipal Employees' Retirement System of Louisiana, 7937 Office Park Boulevard, Baton Rouge, Louisiana 70809.

(8) LONG-TERM DEBT AND CAPITAL LEASES

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		
	<u>General</u> <u>Obligation</u> <u>Bonds</u>		<u>Revenue</u> <u>Bonds</u>	<u>Certificate</u> <u>of</u> <u>Indebtedness</u>	
Balance 1/1/2021	\$ 570,000		\$ 3,318,804	\$ 55,000	\$ 3,943,804
Additions	-		2,149,351	-	2,149,351
Reductions	<u>(84,000)</u>		<u>(248,000)</u>	<u>(27,000)</u>	<u>(359,000)</u>
Balance 12/31/2021	<u>\$ 486,000</u>		<u>\$ 5,220,155</u>	<u>\$ 28,000</u>	<u>\$ 5,734,155</u>
Due within one year	<u>\$ 86,000</u>		<u>\$ 398,000</u>	<u>\$ 28,000</u>	<u>\$ 512,000</u>

General obligation bonds are secured by an annual property tax levy. In accordance with Louisiana Revised Statute 39:562, the Town is legally restricted from incurring long-term bonded debt in excess of 35% of the assessed value of taxable property in the municipality. At December 31, 2021, the Town had not exceeded this statutory limit. As of December 31, 2021, there was \$256,792 available in the Debt Service Fund and \$94,172 in the 2010 Debt Service Fund to service the general obligation bonds.

TOWN OF ABITA SPRINGS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2021

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

Long-term debt was composed of the following at December 31, 2021:

General Obligation Bonds

\$556,000 Limited Tax Refunding Bonds Series 2012, due in annual installments through September 2024; interest paid semi-annually at 2.72% secured by ad valorem tax. \$ 156,000

\$500,000 General Obligation Bonds Series 2014, due in annual installments through March 2029; interest paid semi-annually ranging from 1.50% to 3.00% secured by ad valorem tax. 330,000

\$ 486,000

Revenue Bonds

\$350,000 Utility Refunding Bonds dated January 8, 2004, due in annual installments through March 1, 2030; including interest from from 3% to 5.25%; secured by revenues of the Utility System. \$ 169,000

\$6,000,000 Utility Revenue Bonds dated December 6, 2017, in connection with a loan from the State of Louisiana, Department of Environmental Quality (DEQ) to construct sewer improvements. DEQ is holding the bonds as payment for the loan. This amounts represents the total drawdown of these bonds to date. Includes interest of 0.45% secured by revenues of the Utility System. 3,396,155

\$800,000 Limited Tax Refunding Bonds Series 2019, due in annual installments through September 2029; interest paid semi-annually ranging from 1.375% to 2.750% secured by ad valorem tax. 706,000

\$1,000,000 General Obligation Bonds Series 2020, due in annual installments through March 2035; interest paid semi-annually ranging from 0.956% to 1.912% secured by ad valorem tax. 949,000

\$ 5,220,155

Certificates of Indebtedness

\$250,000 Certificate of Indebtedness dated July 12, 2012; due in annual installments through June 1, 2022; interest paid semi-annually ranging from 0.50% to 3.5%; secured by excess revenues. \$ 28,000

\$ 28,000

TOWN OF ABITA SPRINGS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2021

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

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

Year	<u>General Obligation Bonds</u>		<u>Certificate of Indebtedness</u>		<u>Revenue Bonds</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2022	\$ 86,000	\$ 29,789	\$ 28,000	\$ 490	\$ 398,000	\$ 39,560
2023	92,000	26,514	-	-	405,000	37,342
2024	93,000	23,077	-	-	413,000	34,398
2025	40,000	19,508	-	-	474,000	31,320
2026	40,000	15,818	-	-	483,000	28,107
2027-2031	135,000	23,371	-	-	2,272,000	89,702
2032-2035	-	-	-	-	775,155	17,279
Totals	<u>\$ 486,000</u>	<u>\$ 138,077</u>	<u>\$ 28,000</u>	<u>\$ 490</u>	<u>\$ 5,220,155</u>	<u>\$ 277,708</u>

Interest costs incurred and charged to expense for the year ended December 31, 2021 was \$73,084.

Capital Leases

The Town records items under capital leases as an asset and an obligation in the accompanying financial statements. On June 28, 2018, the Town entered into a capital lease agreement for three years with interest of 3.50% for the purchase of a copier. On December 19, 2018, the Town entered into a capital lease agreement for five years with interest of 3.94% for the purchase of a pipehunter minicombination truck.

The following is a schedule of future minimum lease payments under capital leases, together with the present value of the net minimum lease payments, as of December 31, 2021:

Year	<u>Equipment</u>	
	<u>Principal</u>	<u>Interest</u>
2022	\$ 45,368	\$ 4,272
2023	82,412	2,452
Totals	<u>\$ 127,780</u>	<u>\$ 6,724</u>

(9) RESTRICTED ASSETS

The Town has approved resolutions authorizing the issuance of \$350,000 of Utility Refunding Bonds dated January 8, 2004, \$250,000 of Utility Revenue Bonds dated December 1, 2004, \$800,000 of Utility Refunding Bonds dated October 16, 2019, and \$1,000,000 General Obligation Bonds dated March 26, 2020. Each of the resolutions provide for certain restrictions on assets of the proprietary fund. The following reserve requirements have been met for the year ended December 31, 2021:

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.

TOWN OF ABITA SPRINGS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2021

(9) RESTRICTED ASSETS (CONTINUED)

2. Revenue Bond Reserve Fund

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

3. Depreciation and Contingency Fund

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

4. Meter Deposit Fund

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

(10) INTERFUND RECEIVABLES/PAYABLES

The primary purpose of interfund receivables/payables is to loan monies between funds to cover current expenditures. Individual fund balances due from/to other funds at December 31, 2021, were as follows:

	<u>Due From</u>	<u>Due To</u>
General Fund		
Shared Sales Tax Fund	\$ -	\$ 41,524
Cemetery Fund	-	33,725
Utility Fund		
American Rescue Act Fund	-	483,397
Shared Sales Tax Fund		
General Fund	41,524	-
Cemetery Fund		
General Fund	33,725	-
American Rescue Act Fund		
Utility Fund	<u>483,397</u>	<u>-</u>
 Total	 <u>\$ 558,646</u>	 <u>\$ 558,646</u>

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

(11) INTERGOVERNMENTAL AGREEMENT

The Town entered into an intergovernmental agreement with St. Tammany Parish, Louisiana, effective December 21, 2006, for the sharing of sales tax revenue generated in Sales Tax District No. 3. Proceeds from the tax shall be used for projects that benefit residents of Sales Tax District No. 3. As of December 31, 2021, \$822,166 was restricted for use in Sales Tax District No. 3.

TOWN OF ABITA SPRINGS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2021

(12) RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the year ended December 31, 2021, the Town carried insurance through various commercial carriers to cover all risks of loss. The Town has no settled claims resulting from these risks that exceeded its commercial coverage in any of the past three fiscal years.

(13) NEW ACCOUNTING PRONOUNCEMENTS

The GASB has issued Statement No. 84, "*Fiduciary Activities*." The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019 as extended by GASB Statement No. 95, "*Postponement of Effective Dates of Certain Authoritative Guidance*." This Statement did not have a material effect on the Town's financial statements upon implementation.

The GASB has issued Statement No. 87, "*Leases*." The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021, as extended by GASB Statement No. 95, "*Postponement of Effective Dates of Certain Authoritative Guidance*." The Town plans to adopt this Statement as applicable by the effective date.

The GASB has issued Statement No. 89, "*Accounting for Interest Cost Incurred before the End of a Construction Period*." The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020, as extended by GASB Statement No. 95, "*Postponement of Effective Dates of Certain Authoritative Guidance*." This Statement did not have a material effect on the Town's financial statements upon implementation.

The GASB has issued Statement No. 90, "*Majority Equity Interests an amendment of GASB Statements No. 14 and No. 61*." The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019, as extended by GASB Statement No. 95, "*Postponement of Effective Dates of Certain Authoritative Guidance*." This Statement did not have a material effect on the Town's financial statements upon implementation.

TOWN OF ABITA SPRINGS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2021

(13) NEW ACCOUNTING PRONOUNCEMENTS (CONTINUED)

The GASB has issued Statement No. 91, “*Conduit Debt Obligations*.” The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021, as extended by GASB Statement No. 95, “*Postponement of Effective Dates of Certain Authoritative Guidance*.” The Town plans to adopt this Statement as applicable by the effective date.

The GASB has issued Statement No. 92, “*Omnibus 2020*.” The primary objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021. The Town plans to adopt this Statement as applicable by the effective date.

The GASB has issued Statement No. 93, “*Replacement of Interbank Offered Rates*.” The objective of this Statement is to address those and other accounting and financial reporting implications that result from the replacement of IBOR. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021. The Town plans to adopt this Statement as applicable by the effective date.

The GASB has issued Statement No. 94, “*Public-Private and Public-Public Partnerships and Availability Payment Arrangements*.” The objective of this Statement is to better meet the information needs of financial statement users by improving the comparability of financial statements among governments that enter into public-private and public-public partnerships (PPPs) and availability payment arrangements (APAs) by enhancing the understandability, reliability, relevance, and consistency of information about PPPs and APAs. The requirements of this Statement are effective for reporting periods beginning after June 15, 2022. The Town plans to adopt this Statement as applicable by the effective date.

The GASB has issued Statement No. 95, “*Postponement of the Effective Dates of Certain Authoritative Guidance*.” The primary objective of this Statement is to provide temporary relief from certain newer accounting and financial reporting requirements to governments due to the COVID-19 pandemic. The effective date of certain Statements and Implementation Guides—through GASB Statement No. 93, Replacement of Interbank Offered Rates, and Implementation Guide No. 2019-03, Leases—that first became effective or were scheduled to become effective for periods beginning after June 15, 2018, and later are deferred by either one year or eighteen months.

The GASB has issued Statement No. 96, “*Subscription-Based Information Technology Arrangements*.” The objective of this Statement is to better meet the information needs of financial statement users by (a) establishing uniform accounting and financial reporting requirements for SBITAs; (b) improving the comparability of financial statements among governments that have entered into SBITAs; and (c) enhancing the understandability, reliability, relevance, and consistency of information about SBITA. The requirements of this Statement are effective for reporting periods beginning after June 15, 2022. The Town plans to adopt this Statement as applicable by the effective date.

TOWN OF ABITA SPRINGS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2021

(13) NEW ACCOUNTING PRONOUNCEMENTS (CONTINUED)

The GASB has issued Statement No. 97, “*Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84.*” The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021. The Town plans to adopt this Statement as applicable by the effective date.

The GASB has issued Statement No. 98, “*The Annual Comprehensive Financial Report*”. This Statement establishes the term annual comprehensive financial report and its acronym ACRF. The new term and acronym replace the instances of comprehensive annual financial report and tis acronym in generally accepted accounting principles for state and local governments. The requirements of this Statement are effective for fiscal years ending after December 15, 2021. Earlier application is encouraged. This Statement did not have a material effect on the Town’s financial statements upon implementation.

The GASB has issued Statement No. 99, “*Omnibus 2022*”. The Statement addresses three key areas. The requirements related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63 are effective upon issuance. The requirements related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter. The Town plans to adopt this Statement as applicable by the effective date.

The GASB has issued Statement No. 100, “*Accounting Changes and Error Corrections—an amendment of GASB Statement No. 62*”. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of this Statement are effective for reporting periods beginning after June 15, 2023. The Town plans to adopt this Statement as applicable by the effective date.

The GASB has issued Statement No. 101, “*Compensated Absences*”. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2023. The Town plans to adopt this Statement as applicable by the effective date.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

TOWN OF ABITA SPRINGS, LOUISIANA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (BUDGETARY BASIS)
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>Budgetary Amounts</u>		Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<u>REVENUES:</u>				
Taxes:				
Property taxes	\$ 260,891	\$ 251,871	\$ 251,009	\$ (862)
Franchise taxes	110,442	120,037	120,037	-
Sales taxes	473,072	481,328	481,328	-
Other	4,798	4,798	4,798	-
Licenses and permits	69,703	69,703	69,703	-
Insurance licenses	98,596	98,596	98,596	-
Rentals	8,225	8,225	8,225	-
Fines and forfeitures	27,998	27,998	27,998	-
Interest income	1,833	1,833	1,833	-
Other revenues	66,849	90,611	90,611	-
	<u>1,122,407</u>	<u>1,155,000</u>	<u>1,154,138</u>	<u>(862)</u>
<u>EXPENDITURES:</u>				
General government	981,065	981,065	958,953	22,112
Public safety	134,028	134,028	118,171	15,857
Clerk of court	28,808	28,808	28,808	-
Capital outlay	426,584	426,584	464,467	(37,883)
	<u>1,570,485</u>	<u>1,570,485</u>	<u>1,570,399</u>	<u>86</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(448,078)</u>	<u>(415,485)</u>	<u>(416,261)</u>	<u>(776)</u>
<u>OTHER FINANCING SOURCES:</u>				
Proceeds from issuance of long-term debt	-	-	-	-
Payments on long-term debt	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$ (448,078)</u>	<u>\$ (415,485)</u>	<u>(416,261)</u>	<u>\$ (776)</u>
Fund balance, beginning of year			<u>722,670</u>	
Fund balance, end of year	<u>\$ 1,122,407</u>		<u>\$ 306,409</u>	

TOWN OF ABITA SPRINGS, LOUISIANA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE (CONTINUED)
BUDGET AND ACTUAL (BUDGETARY BASIS)
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2021

	Budgetary Amounts		Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>GENERAL GOVERNMENT:</u>				
Salaries	\$ 245,844	\$ 245,844	\$ 245,714	\$ 130
Repairs and maintenance	114,995	114,995	92,969	22,026
Employee insurance and benefits	52,504	52,504	52,504	-
Insurance	37,343	37,343	37,372	(29)
Accounting and auditing	12,870	12,870	12,870	-
Aldermen	36,432	36,432	36,432	-
Retirement	48,468	48,468	48,468	-
Utilities	11,232	11,232	11,232	-
Legal	69,657	69,657	69,657	-
Office supplies	8,267	8,267	8,267	-
Auto gas	1,323	1,323	1,323	-
Miscellaneous	285,301	285,301	285,301	-
Telephone	4,666	4,666	4,666	-
Payroll taxes	8,647	8,647	8,662	(15)
Conventions and travel	167	167	167	-
Advertising and publication	3,748	3,748	3,748	-
Inspections	13,028	13,028	13,028	-
St. Tammany Parish Assessor	7,290	7,290	7,290	-
Senior citizens	900	900	900	-
Postage	358	358	358	-
Payroll processing fee	5,028	5,028	5,028	-
Dues and subscriptions	682	682	682	-
Auto repairs and maintenance	1,387	1,387	1,387	-
Janitorial expense	10,928	10,928	10,928	-
	<u>\$ 981,065</u>	<u>\$ 981,065</u>	<u>\$ 958,953</u>	<u>\$ 22,112</u>
Total general government expenses	<u>\$ 981,065</u>	<u>\$ 981,065</u>	<u>\$ 958,953</u>	<u>\$ 22,112</u>

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

TOWN OF ABITA SPRINGS, LOUISIANA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (BUDGETARY BASIS)
SHARED SALES TAX FUND
FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>Budgetary Amounts</u>		<u>Actual on Budgetary Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES:</u>				
Taxes:				
Sales taxes	\$ 432,227	\$ 432,227	\$ 447,514	\$ 15,287
Interest income	<u>197</u>	<u>197</u>	<u>197</u>	<u>-</u>
Total revenues	<u>432,424</u>	<u>432,424</u>	<u>447,711</u>	<u>15,287</u>
<u>EXPENDITURES:</u>				
Public works	107,675	107,675	107,675	-
Principal retirement	49,640	49,640	43,618	6,022
Interest on long-term debt	-	-	6,022	(6,022)
Capital outlay	<u>124,958</u>	<u>124,958</u>	<u>124,958</u>	<u>-</u>
Total expenditures	<u>282,273</u>	<u>282,273</u>	<u>282,273</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>150,151</u>	<u>150,151</u>	<u>165,438</u>	<u>15,287</u>
Net change in fund balance	<u>\$ 150,151</u>	<u>\$ 150,151</u>	<u>165,438</u>	<u>\$ 15,287</u>
Fund balance, beginning of year			<u>531,770</u>	
Fund balance, end of year			<u>\$ 697,208</u>	

TOWN OF ABITA SPRINGS, LOUISIANA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (BUDGETARY BASIS)
SPECIAL SALES TAX FUND
FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>Budgetary Amounts</u>		<u>Actual on Budgetary Basis</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES:</u>				
Taxes:				
Sales taxes	\$ 473,073	\$ 473,073	\$ 485,567	\$ 12,494
Other revenues	<u>15,363</u>	<u>15,363</u>	<u>15,363</u>	<u>-</u>
Total revenues	<u>488,436</u>	<u>488,436</u>	<u>500,930</u>	<u>12,494</u>
<u>EXPENDITURES:</u>				
Public works	404,626	404,626	404,801	(175)
Culture and recreation	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>404,626</u>	<u>404,626</u>	<u>404,801</u>	<u>(175)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>83,810</u>	<u>83,810</u>	<u>96,129</u>	<u>12,319</u>
Net change in fund balance	<u>\$ 83,810</u>	<u>\$ 83,810</u>	<u>96,129</u>	<u>\$ 12,319</u>
Fund balance, beginning of year			<u>197,791</u>	
Fund balance, end of year			<u>\$ 293,920</u>	

TOWN OF ABITA SPRINGS, LOUISIANA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (BUDGETARY BASIS)
CEMETERY FUND
FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>Budgetary Amounts</u>		Actual on Budgetary Basis	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<u>REVENUES:</u>				
Sales of cemetery plots	\$ 33,600	\$ 33,600	\$ 33,600	\$ -
Interest income	109	109	109	-
Other revenues	-	-	-	-
Total revenues	<u>33,709</u>	<u>33,709</u>	<u>33,709</u>	<u>-</u>
<u>EXPENDITURES:</u>				
Cemetery	1,957	1,957	1,957	-
Capital outlay	-	-	-	-
Total expenditures	<u>1,957</u>	<u>1,957</u>	<u>1,957</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>31,752</u>	<u>31,752</u>	<u>31,752</u>	<u>-</u>
Net change in fund balances	<u>\$ 31,752</u>	<u>\$ 31,752</u>	<u>31,752</u>	<u>\$ -</u>
Fund balances - beginning of year			<u>264,537</u>	
Fund balances - end of year			<u>\$ 296,289</u>	

TOWN OF ABITA SPRINGS, LOUISIANA
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
FOR THE YEAR ENDED DECEMBER 31, 2021*

	<u>12/31/2021</u>	<u>12/31/2020</u>	<u>12/31/2019</u>	<u>12/31/2018</u>	<u>12/31/2017</u>	<u>12/31/2016</u>	<u>12/31/2015</u>
<u>Municipal Employees Retirement System of Louisiana</u>							
Town's Proportion of the Net Pension Liability	0.295079%	0.248656%	0.241946%	0.234683%	0.239050%	0.249567%	0.250750%
Town's Proportionate Share of the Net Pension Liability	\$ 820,763	\$ 1,075,042	\$ 1,011,010	\$ 971,746	\$ 1,000,047	\$ 1,022,903	\$ 895,718
Town's Covered-Employee Payroll	\$ 584,301	\$ 475,262	\$ 447,888	\$ 428,575	\$ 434,132	\$ 445,813	\$ 427,968
Town's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	140.47%	226.20%	225.73%	226.74%	230.36%	229.45%	209.30%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	77.82%	64.52%	64.68%	63.94%	62.49%	62.11%	66.18%

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

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

TOWN OF ABITA SPRINGS, LOUISIANA
SCHEDULE OF CONTRIBUTIONS - RETIREMENT PLAN
FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>12/31/2021</u>	<u>12/31/2020</u>	<u>12/31/2019</u>	<u>12/31/2018</u>	<u>12/31/2017</u>	<u>12/31/2016</u>	<u>12/31/2015</u>
<u>Municipal Employees Retirement System of Louisiana</u>							
Contractually Required Contribution	\$ 173,172	\$ 152,136	\$ 124,631	\$ 110,229	\$ 99,802	\$ 87,626	\$ 95,274
Contributions in Relation to the Contractually Required Contribution	(173,172)	(152,136)	(124,631)	(110,229)	(99,802)	(87,626)	(95,274)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Town's covered-employee payroll	\$ 587,021	\$ 530,289	\$ 463,898	\$ 434,583	\$ 420,565	\$ 410,086	\$ 482,402
Contributions as a Percentage of Covered-Employee Payroll	29.50%	28.69%	26.87%	25.36%	23.73%	21.37%	19.75%

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

TOWN OF ABITA SPRINGS, LOUISIANA
NOTES TO REQUIRED SUPPLEMENTAL INFORMATION
DECEMBER 31, 2021

(1) PENSION PLAN SCHEDULES

Changes of Benefit Terms

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

Changes of Assumptions

For the year ended December 31, 2020, Municipal Employees' Retirement System of Louisiana (MERS) lowered its assumption for the investment rate of return (discount rate) from 7.0% to 6.95%.

For the year ended December 31, 2019, MERS lowered its assumption for the investment rate of return (discount rate) was from 7.275% to 7.0%. Additionally, MERS lowered its inflation rate assumption from 2.6% to 2.5%. MERS changed its projected salary increase from 5.0% to 6.4% for 1 to 4 years of service and 4.5% for more than 4 years of service. MERS changed its mortality rates for active members from RP-2000 Employee Table to PubG-2010(B) Employee Table. MERS changed its mortality rates for healthy annuitants from RP-2000 Healthy Annuitant Table to PubG-2010(B) Healthy Retiree Table. MERS changed its mortality rates for disabled annuitants from RP-200 Disabled Lives Morality Tables to PubNS-2010(B) Disabled Retiree Table.

For the year ended December 31, 2018, MERS lowered its assumption for the investment rate of return (discount rate) was from 7.4% to 7.275%. Additionally, MERS lowered its inflation rate assumption from 2.775% to 2.6%.

For the year ended December 31, 2017, MERS lowered its assumption for the investment rate of return (discount rate) was from 7.5% to 7.4%. Additionally, MERS lowered its inflation rate assumption from 2.875% to 2.775%.

There were no changes of assumptions for the year ended December 31, 2016.

For the year ended December 31, 2015, MERS lowered its assumption for the investment rate of return (discount rate) was from 7.75% to 7.5%. Additionally, MERS lowered its inflation rate assumption from 3% to 2.875%.

OTHER SUPPLEMENTARY INFORMATION

TOWN OF ABITA SPRINGS, LOUISIANA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2021

	Lighting Special Revenue Fund	Parks/ Playground Special Revenue Fund	2010 Debt Service Fund	Capital Projects Fund	American Rescue Act Special Revenue Fund	Total Nonmajor Governmental Funds
<u>ASSETS:</u>						
Cash and cash equivalents - restricted	\$ 36,642	\$ 28,693	\$ 49,070	\$ -	\$ -	\$ 114,405
Equity in pooled cash	-	-	-	46	-	46
Property taxes receivable, net	23,321	46,641	-	-	-	69,962
Due from other funds	-	-	-	-	483,397	483,397
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>483,397</u>	<u>483,397</u>
 Total assets	 <u>\$ 59,963</u>	 <u>\$ 75,334</u>	 <u>\$ 49,070</u>	 <u>\$ 46</u>	 <u>\$ 483,397</u>	 <u>\$ 667,810</u>
 <u>LIABILITIES:</u>						
Accounts payable and other liabilities	\$ -	\$ 7,507	\$ -	\$ -	\$ 483,397	\$ 490,904
Pooled cash in other funds	74,272	71,826	143,242	-	-	289,340
Total liabilities	<u>74,272</u>	<u>79,333</u>	<u>143,242</u>	<u>-</u>	<u>483,397</u>	<u>780,244</u>
 <u>DEFERRED INFLOWS OF RESOURCES:</u>						
Unavailable revenue - property taxes	2,593	5,187	-	-	-	7,780
Total deferred inflows of resources	<u>2,593</u>	<u>5,187</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,780</u>
 <u>FUND BALANCES:</u>						
Restricted, reported in						
Special revenue fund	-	-	-	-	-	-
Debt service fund	-	-	(94,172)	-	-	(94,172)
Unassigned	(16,902)	(9,186)	-	46	-	(26,042)
Total fund balances	<u>(16,902)</u>	<u>(9,186)</u>	<u>(94,172)</u>	<u>46</u>	<u>-</u>	<u>(120,214)</u>
 Total liabilities and fund balances	 <u>\$ 59,963</u>	 <u>\$ 75,334</u>	 <u>\$ 49,070</u>	 <u>\$ 46</u>	 <u>\$ 483,397</u>	 <u>\$ 667,810</u>

TOWN OF ABITA SPRINGS, LOUISIANA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AN CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2021

	Lighting Special Revenue Fund	Parks/ Playground Special Revenue Fund	2010 Debt Service Fund	Capital Projects Fund	American Rescue Act Special Revenue Fund	Total Nonmajor Governmental Funds
REVENUES:						
Property taxes	\$ 30,867	\$ 58,824	\$ -	\$ -	\$ -	\$ 89,691
Museum income	-	15,247	-	-	-	15,247
Other revenues	-	35,332	-	-	-	35,332
Rentals	-	8,025	-	-	-	8,025
Interest income	36	113	-	-	-	149
Total revenues	<u>30,903</u>	<u>117,541</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>148,444</u>
EXPENDITURES:						
General government	30,668	102,863	-	-	-	133,531
Culture and recreation	-	30,368	-	-	-	30,368
Debt service:						
Principal	-	-	49,000	-	-	49,000
Interest	-	-	5,576	-	-	5,576
Total expenditures	<u>30,668</u>	<u>133,231</u>	<u>54,576</u>	<u>-</u>	<u>-</u>	<u>218,475</u>
Excess (deficiency) of revenues over (under) expenditures	<u>235</u>	<u>(15,690)</u>	<u>(54,576)</u>	<u>-</u>	<u>-</u>	<u>(70,031)</u>
Net change in fund balances	235	(15,690)	(54,576)	-	-	(70,031)
Fund balances, beginning of year	<u>(17,137)</u>	<u>6,504</u>	<u>(39,596)</u>	<u>46</u>	<u>-</u>	<u>(50,183)</u>
Fund balances, end of year	<u>\$ (16,902)</u>	<u>\$ (9,186)</u>	<u>\$ (94,172)</u>	<u>\$ 46</u>	<u>\$ -</u>	<u>\$ (120,214)</u>

TOWN OF ABITA SPRINGS, LOUISIANA
SCHEDULE OF COMPENSATION PAID TO COUNCIL MEMBERS
FOR THE YEAR ENDED DECEMBER 31, 2021

<u>Name</u>	<u>Amount</u>
Regan Contois	\$ 7,200
Ryan Murphy	7,632
Evette Randolph	7,200
Stephan Saussy	7,200
Walter Patterson	<u>7,200</u>
	<u>\$ 36,432</u>

TOWN OF ABITA SPRINGS, LOUISIANA
SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS
TO AGENCY HEAD
FOR THE YEAR ENDED DECEMBER 31, 2021

Daniel Curtis, Mayor

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 51,030
Benefits - insurance	-
Benefits - retirement	-
Benefits - other	-
Car allowance	-
Vehicle provided by government	-
Per diem	-
Reimbursements	530
Travel	-
Registration fees	-
Conference travel	-
Continuing professional education fees	-
Housing	-
Unvouchered expenses	-
Special meals	-
	<hr/>
Total Compensation, Benefits and Other Payments	<u><u>\$ 51,560</u></u>

TOWN OF ABITA SPRINGS, LOUISIANA
JUSTICE SYSTEM FUNDING SCHEUDLE - COLLECTING/DISBURSING ENTITY
FOR THE YEAR ENDED DECEMBER 31, 2021

<i>Cash Basis Presentation</i>	First Six Month Period End June 30, 2021	Second Six Month Period End December 31, 2021
Beginning balance of amounts collected (i.e. cash on hand)	\$ -	\$ -
Add: collections		
Bond fees	2,725	391
Criminal court costs/ fees	4,109	1,529
Criminal fines - other	12,900	5,936
Service/collection fees	<u>147</u>	<u>21</u>
Total collections	<u>19,881</u>	<u>7,877</u>
Less: disbursements to governments & nonprofits:		
Louisiana Commission on Law Enforcement, criminal court costs/fees	563	232
Act 440 POST Law Enforcement Training & Assistance Fund - criminal court costs/fees	153	62
Louisiana Department of Treasury, criminal court costs/fees	78	31
Louisiana Supreme Court, criminal court costs/fees	39	16
Louisiana Department of Health and Hospitals, criminal court costs	95	65
St Tammany Parish Sheriff's Office - Crime Lab Fund- criminal court costs/fees	370	240
Less: amounts retained by collecting agency		
Collection Fee for Collecting/Disbursing to Others Based on Fixed Amount		
Criminal fines retained- criminal court costs/fees	12,900	5,936
Failure to appear fees retained- criminal court costs/fees	2,725	391
Administrative fees retained- criminal court costs/fees	2,811	883
Less: disbursements to individuals/3rd party collection or processing agencies		
Payments to 3rd party collection/processing agencies	<u>147</u>	<u>21</u>
Total disbursements/retainage	<u>19,881</u>	<u>7,877</u>
Total: ending balance of amounts collected but not disbursed/retained (i.e. cash on hand)	<u>\$ -</u>	<u>\$ -</u>
Ending balance of "partial payments" collected but not disbursed	<u>\$ -</u>	<u>\$ -</u>
Other information:		
Ending balance of total amounts assessed but not yet collected	* <u>\$ -</u>	* <u>\$ -</u>
Total waivers during the fiscal period	* <u>\$ -</u>	* <u>\$ -</u>

* Due to lack of case management reporting capabilities, this amount is not obtainable at the present time.

TOWN OF ABITA SPRINGS, LOUISIANA
JUSTICE SYSTEM FUNDING SCHEUDLE - RECEIVING ENTITY
FOR THE YEAR ENDED DECEMBER 31, 2021

<i>Cash Basis Presentation</i>	<u>First Six Month Period</u> <u>End June 30, 2021</u>	<u>Second Six Month Period</u> <u>End December 31, 2021</u>
Receipts from:		
Department of Safety Refunds & Settlements -		
reinstatement court fees	\$ 313	\$ 88
Total Receipts	<u>\$ 313</u>	<u>\$ 88</u>
Ending balance of amounts assessed but not received	<u>\$ -</u>	<u>\$ -</u>

SINGLE AUDIT SECTION



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Audit Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Abita Springs, Louisiana (the "Town") as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements and have issued our report thereon dated June 21, 2022.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.



To the Honorable Mayor
and Members of the Board of Aldermen
Town of Abita Springs, Louisiana
June 21, 2022

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

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

June 21, 2022
Mandeville, Louisiana

Ericksen Krentel, LLP
Certified Public Accountants



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Town of Abita Springs, Louisiana's (the "Town") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Town's major federal programs for the year ended December 31, 2021. The Town's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Town complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2021.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Town and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Town's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Town's federal programs.



To the Honorable Mayor
and Members of the Board of Alderman
Town of Abita Springs, Louisiana
June 21, 2022

Auditor’s Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Town’s compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Town’s compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Town’s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Town’s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Town’s internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.



To the Honorable Mayor
and Members of the Board of Alderman
Town of Abita Springs, Louisiana
June 21, 2022

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

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

June 21, 2022
Mandeville, Louisiana

Ericksen Krentel, LLP
Certified Public Accountants

TOWN OF ABITA SPRINGS, LOUISIANA
SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2021

Federal Grantor/Pass-Through or Grantor/Program or Cluster Title	Federal Number	Grant Number	Total Grant Award	Federal Expenditures
U.S. Department of Homeland Security				
<i>Pass - Through Louisiana Governor's Office of Homeland Security and Emergency Preparedness:</i>				
Public Assistance Grant - Ida 4611	97.036	DR 4611- LA	\$ -	<u>\$ 26,691</u>
Total U.S. Department of Homeland Security				<u>26,691</u>
U.S. Environmental Protection Agency				
<i>Pass-Through Louisiana Department of Health and Hospitals:</i>				
Capitalization Grants for Clean Water State Revolving Fund Clean Water Revolving Loan	66.458		6,000,000	<u>750,180</u>
Total U.S. Environmental Protection Agency				<u>750,180</u>
Total Expenditures of Federal Awards				<u>\$ 776,871</u>

TOWN OF ABITA SPRINGS, LOUISIANA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2021

NOTE 1 – SCOPE OF AUDIT PURSUANT TO *GOVERNMENT AUDITING STANDARDS AND TITLE 2 U.S. CODE OF FEDERAL REGULATIONS PART 200, UNIFORM ADMINISTRATIVE REQUIREMENTS, COST PRINCIPLES, AND AUDIT REQUIREMENTS FOR FEDERAL AWARDS (UNIFORM GUIDANCE)*

All federal grant operations of the Town of Abita Springs, Louisiana (the “Town”) are included in the scope of the single audit. The program which was a major grant and selected for specific testing was:

Capitalization Grants for Clean Water State Revolving Fund (No. 66.458)

NOTE 2 – FISCAL PERIOD AUDIT

Single audit testing procedures were performed for program transactions occurring during the year ended December 31, 2021.

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying schedule of expenditures of federal awards has been prepared on the accrual basis of accounting. Grant revenues are recorded for financial reporting purposes when the Town has met the qualifications for the respective grants.

Accrued and Deferred Reimbursement

Various reimbursement procedures are used for federal awards received by the Town. Consequently, timing differences between expenditures and program reimbursements can exist at the beginning and end of the year. Accrued balances at year end represent an excess of reimbursable expenditures over cash reimbursements and expenditures will be reversed in the remaining grant period.

Pass-Through Entity Information

Pass-through entity identifying numbers are presented where available.

Payments to Subrecipients

There were no payments to subrecipients for the fiscal year ended December 31, 2021.

NOTE 4 – INDIRECT COST RATE

The Town has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

TOWN OF ABITA SPRINGS, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2021

SECTION I SUMMARY OF AUDIT RESULTS

1. The independent auditors' report expresses an unmodified opinion on the financial statements of the Town of Abita Springs, Louisiana.
2. No significant deficiencies in internal control relating to the audit of the financial statements are reported in the Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of the Town of Abita Springs, Louisiana were reported in the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
4. No significant deficiencies or material weaknesses relating to the audit of the major federal award programs are reported in the Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance in Accordance with the Uniform Guidance.
5. The auditors' report on compliance for the major federal award programs for the Town of Abita Springs, Louisiana expresses an unmodified opinion.
6. There were no audit findings required to be reported in accordance with 2 CFR section 200.516(a).
7. A management letter was issued for the year ended December 31, 2021.
8. The program tested as major program was:

	<u>Number</u>
Capitalization Grants for Clean Water State Revolving Fund	66.458

9. The threshold for distinguishing Types A and B programs was \$750,000.
10. Town of Abita Springs, Louisiana was not determined to be a low-risk auditee.

SECTION II FINANCIAL STATEMENTS FINDINGS

N/A

SECTION III FINDINGS AND QUESTIONED COSTS RELATED TO MAJOR FEDERAL AWARD PROGRAMS

N/A

TOWN OF ABITA SPRINGS, LOUISIANA
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2020

SECTION I - FINDINGS RELATED TO THE FINANCIAL STATEMENTS

N/A

SECTION II - MANAGEMENT LETTER

2020-001 Long-Outstanding Checks

During our audit testing, we noted long-outstanding checks. We recommend that the Town review the long-outstanding checks and void and re-issue as necessary or report to the state as required by escheat laws.

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

2020-002 Unreconciled Credits in Utility Accounts Receivable Report

During our audit testing, we noted that the Town had credit balances listed on the accounts receivable reconciliation that had not been recorded in the general ledger. We recommend that the Town review the unreconciled items and record the appropriate journal entry. This difference will continue to grow if not corrected.

Corrective action was partially taken by the Town. The issue has not been completely resolved.

2020-003 Incomplete Accounts Payable Aging

During our audit testing, we noted that the Town had items recorded to accounts payable that were not included in the accounts payable aging. We recommend that all items be recorded in the accounts payable module and a reconciliation be maintained for those items that are not.

Significant corrective action was taken by the Town. The issue has not been completely resolved.

2020-004 Improper Recording of Capital Assets

During our audit testing, we noted the Town has not been recording the full amount of capital asset purchases to a capital asset account.

Corrective action was not taken by the Town. The issue has not been resolved.

2020-005 Inconsistent Definition of Special Revenue Funds

During our audit testing, we noted the Town did not document its method change of recording expenses and revenues in the special revenue fund.

Corrective action was not taken by the Town. The issue has not been resolved.



June 21, 2022

Louisiana Legislative Auditor

Town of Abita Springs, Louisiana respectfully submits the following corrective action plan for the year ended December 31, 2021.

Name and address of independent public accounting firm:

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

Audit Period: January 1, 2021 – December 31, 2021

The finding from the December 31, 2021 management letter is discussed below. The finding is numbered consistently with the number assigned in the schedule.

SECTION II FINDINGS - FINANCIAL STATEMENTS AUDIT

None.

SECTION III MANAGEMENT LETTER ITEMS

2021-001 Bank Reconciliations do not Reconcile to the Trial Balance

Recommendation: We recommend that the Town reconcile each bank account to the individual general ledger account and not just cash as a whole.

Management's Response: Management agrees with the recommendation and will investigate the differences.

2021-002 Write-Offs Not Reflected in Utility Accounts Receivable Report

Recommendation: We recommend that the Town remove the balances that were written off from the utility accounts receivable aging report and monitor those balances in a separate report. The aging report will not agree to the general ledger if that change is not made.

Management's Response: Management agrees with the recommendation and will update the aging report.

2021-003 Incomplete Accounts Payable Aging

Recommendation: We recommend that the Town review the items that are



recorded in accounts payable that are not included in the aging.

Management's Response: Management agrees with the recommendation and will investigate excluded items.

2021-004 Improper Recording of Capital Assets

Recommendation: We recommend that the Town record the full amount of capital asset purchases to a purchases or capital asset account.

Management's Response: Management agrees with the recommendation and will investigate excluded items.


2021-005 Inconsistent Definition of Special Revenue Funds

Recommendation: We recommend that the Town document its method of recording expenses and revenues in the special revenue fund in the prior year.

Management's Response: Management will draft a memo with the new policy.

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

Sincerely,



Mayor

Signature

Title

TOWN OF ABITA SPRINGS
ABITA SPRINGS, LOUISIANA
AGREED-UPON PROCEDURES
FOR THE PERIOD
JANUARY 1, 2021 TO JULY 31, 2021



ERICKSEN KRENTEL^{LLP}
CERTIFIED PUBLIC ACCOUNTANTS • CONSULTANTS



INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES

To the Mayor Daniel Curtis
And Board of Aldermen of
Town of Abita Springs, Louisiana
Abita Springs, Louisiana

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified by the Louisiana Legislative Auditor (LLA) for the fiscal period January 1, 2021 through July 31, 2021, in accordance with Act 774 of 2014 Regular Legislative Session. Town of Abita Springs' management is responsible for those C/C areas identified in the agreed-upon procedures.

Town of Abita Springs has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in accordance with Act 774 of 2014 Regular Legislative Session for the fiscal period January 1, 2021 through July 31, 2021. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes

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

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

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

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

June 27, 2022
Mandeville, Louisiana

Ericksen Krentel, LLP
Certified Public Accountants

TOWN OF ABITA SPRINGS
AGREED-UPON PROCEDURES
JANUARY 1, 2021 TO JULY 31, 2021

Written Policies and Procedures (follow-up)

1. **Procedures:** Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations):

- a) ***Purchasing***, including (1) controls to ensure compliance with the Public Bid Law; and (2) documentation required to be maintained for all bids and price quotes.

Results: Obtained and inspected the entity's written policies and procedures and observed that they address purchasing, including controls to ensure compliance with the Public Bid Law and documentation required to be maintained for all bids and price quotes.

Board or Finance Committee (follow-up)

1. **Procedures:** Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:

- a) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget- to-actual, at a minimum, on all special revenue funds.

Results: Obtained and inspected the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and observed that the minutes referenced or included monthly budget-to-actual comparisons on the general fund quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget- to-actual, at a minimum, on all special revenue funds.

Bank Reconciliations (follow-up)

1. **Procedures:** Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:

- a) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged).

TOWN OF ABITA SPRINGS
AGREED-UPON PROCEDURES (CONTINUED)
JANUARY 1, 2021 TO JULY 31, 2021

Results: Obtained a listing of entity bank accounts for the fiscal period and management's representation that the listing is complete. Management identified the entity's main operating account. Obtained and inspected the corresponding bank statement and reconciliation for each selected account and observed that bank reconciliations included evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation.

Collections (follow-up)

1. **Procedures:** Obtain and inspect the entity's written policies and procedures over collections and observe that they address receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

Results: Obtained and inspected the entity's written policies and procedures over collections and observed that they address receiving, recording, and preparing deposits. Policies and procedures included management's actions to determine the completeness of all collections for each type of revenue or agency fund additions

2. **Procedures:** Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Randomly select two deposit dates for each of the 5 bank accounts (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). Obtain supporting documentation for each of the 10 deposits and:
 - a) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).

Results: Obtained a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Obtained supporting documentation for each randomly selected deposit and observed that the deposits were not made within one business day of receipt at the collection location. Management has already corrected this by hiring an employee who has the task of making daily deposits; therefore, no management corrective action plan deemed necessary.

Credit Cards/Debit Cards/Fuel Cards/P-Cards (follow-up)

1. **Procedures:** Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

Results: Obtained from management a listing of all active credit cards, bank debit cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons

TOWN OF ABITA SPRINGS
AGREED-UPON PROCEDURES (CONTINUED)
JANUARY 1, 2021 TO JULY 31, 2021

who maintained possession of the cards. Obtained management's representation that the listing is complete.

2. **Procedures:** Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement).

Results: Using the listing prepared by management, randomly selected 5 cards and selected one monthly statement for each card.

3. **Procedures:** Using the monthly statements or combined statements selected under #2 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

Results: Using the monthly statements or combined statements selected under #2 above, excluding fuel cards, randomly selected 10 transactions (or all transactions if less than 10) from each statement, and obtained supporting documentation for the transactions. For each transaction, observed that it is supported by an original itemized receipt that identifies precisely what was purchased and written documentation of the business/public purpose. There were no meal charges or missing receipts.

Information Technology Disaster Recovery/Business Continuity

1. **Procedures:** Obtain and inspect the entity's written policies and procedures over information technology disaster recovery/business continuity (or the equivalent contractual terms if IT services are outsourced) and observe that they address (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

Results: Obtained and inspected the entity's written policies and procedures over information technology disaster recovery/business continuity (or the equivalent contractual terms if IT services are outsourced) and observed that they address identification of critical data and frequency of data backups, storage of backups in a separate physical location isolated from the network, periodic testing/verification that backups can be restored, use of antivirus software on all systems, timely application of all available system and software patches/updates, and identification of personnel, processes, and tools needed to recover operations after a critical event.

TOWN OF ABITA SPRINGS
AGREED-UPON PROCEDURES (CONTINUED)
JANUARY 1, 2021 TO JULY 31, 2021

2. **Procedures:** Perform the following procedures, verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."
- a) Obtain and inspect the entity's most recent documentation in which it has backed up its critical data (if no written documentation, inquire of personnel responsible for backing up critical data) and observe that such backup occurred within the past week. If backups are stored on a physical medium (e.g., tapes, CDs), observe evidence that backups are encrypted before being transported.
 - b) Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.
 - c) Obtain a listing of the entity's computers currently in use, and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

Results: We performed the procedures and discussed the results with management.