

**TOWN OF
ABITA SPRINGS, LOUISIANA**

Report on Audit of
Financial Statements

Fiscal Year Ended
December 31, 2008

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

Release Date 6/3/09

Contents	Statement	Schedule	Page
Independent Auditor's Report			1 - 2
<hr/>			
Required Supplemental Information (Part I)			
Management's Discussion and Analysis			4 - 7
<hr/>			
Basic Financial Statements			
Government-Wide Financial Statements			
Statement of Net Assets	A		9
Statement of Activities	B		10
Fund Financial Statements			
Governmental Funds			
Balance Sheet	C		12
Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Assets	D		13
Statement of Revenues, Expenditures and Changes in Fund Balances	E		14
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Government-Wide Statement of Activities	F		15
Proprietary Funds			
Statement of Net Assets	G		17
Statement of Revenues, Expenses and Changes in Net Assets	H		18
Statements of Cash Flows	I		19
Notes to Financial Statements			21 - 36
<hr/>			
Required Supplemental Information (Part II)			
Budgetary Comparison Schedule - General Fund		1	38 - 39
<hr/>			
Other Supplemental Information			
Non-Major Governmental Funds			
Combining Balance Sheet		1	41
Combining Statement of Revenues, Expenditures and Changes in Fund Balances		2	42
Schedule of Compensation Paid to the Members of the Board of Aldermen		3	43
<hr/>			
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			44 - 45



Independent Auditor's Report

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

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, 2008, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of Abita Springs, Louisiana's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Abita Springs, Louisiana, as of December 31, 2008, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 10, 2009, on our consideration of Town of Abita Springs, Louisiana's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. 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* and should be considered in assessing the results of our audit.

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Management's Discussion and Analysis, beginning on page 4, and the budgetary comparison schedules on pages 38 and 39 are not required parts of the basic financial statements, but are supplemental information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consist primarily of inquiries of management regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Town's basic financial statements. The accompanying combining schedules and the schedule of compensation paid to the members of the Board of Aldermen listed under Other Supplemental Information are not required parts of the basic financial statements of the Town of Abita Springs, Louisiana. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.


A Professional Accounting Corporation

April 10, 2009

REQUIRED SUPPLEMENTAL INFORMATION (PART I)
MANAGEMENT'S DISCUSSION AND ANALYSIS

TOWN OF ABITA SPRINGS, LOUISIANA

Management's Discussion and Analysis For the Year Ended December 31, 2008

As management of the Town of Abita Springs, Louisiana (the Town), we offer readers of the Town this narrative overview and financial analysis of the financial activities of the Town as of December 31, 2008, and for the year then ended.

Overview of Financial Statements

The Town adopted 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 Assets:** This statement presents information on all of the Town's assets and liabilities with the difference between the two reported as net assets. Over time, increases or decreases in net assets 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 government's net assets changed during the most recent year. All changes in net assets 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 and the Debt Service Fund.

TOWN OF ABITA SPRINGS, LOUISIANA

**Management's Discussion and Analysis
For the Year Ended December 31, 2008**

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 21 of this report.

Financial Highlights

At December 31, 2008, the Town's assets exceeded its liabilities by \$3,008,232 (*net assets*). Of this amount, \$590,329 (*unrestricted net assets*) may be used to meet the Town's ongoing obligations to its citizen's and creditors. The Town's total net assets increased by \$201,105 for the year ended December 31, 2008.

At December 31, 2008, the Town's governmental funds reported combined ending fund balances of \$1,553,232. Combined governmental fund balance increased by \$63,754 for the year ended December 31, 2008.

Financial Analysis of the Town as a Whole

A condensed version of the government-wide Statement of Net Assets is presented as follows:

	Governmental Activities	Business-Type Activities	2008	2007
Assets				
Current Assets	\$ 1,713,626	\$ 238,239	\$ 1,951,865	\$ 2,360,025
Other Assets	12,887	10,074	22,761	25,889
Capital Assets	1,063,282	2,795,835	3,859,117	3,562,629
Total Assets	2,789,595	3,044,148	5,833,743	5,948,543
Liabilities				
Current and Other Liabilities	202,457	751,191	953,648	815,106
Long-Term Liabilities	924,000	1,257,316	2,181,316	2,326,310
Total Liabilities	1,126,457	2,008,507	3,134,964	3,141,416
Net Assets				
Invested in Capital Assets, Net of Related Debt	139,282	1,817,519	1,956,801	1,663,356
Restricted	344,887	116,215	461,102	375,639
Unrestricted	1,178,969	(588,640)	590,329	768,132
Total Net Assets	\$ 1,663,138	\$ 1,345,094	\$ 3,008,232	\$ 2,807,127

TOWN OF ABITA SPRINGS, LOUISIANA

Management's Discussion and Analysis For the Year Ended December 31, 2008

The amount invested in capital assets, net of related debt, represents 65% of total net assets. Net assets invested in capital assets consist 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 Statement of Activities is presented as follows:

	Governmental Activities		Business-Type Activities		Total	
	2008	2007	2008	2007	2008	2007
Revenues						
Program Revenues						
Charges for Services	\$ 9,540	\$ 11,455	\$ 1,527,930	\$ 1,427,705	\$ 1,537,470	\$ 1,439,160
Operating Grants	16,373	525,685	-	-	16,373	525,685
Capital Grants and Contributions	117,700	-	-	-	117,700	-
General Revenues						
Taxes	1,039,713	1,022,351	-	-	1,039,713	1,022,351
Licenses and Permits	151,183	175,967	-	-	151,183	175,967
Fines and Forfeitures	95,954	85,012	-	-	95,954	85,012
Investment Earnings	25,176	32,210	4,676	9,902	29,852	42,112
State Reimbursements	-	-	-	180,282	-	180,282
Other	295,830	158,356	16,375	15,813	312,205	174,169
Total Revenues	1,751,469	2,011,036	1,548,981	1,633,702	3,300,450	3,644,738
Expenses						
General Government	553,264	813,998	-	-	553,264	813,998
Public Safety	262,012	280,814	-	-	262,012	280,814
Hurricane	110,794	280,275	-	-	110,794	280,275
Cemetery	6,894	7,750	-	-	6,894	7,750
Recreation	218,560	32,159	-	-	218,560	32,159
Public Works	238,386	191,130	-	-	238,386	191,130
Utility	-	-	1,747,026	1,627,719	1,747,026	1,627,719
Amortization of Bond Interest Costs	1,057	1,057	-	-	1,057	1,057
Interest on Long-Term Debt	35,371	37,571	46,571	51,973	81,942	89,544
Total Expenses	1,426,338	1,624,754	1,793,597	1,679,692	3,219,935	3,304,448
Changes in Net Assets Before Capital Contributions	325,131	386,282	(244,616)	(45,990)	80,515	340,292
Capital Contributions	-	-	120,590	-	120,590	-
Changes in Net Assets	325,131	386,282	(124,026)	(45,990)	201,105	340,292
Net Assets, Beginning of Year	1,338,007	951,725	1,469,120	1,515,110	2,807,127	2,466,835
Net Assets, End of Year	\$ 1,663,138	\$ 1,338,007	\$ 1,345,094	\$ 1,469,120	\$ 3,008,232	\$ 2,807,127

TOWN OF ABITA SPRINGS, LOUISIANA

Management's Discussion and Analysis For the Year Ended December 31, 2008

Financial Analysis of the Funds

The Town's General Fund had an decrease in fund balance of \$17,663 for the year ended December 31, 2008. The Town's Cemetery Special Revenue Fund had an increase in fund balance of \$21,631 for the year ended December 31, 2008. The Town's Mausoleum Special Revenue Fund had an increase in fund balance of \$320 for the year ended December 31, 2008. The Town's Debt Service Fund had an increase in fund balance of \$59,368 for the year ended December 31, 2008. The Town's Capital Project Fund had an increase of \$98 for the year ended December 31, 2008. 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 adopts a budget for its General Fund and Special Revenue Fund. During the year ended December 31, 2008, the Town amended its General Fund budget. During the year ended December 31, 2008, the General Fund actual expenditures exceeded budgeted appropriations by \$24,430.

Capital Asset Administration

Capital assets, net of accumulated depreciation, increased by \$296,488 for the year ended December 31, 2008.

Debt Administration

The Town's total long-term debt decreased by \$144,994 during the year ended December 31, 2008. This was the result of the Town entering into a capital lease of \$41,659 and regularly scheduled debt payments totaling \$186,653.

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 of additional information should be directed to Jennifer Oalman, Municipal Clerk, P.O. Box 461, Abita Springs, Louisiana 70420.

**BASIC FINANCIAL STATEMENTS
GOVERNMENT-WIDE FINANCIAL STATEMENTS**

TOWN OF ABITA SPRINGS, LOUISIANA
Statement of Net Assets
December 31, 2008

Statement A

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and Cash Equivalents	\$ 623,012	\$ 22,880	\$ 645,892
Cash - Construction	-	14,824	14,824
Certificate of Deposit	66,857	-	66,857
Equity in Pooled Cash	637,524	657	638,181
Receivables, Net	386,233	180,646	566,879
Prepaid Insurance	-	19,232	19,232
Bond Issuance Cost, Net	12,687	10,074	22,761
Cash and Cash Equivalents - Restricted	-	309,453	309,453
Capital Assets, Net	1,063,282	2,795,835	3,859,117
Total Assets	2,789,595	3,353,601	6,143,196
Liabilities			
Accounts Payable	44,291	105,218	149,509
Pooled Cash in Other Funds	116,103	522,078	638,181
Accrued Interest Payable	11,662	13,749	25,411
Meter Deposits	-	110,146	110,146
Compensated Absences	30,401	-	30,401
Notes Payable - Community Disaster Loan			
Due in More than One Year	-	209,000	209,000
Capital Lease Payable			
Due in One Year	-	38,966	38,966
Due in More than One Year	-	91,350	91,350
Bonds Payable			
Due in One Year	69,000	62,000	131,000
Due in More than One Year	855,000	821,000	1,676,000
Certificates of Indebtedness			
Due in One Year	-	8,000	8,000
Due in More than One Year	-	27,000	27,000
Total Liabilities	1,126,457	2,008,507	3,134,964
Net Assets			
Invested in Capital Assets, Net of Related Debt	139,282	1,817,519	1,956,801
Restricted	344,887	116,215	461,102
Unrestricted	1,178,969	(588,640)	590,329
Total Net Assets	\$ 1,663,138	\$ 1,345,094	\$ 3,008,232

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

TOWN OF ABITA SPRINGS, LOUISIANA
Statement of Activities
For the Year Ended December 31, 2008

Statement B

Functions / Programs	Expenses	Program Revenues			Net Revenue (Expense) and Changes in Net Assets		Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	
Governmental Activities							
General Government	\$ 553,264	\$ 9,540	\$ -	\$ 117,700	\$ (426,024)	\$ -	\$ (426,024)
Public Safety	282,012	-	-	-	(282,012)	-	(282,012)
Public Works	238,366	-	-	-	(238,366)	-	(238,366)
Hurricane	110,794	-	16,373	-	(94,421)	-	(94,421)
Cemetery	6,894	-	-	-	(6,894)	-	(6,894)
Recreation	218,560	-	-	-	(218,560)	-	(218,560)
Amortization of Bond Issuance Cost	1,057	-	-	-	(1,057)	-	(1,057)
Interest on Long-Term Debt	35,371	-	-	-	(35,371)	-	(35,371)
Total Governmental Activities	1,426,338	9,540	16,373	117,700	(1,282,725)	-	(1,282,725)
Business-Type Activities							
Utilities	1,747,026	1,527,930	-	-	-	(218,096)	(218,096)
Interest on Long-Term Debt	46,571	-	-	-	-	(46,571)	(46,571)
Total Business-Type Activities	1,793,597	1,527,930	-	-	-	(265,667)	(265,667)
Total	\$3,219,935	\$ 1,537,470	\$ 16,373	\$ 117,700	(1,282,725)	(265,667)	(1,548,392)
General Revenues							
Taxes							
Property Taxes					310,357	-	310,357
Franchise Taxes					105,984	-	105,984
Sales Taxes					617,594	-	617,594
Other Taxes					5,778	-	5,778
Licenses and Permits					45,254	-	45,254
Fines and Forfeitures					95,954	-	95,954
Insurance Licenses					105,929	-	105,929
Investment Earnings					25,176	4,676	29,852
Sale of Plots					22,000	-	22,000
Other General Revenues					144,035	16,375	160,410
Donations					129,795	-	129,795
Capital Contributions					-	120,590	120,590
Total General Revenues and Transfers					1,607,856	141,641	1,749,497
Change in Net Assets					325,131	(124,026)	201,105
Net Assets, Beginning of Year					1,338,007	1,469,120	2,807,127
Net Assets, End of Year					\$ 1,663,138	\$ 1,345,094	\$ 3,008,232

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

**BASIC FINANCIAL STATEMENTS
FUND FINANCIAL STATEMENTS
GOVERNMENTAL FUNDS**

TOWN OF ABITA SPRINGS, LOUISIANA
Balance Sheet
Governmental Funds
December 31, 2008

Statement C

	General Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Assets				
Cash and Cash Equivalents	\$ 314,751	\$ 135,543	\$ 172,718	\$ 623,012
Equity in Pooled Cash	546,453	54,610	36,461	637,524
Certificate of Deposit	35,249	-	31,608	66,857
Receivables				
Property Taxes, Net	135,266	149,663	-	284,929
Sales Taxes	42,047	-	-	42,047
Other	59,257	-	-	59,257
Due from Other Funds	-	-	1,922	1,922
Total Assets	\$ 1,133,023	\$ 339,816	\$ 242,709	\$ 1,715,548
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	\$ 44,291	\$ -	\$ -	\$ 44,291
Pooled Cash in Other Funds	97,712	-	18,391	116,103
Due to Other Funds	1,922	-	-	1,922
Total Liabilities	143,925	-	18,391	162,316
Fund Balances				
Unreserved, Undesignated	989,098	-	219,247	1,208,345
Reserved for Capital Outlay	-	-	5,071	5,071
Reserved for Debt Service	-	339,816	-	339,816
Total Fund Balances	989,098	339,816	224,318	1,553,232
Total Liabilities and Fund Balances	\$ 1,133,023	\$ 339,816	\$ 242,709	\$ 1,715,548

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

TOWN OF ABITA SPRINGS, LOUISIANA
Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Assets
December 31, 2008

Statement D

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

Fund Balances - Total Governmental Funds	\$ 1,553,232
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Capital assets used in governmental activities are not financial resources and,
therefore, are not reported in the governmental funds:

Governmental Capital Assets	1,389,449
Less: Accumulated Depreciation	(326,167)

Long-term liabilities are not due and payable in the current period and,
therefore, are not reported in the funds:

Accrued Interest	(11,662)
Compensated Absences	(30,401)
Bond Issuance Cost, Net	12,687
Bonds Payable	<u>(924,000)</u>

Net Assets of Governmental Activities	<u><u>\$ 1,663,138</u></u>
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The accompanying notes are an integral part of these financial statements.

TOWN OF ABITA SPRINGS, LOUISIANA
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2008

Statement E

	General Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Revenues				
Taxes				
Property Taxes	\$ 147,318	\$ 163,039	\$ -	\$ 310,357
Franchise Taxes	105,984	-	-	105,984
Sales Taxes	617,594	-	-	617,594
Other	5,778	-	-	5,778
Licenses and Permits	45,254	-	-	45,254
Intergovernmental Grants	117,700	-	-	117,700
Insurance Licenses	105,929	-	-	105,929
Rentals	9,540	-	-	9,540
Fines and Forfeitures	95,954	-	-	95,954
Interest Income	19,263	2,720	3,193	25,176
FEMA Reimbursements	16,373	-	-	16,373
Donations	129,795	-	-	129,795
Sale of Cemetery Plots	-	-	22,000	22,000
Other Revenues	140,285	-	3,750	144,035
Total Revenues	1,556,767	165,759	28,943	1,751,469
Expenditures				
General Government	984,429	6,252	-	990,681
Public Safety	213,938	-	-	213,938
Clerk of Court	48,074	-	-	48,074
Cemetery	-	-	6,894	6,894
Recreation	217,195	-	-	217,195
Hurricane Expenditures	110,794	-	-	110,794
Debt Service				
Principal	-	64,000	-	64,000
Interest	-	36,139	-	36,139
Total Expenditures	1,574,430	106,391	6,894	1,687,715
Net Change in Fund Balances	(17,663)	59,368	22,049	63,754
Fund Balances, Beginning of Year	1,006,761	280,448	202,269	1,489,478
Fund Balances, End of Year	\$ 989,098	\$ 339,816	\$ 224,318	\$ 1,553,232

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

TOWN OF ABITA SPRINGS, LOUISIANA
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
to the Government-Wide Statement of Activities
For the Year Ended December 31, 2008

Statement F

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

Change in Fund Balances - Total Governmental Funds	\$ 63,754
<p>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 through depreciation expense.</p>	
Capital Asset Additions	238,607
Depreciation of Capital Assets	(35,645)
Amortization of Bond Issuance Cost	(1,057)
Change in Compensated Absences	(5,296)
Change in Accrued Interest	768
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets.	<u>64,000</u>
Change in Net Assets of Governmental Activities	<u>\$ 325,131</u>

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

**BASIC FINANCIAL STATEMENTS
FUND FINANCIAL STATEMENTS
PROPRIETARY FUND**

TOWN OF ABITA SPRINGS, LOUISIANA
Statements of Net Assets
Proprietary Fund
December 31, 2008 and 2007

Statement G

	2008	2007
Assets		
Current Assets		
Cash and Cash Equivalents	\$ 22,880	\$ 57,204
Cash - Construction	14,824	128,037
Accounts Receivable, Net	180,648	158,282
Prepaid Insurance	19,232	345
Total Current Assets	237,582	343,868
Restricted Assets		
Cash and Cash Equivalents	309,453	301,419
Equity in Pooled Cash	657	657
Total Restricted Assets	310,110	302,076
Long-Term Assets		
Capital Assets, Net	2,795,835	2,702,310
Total Long-Term Assets	2,795,835	2,702,310
Other Assets		
Bond Issuance Cost	10,074	12,145
Total Assets	3,353,601	3,360,399
Liabilities		
Current Liabilities		
Accounts Payable	105,218	175,872
Pooled Cash in Other Funds	522,078	255,239
Capital Leases, Current Portion	38,966	27,726
Total Current Liabilities	666,262	458,837
Current Liabilities (Payable from Restricted Assets)		
Accrued Interest Payable	13,749	16,901
Revenue Bonds Payable, Current Portion	62,000	59,000
Certificates of Indebtedness, Current Portion	8,000	31,000
Customer Meter Deposits	110,148	104,957
Total Current Liabilities (Payable from Restricted Assets)	193,895	211,858
Noncurrent Liabilities		
Capital Leases, Net of Current Portion	91,350	93,584
Revenue Bonds, Net of Current Portion	821,000	883,000
Certificates of Indebtedness, Net of Current Portion	27,000	35,000
Community Disaster Loan	209,000	209,000
Total Noncurrent Liabilities	1,148,350	1,220,584
Total Liabilities	2,008,507	1,891,279
Net Assets		
Invested in Capital Assets, Net of Related Debt	1,817,519	1,791,037
Restricted Net Assets	116,215	90,218
Unrestricted Net Assets	(588,640)	(412,135)
Total Net Assets	\$ 1,345,094	\$ 1,469,120

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

TOWN OF ABITA SPRINGS, LOUISIANA
Statements of Revenues, Expenses and Changes in Net Assets
Proprietary Fund
For the Years Ended December 31, 2008 and 2007

Statement H

	2008	2007
Operating Revenues		
Charges for Services		
Gas Sales	\$ 698,622	\$ 550,851
Water Sales	164,096	156,525
Sewer Service Charges	229,477	212,501
Garbage Collection Fees	204,238	171,445
Impact Fees	33,500	133,417
State Reimbursements	-	180,282
Miscellaneous and Other Fees	197,997	202,966
Total Operating Revenues	1,527,930	1,607,987
Operating Expenses		
Administrative and General	202,159	207,061
Gas Purchased	476,490	414,443
Gas System	215,089	338,296
Water System	189,412	164,976
Sewerage System	327,259	206,702
Garbage Collection	190,822	165,070
Depreciation	143,724	129,100
Amortization of Bond Issuance Cost	2,071	2,071
Total Operating Expenses	1,747,026	1,627,719
Operating (Loss)	(219,096)	(19,732)
Non-Operating Revenues (Expenses)		
Cell Tower Lease	16,375	15,813
Interest Expense	(46,571)	(51,973)
Interest Income	4,676	9,902
Total Non-Operating Expenses	(25,520)	(26,258)
Net (Loss) Before Contributions	(244,616)	(45,990)
Capital Contribution	120,590	-
Change in Net Assets	(124,026)	(45,990)
Net Assets, Beginning of Year	1,469,120	1,515,110
Net Assets, End of Year	\$ 1,345,094	\$ 1,469,120

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

TOWN OF ABITA SPRINGS, LOUISIANA
Statements of Cash Flows
Proprietary Fund
For the Years Ended December 31, 2008 and 2007

Statement I

	2008	2007
Cash Flows from Operating Activities		
Receipts from Customers and Users	\$ 1,505,566	\$ 1,426,192
State Reimbursement Receipts	-	180,282
Payments to Suppliers	(1,490,931)	(1,211,227)
Payments to Employees	(199,840)	(188,534)
Net Cash (Used In) Provided by Operating Activities	(185,205)	206,713
Cash Flows from Noncapital Financing Activities		
Increase in Meter Deposits	5,189	9,922
Interfund Borrowings (Repayments)	266,839	207,523
Net Cash Provided by Noncapital Financing Activities	272,028	217,445
Cash Flows from Capital and Related Financing Activities		
Receipts from Tower Lease	16,375	15,813
Purchase of Capital Assets	(237,249)	(424,187)
Capital contributions	120,590	-
Proceeds of Capital Lease	41,659	80,498
Interest Paid on Leases, Bonds and Certificates	(49,724)	(48,840)
Principal Paid on Capital Leases	(32,653)	(21,097)
Principal Paid on Bonds and Certificates	(90,000)	(86,000)
Net Cash Used In Capital and Related Financing Activities	(231,002)	(483,813)
Cash Flows from Investing Activities		
Interest Earned on Investments and Certificates	4,676	9,902
Net Cash Provided by Investing Activities	4,676	9,902
Net Decrease in Cash and Cash Equivalents	(139,503)	(49,753)
Cash and Cash Equivalents, Beginning of Year	486,660	536,413
Cash and Cash Equivalents, End of Year	\$ 347,157	\$ 486,660
Reconciliation of Operating Loss to Net Cash (Used in) Provided by Operating Activities		
Operating Loss	\$ (219,096)	\$ (19,732)
Adjustments to Reconcile Operating Loss to Net Cash (Used in) Provided by Operating Activities		
Depreciation	143,724	129,100
Amortization of Bond Issuance Cost	2,071	2,071
Changes in Assets and Liabilities		
(Increase) in Accounts Receivable	(22,364)	(1,513)
(Increase) Decrease in Prepaid Insurance	(18,887)	14,300
(Decrease) Increase in Accounts Payable	(70,653)	82,487
Net Cash (Used in) Provided by Operating Activities	\$ (185,205)	\$ 206,713

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

NOTES TO FINANCIAL STATEMENTS

TOWN OF ABITA SPRINGS, LOUISIANA

Notes to Financial Statements

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 in establishing governmental accounting and financial reporting principles. The following is a summary of certain significant accounting policies:

Note 1. Summary of Significant Accounting Policies

Reporting Entity

Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification) established criteria for determining the governmental reporting entity and component units that should be included with the reporting entity. For financial reporting purposes, in conformance with GASB Codification Section 2100, the Town includes all funds which are controlled by or dependent on the Town, which was determined on the basis of oversight responsibility, including accountability for fiscal and budget matters, designation and management or governing authority, and authority to issue debt. Based on these criteria, the Town has determined that there are no component units that are part of the reporting entity.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Assets 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 segment 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

Note 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 revenues 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, 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 the following major governmental funds:

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.

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

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.

TOWN OF ABITA SPRINGS, LOUISIANA

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

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

Private-sector standards of accounting and financial reporting, issued prior to December 1, 1989, are generally followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and proprietary funds, subject to this same limitation. The Town has elected not to follow subsequent private-sector guidance.

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 nonoperating 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 generally accepted accounting principles for all governmental funds. 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.

Cash, Cash Equivalents and Investments

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

TOWN OF ABITA SPRINGS, LOUISIANA

Notes to Financial Statements

Note 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 certificate of deposits) with 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 Government Auditing Standards Board Statement No. 31, are reported at fair value, which is determined using published market prices.

Sales Taxes

The Town imposes a two-percent sales and use tax. One and one half-percent of this tax is designated for general Town purposes. One half percent of this tax is designated for the Town's law enforcement services. The Town accounts for all of its sales taxes in the General Fund.

Compensated Absences

Employees accrue vacation leave at the rate of 5 to 15 days per year, according to years of service with the Town. Unused vacation lapses at the employees' anniversary date. Employees accrue sick leave of up to 10 days per year, according to years of service with the Town. Employees are allowed to carry forward unused sick leave from year to year. Upon termination, or at retirement, employees are paid for unused sick leave at the discretion of the Town. At retirement, employees are paid for all accrued vacation leave. Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is to be 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 to be reported in the government-wide statement of net assets.

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 Assets. In the fund financial statements, however, debt principal payments of governmental funds are recognized as expenditures when paid.

TOWN OF ABITA SPRINGS, LOUISIANA

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Accounts Receivable

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

Uncollectible amounts due for customers' utility receivables are recognized as bad debts through the establishment of an allowance account at the time information becomes available, which would indicate the uncollectibility of the particular receivable. The allowance is \$52,606 at December 31, 2008.

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 costs are 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 Statement No. 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 funds are recorded as fixed assets and depreciated over their estimated useful lives on both the fund basis and the government-wide basis.

All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

Description	Estimated Lives
Infrastructure	40 Years
Buildings and Building Improvements	20 - 40 Years
Utility Systems	30 - 40 Years
Furniture and Fixtures	7 Years
Vehicles	5 Years
Equipment	3 - 15 Years

TOWN OF ABITA SPRINGS, LOUISIANA

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Fund Equity

Government-Wide Statements

Equity is classified as net assets and displayed in three components:

1. Invested in capital assets, net of related debt - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any borrowings that are attributable to the acquisition, construction, or improvement of those assets.
2. Unrestricted net assets - All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."
3. Restricted net assets - Net assets with constraints placed on the use either by:
 - a. External groups such as creditors, grantors, contributors, or laws or regulations of other governments.
 - b. Law through constitutional provisions or enabling legislation.

When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, the Town's policy is to apply restricted net assets first.

Interfund Transactions

Permanent re-allocation of resources between funds of the Town are 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.

Note 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, 2008, the Town had \$1,140,816 in deposits that were secured by collateral.

TOWN OF ABITA SPRINGS, LOUISIANA

Notes to Financial Statements

Note 3. Cash and Cash Equivalents

Custodial Credit Risk

At year-end, the carrying amount of the Town's bank deposits was \$1,073,959, which included \$66,857 in certificates of deposit, and the bank balance was \$1,140,816. The difference was primarily due to outstanding checks. Of the bank balances, \$268,708 was covered by federal depository insurance and \$872,108 was secured by bank-owned securities specifically pledged to the Town and held by an independent custodian bank jointly in the name of the Town and the bank.

The following is a reconciliation of cash and cash equivalents per the statement of net assets of the Proprietary Fund to the cash and cash equivalents per the statement of cash flows:

Cash and Cash Equivalents Per Balance Sheet:	
Cash on Hand and in Bank	\$ 22,880
Cash Construction	14,824
Restricted:	
Bond Sinking	67,096
Bond Reserve	53,612
Capital Additions and Contingency	72,852
Sewer Debt Service	660
Meter Deposits	<u>115,233</u>
Total Cash and Cash Equivalents Per Statements of Cash Flows	<u>\$ 347,157</u>

TOWN OF ABITA SPRINGS, LOUISIANA

Notes to Financial Statements

Note 4. Receivables

The net receivables at December 31, 2008, are as follows:

	General Fund	Debt Service Fund	Proprietary Funds	Total
Taxes				
Property	\$ 135,266	\$ 149,663	\$ -	\$ 284,929
Sales and Use	42,047	-	-	42,047
Other	59,257	-	-	59,257
Utility Accounts	-	-	180,646	180,646
Total	\$ 236,570	\$ 149,663	\$ 180,646	\$ 566,879

Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. Total allowance for doubtful accounts amounted to \$52,606 for the Business-Type Activities.

Note 5. Property Taxes

Property taxes are normally levied and billed in December of each year and are due in February of the following year. Revenues are recognized when levied to the extent they are determined to be currently collectible. The Town bills and collects its own property taxes using the assessed values determined by the tax assessor of St. Tammany Parish. The Ad Valorem taxes receivable are recorded net of allowance of \$49,811 on the accompanying balance sheet. For the year ended December 31, 2008, the Town levied taxes of 7.86 mills for general purposes and 9.00 mills for debt service.

TOWN OF ABITA SPRINGS, LOUISIANA

Notes to Financial Statements

Note 6. Capital Assets

The following is a summary of the changes in capital assets for the fiscal year ended December 31, 2008:

	Balance January 1, 2008	Increases	Decreases	Balance December 31, 2008
Governmental Activities				
Capital Assets Not Depreciated				
Construction in Progress	\$ -	\$ 26,782	\$ -	\$ 26,782
Land	160,389	-	-	160,389
Total Capital Assets Not Depreciated	160,389	26,782	-	187,171
Capital Assets Being Depreciated				
Infrastructure	511,145	-	-	511,145
Culture and Recreation	-	202,490	-	202,490
Machinery and Equipment	140,838	-	-	140,838
Office Equipment and Furniture	9,654	9,335	-	18,989
Buildings and Improvements	321,629	-	-	321,629
Police Machinery and Equipment	4,485	-	-	4,485
Police Furnitures and Fixtures	2,702	-	-	2,702
Total Capital Assets Being Depreciated	990,453	211,825	-	1,202,278
Accumulated Depreciation for:				
Infrastructure	(17,380)	(12,779)	-	(30,159)
Culture and Recreation	-	(1,365)	-	(1,365)
Machinery and Equipment	(66,828)	(14,918)	-	(81,746)
Office Equipment and Furniture	(8,192)	(2,042)	-	(10,234)
Buildings and Improvements	(190,935)	(4,541)	-	(195,476)
Police Machinery and Equipment	(4,485)	-	-	(4,485)
Police Furnitures and Fixtures	(2,702)	-	-	(2,702)
Total Accumulated Depreciation	(290,522)	(35,645)	-	(326,167)
Total Capital Assets Being Depreciated, Net	699,931	176,180	-	876,111
Totals	\$ 860,320	\$ 202,962	\$ -	\$ 1,063,282

TOWN OF ABITA SPRINGS, LOUISIANA

Notes to Financial Statements

Note 6. Capital Assets (Continued)

	Balance January 1, 2008	Increases	Decreases	Balance December 31, 2008
Business-Type Activities				
Capital Assets Being Depreciated				
Gas Distribution System	\$ 49,993	\$ -	\$ -	\$ 49,993
Water Distribution System	1,476,855	97,795	-	1,574,650
Sewer Plant and Lines	2,625,524	97,795	-	2,723,319
Automobiles	23,600	-	-	23,600
Machinery and Equipment	243,373	41,659	-	285,032
Buildings and Improvements	35,808	-	-	35,808
Total Capital Assets Being Depreciated	4,455,153	237,249	-	4,692,402
Accumulated Depreciation for:				
Gas Distribution System	(14,266)	(1,511)	-	(15,777)
Water Distribution System	(659,916)	(30,534)	-	(690,450)
Sewer Plant and Lines	(996,251)	(71,179)	-	(1,067,430)
Automobiles	(12,642)	(2,914)	-	(15,556)
Machinery and Equipment	(65,888)	(36,392)	-	(102,280)
Buildings and Improvements	(3,880)	(1,194)	-	(5,074)
Total Accumulated Depreciation	(1,752,843)	(143,724)	-	(1,896,567)
Total Capital Assets Being Depreciated, Net	\$ 2,702,310	\$ 93,525	\$ -	\$ 2,795,835

Depreciation was charged to governmental functions as follows:

General Governmental	\$ 21,501
Public Works	12,779
Culture and Recreation	1,365
Total	\$ 35,645

Construction in progress primarily consists of the street overlay project.

TOWN OF ABITA SPRINGS, LOUISIANA

Notes to Financial Statements

Note 7. Employee Pension Plan

Municipal Employees Retirement System of Louisiana (MERS)

Plan Description and Provisions

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

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

1. Age 55 with thirty (30) years of creditable service.
2. Age 60 with a minimum of ten (10) years of creditable service.
3. Under age 60 with ten (10) years of creditable service eligible for disability benefits.
4. Survivor's benefits require twenty (20) years creditable service at death of member.

Generally, the monthly amount of the retirement allowance for any member shall consist of an amount equal to 3% of the member's final compensation multiplied by his years of creditable service. However, under certain conditions as outlined in the statutes, the benefits are limited to specified amounts.

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

Description of Funding Policy

The System's contribution requirements are actuarially determined. The contribution requirements are currently established by statute. As of December 31, 2008, the statutory rates were 9.25% member contribution and 13.5% employer contribution of the total covered payroll. The Town's contribution requirement for the years ended December 31, 2008, 2007 and 2006, was \$54,150, \$54,895 and \$50,439, respectively, which equals the required contributions for each year.

Trend Information

Five-year historical trend information, presenting the MERS' progress in accumulating sufficient assets to pay benefits when due, is presented in the MERS June 30, 2008 annual financial report. That report may be obtained by writing to MERS at 7937 Office Park Blvd., Baton Rouge, LA 70809.

TOWN OF ABITA SPRINGS, LOUISIANA

Notes to Financial Statements

Note 8. Long-Term Debt

The following is a summary of long-term debt activity for the year ended December 31, 2008:

	Governmental Activities	Business-Type Activities			Capital Lease	Total
	General Obligation Bonds	Revenue Bonds	Certificates of Indebtedness	Note Payable		
Balance January 1, 2008	\$ 988,000	\$ 942,000	\$ 88,000	\$ 209,000	\$ 121,310	\$ 2,326,310
Additions	-	-	-	-	41,659	41,659
Reductions	(64,000)	(59,000)	(31,000)	-	(32,653)	(186,653)
Balance December 31, 2008	<u>\$ 924,000</u>	<u>\$ 883,000</u>	<u>\$ 35,000</u>	<u>\$ 209,000</u>	<u>\$ 130,316</u>	<u>\$ 2,181,316</u>
Due within One Year	<u>\$ 69,000</u>	<u>\$ 62,000</u>	<u>\$ 8,000</u>	<u>\$ -</u>	<u>\$ 38,966</u>	<u>\$ 177,966</u>

Long-term debt is composed of the following at December 31, 2008:

General Obligation Bonds

\$400,000 General Obligation Bond Series 2001, due in annual installments through March 2016; interest paid semi-annually ranging from 2.5% to 4.12%; secured by Ad Valorem tax.	\$ 320,000
\$250,000 Refunding General Obligation Bonds Series 2005, due in annual installments through March 2015; interest paid semi- annually ranging from 3% to 4.75%; secured by Ad Valorem tax.	164,000
\$450,000 General Obligation Bonds Series 2005, due in annual installments through September 2020; interest paid semi-annually at 2.95%; secured by Ad Valorem tax.	440,000
	\$ 924,000

TOWN OF ABITA SPRINGS, LOUISIANA

Notes to Financial Statements

Note 8. Long-Term Debt (Continued)

Revenue Bonds

\$600,000 Utility Bonds dated July 8, 1998,
due in annual installments through
May 1, 2018; including interest from 4% to 5%;
secured by revenues of the Utility System. \$ 384,000

\$350,000 Utility Refunding Bonds dated
January 8, 2004; due in annual
installments through March 1, 2030;
including interest from 3% to 5.25%;
secured by revenues of the Utility System. 316,000

\$250,000 Utility Bonds dated December 1, 2004;
due in annual installments through
June 1, 2015; including interest at 4.0%;
secured by revenues of the Utility System. 183,000

\$ 883,000

Certificates of Indebtedness

\$80,000 Certificate of Indebtedness dated
December 13, 2002; due in annual installments through
November 1, 2012; interest paid semi-annually at 4%;
secured by excess revenues of the Town. \$ 35,000

TOWN OF ABITA SPRINGS, LOUISIANA

Notes to Financial Statements

Note 8. Long-Term Debt (Continued)

Capital Leases

\$66,969 Capital Lease dated August 5, 2006, due in 60 monthly installments of \$1,239 with interest at 4.2%; secured by a piece of equipment with a book value of \$67,183 at December 31, 2008. \$ 36,350

\$80,498 Capital Lease dated June 20, 2007, due in 60 monthly installments of \$1,540 with interest at 5.75%; secured by a piece of equipment with a book value of \$80,498 at December 31, 2008. 57,183

\$41,659 Capital Lease dated August 8, 2008, due in 48 monthly installments of \$969 with interest at 5.75%; secured by a piece of equipment with a book value of \$41,659 at December 31, 2008. 36,783

\$ 130,316

Notes Payable

\$209,000 Note Payable to the Federal Emergency Management Agency dated November 29, 2005; matures on November 28, 2010; with interest at 2.9% per annum. \$ 209,000

General obligation bonds are secured by an annual Ad Valorem tax levy. In accordance with Louisiana Revised Statute 39:562, the Town is legally restricted from incurring long-term bonded debt in excess of 35% of the assessed value of taxable property in the municipality. At December 31, 2008, the Town had not exceeded this statutory limit. As of December 31, 2008, there is \$339,816 available in the Debt Service Fund to service the general obligation bonds.

TOWN OF ABITA SPRINGS, LOUISIANA

Notes to Financial Statements

Note 8. Long-Term Debt (Continued)

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

Year Ending December 31,	General Obligation Bonds		Certificate of Indebtedness		Revenue Bonds		Capital Leases	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2009	\$ 69,000	\$ 33,671	\$ 8,000	\$ 1,400	\$ 62,000	\$ 44,310	\$ 38,966	\$ 6,102
2010	61,000	31,128	9,000	1,080	64,000	41,435	41,046	4,028
2011	95,000	28,046	9,000	720	67,000	38,220	36,999	2,065
2012	99,000	24,198	9,000	360	71,000	34,803	13,305	237
2013	103,000	20,128	-	-	74,000	28,523	-	-
2014 to 2018	392,000	44,325	-	-	335,000	85,789	-	-
2019 to 2023	105,000	3,171	-	-	72,000	45,358	-	-
2024 to 2028	-	-	-	-	94,000	20,737	-	-
2029 to 2032	-	-	-	-	44,000	3,466	-	-
Total	\$ 924,000	\$ 184,667	\$ 35,000	\$ 3,560	\$ 883,000	\$ 342,621	\$ 130,316	\$ 12,432

Scheduled payment dates were not available as of the release of this report for the Notes Payable Community Disaster Loan.

Note 9. Excess of Expenditures over Appropriations

During the year ended December 31, 2008, the General Fund's actual expenditures of \$1,574,430 exceeded its budgeted appropriations of \$1,550,000, resulting in an unfavorable variance of \$24,430.

Note 10. Restricted Assets

The Town has approved resolutions authorizing the issuance of \$600,000 of Utility Revenue Bonds dated July 8, 1998, \$350,000 in Utility Refunding Bonds dated January 8, 2004, and \$250,000 of Utility Revenue Bonds dated December 1, 2004. Each of the resolutions provide for certain restrictions on assets of the Enterprise Fund. The following reserve requirements have been met for the year ended December 31, 2008:

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

Note 10. 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 \$453 per month are to be deposited with the regularly designated fiscal agent 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 help control customer meter deposits received.

Note 11. 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, 2008, the Town carried insurance through various commercial carriers to cover all risks of losses. The Town has no settled claims resulting from these risks that exceeded its commercial coverage in any of the past three fiscal years.

REQUIRED SUPPLEMENTAL INFORMATION (PART II)
BUDGETARY COMPARISON SCHEDULE

TOWN OF ABITA SPRINGS, LOUISIANA
Budgetary Comparison Schedule
General Fund
For the Year Ended December 31, 2008

Schedule 1

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Taxes				
Property Taxes	\$ 90,000	\$ 140,000	\$ 147,318	\$ 7,318
Franchise Taxes	75,000	110,000	105,984	(4,016)
Sales Taxes	600,000	617,500	617,594	94
Other	51,000	6,000	5,778	(222)
Licenses and Permits	50,000	50,000	45,254	(4,746)
Intergovernmental Grants	35,000	120,000	117,700	(2,300)
Insurance Licenses	95,000	105,000	105,929	929
Rentals	18,000	5,000	9,540	4,540
Fines and Forfeitures	50,000	94,000	95,954	1,954
Interest Income	-	12,500	19,263	6,763
FEMA Reimbursements	-	20,000	16,373	(3,627)
Donations	-	115,000	129,795	14,795
Other Revenues	37,000	155,000	140,285	(14,715)
Total Revenues	1,101,000	1,550,000	1,556,767	6,767
Expenditures				
General Government	839,500	1,123,500	984,429	139,071
Public Safety	210,000	210,000	213,938	(3,938)
Clerk of Court	46,500	46,500	48,074	(1,574)
Recreation	15,000	170,000	217,195	(47,195)
Hurricane Expenditures	-	-	110,794	(110,794)
Total Expenditures	1,111,000	1,550,000	1,574,430	(24,430)
Change in Fund Balance	\$ (10,000)	\$ -	(17,663)	\$ (17,663)
Fund Balance, Beginning of Year			1,006,761	
Fund Balance, End of Year			\$ 989,098	

TOWN OF ABITA SPRINGS, LOUISIANA
Budgetary Comparison Schedule
General Fund
For the Year Ended December 31, 2008

Schedule 1 (Continued)

	Original Budget	Final Budget	Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
General Government				
Salaries	\$ 285,000	\$ 285,000	\$ 299,587	\$ (14,587)
Aldermen	24,000	24,000	25,000	(1,000)
Employee Insurance and Benefits	70,000	94,000	91,492	2,508
Accounting and Auditing	15,000	15,000	20,488	(5,488)
Advertising and Publication	5,000	5,000	3,397	1,603
Advocacy Center	1,000	1,000	-	1,000
Animal Control	1,000	1,000	-	1,000
Auto Gas	8,000	8,000	15,734	(7,734)
Auto Repairs and Maintenance	5,000	5,000	9,009	(4,009)
Billing	4,000	4,000	-	4,000
Codification	5,000	5,000	-	5,000
Contract Labor	10,000	10,000	6,925	3,075
Conventions and Travel	3,000	3,000	6,197	(3,197)
Disaster Recovery	-	110,000	27,957	82,043
Dues and Subscriptions	2,000	2,000	1,284	716
Equipment Purchases	44,000	44,000	(27)	44,027
Grant Expense	35,000	155,000	154,058	942
Inspections	10,000	10,000	4,350	5,650
Insurance	65,000	65,000	59,252	5,748
Legal	10,000	10,000	14,594	(4,594)
Land Lease	3,000	3,000	3,043	(43)
Miscellaneous	10,000	10,000	21,835	(11,835)
Office Supplies	6,000	6,000	11,433	(5,433)
Paid Street Culverts	10,000	10,000	819	9,181
Payroll Taxes	6,000	6,000	7,428	(1,428)
Pine Beetle Trees	10,000	10,000	8,050	1,950
Postage	2,000	2,000	1,503	497
Repairs and Maintenance	24,000	24,000	33,107	(9,107)
Retirement	40,000	40,000	35,895	4,105
Senior Citizens	2,500	2,500	3,688	(1,188)
Sidewalks	35,000	35,000	-	35,000
Street Repairs	24,500	54,500	54,631	(131)
Telephone	12,000	12,000	13,305	(1,305)
Trustee Expense	500	500	2,573	(2,073)
Uniforms	2,000	2,000	2,592	(592)
Utilities	50,000	50,000	45,230	4,770
Total General Government	\$ 839,500	\$ 1,123,500	\$ 984,429	\$ 139,071

OTHER SUPPLEMENTAL INFORMATION

**Other Supplemental Information
Schedule 1**

**TOWN OF ABITA SPRINGS, LOUISIANA
Combining Balance Sheet
Non-Major Governmental Funds
December 31, 2008**

	Mausoleum Special Revenue Fund	Cemetery Special Revenue Fund	Capital Project Fund	Total Non-Major Governmental Funds
Assets				
Cash	\$ -	\$ 149,256	\$ 23,462	\$ 172,718
Certificate of Deposit	31,608	-	-	31,608
Equity in Pooled Cash	3,388	33,073	-	36,461
Due from Other Funds	1,922	-	-	1,922
Total Assets	\$ 38,918	\$ 182,329	\$ 23,462	\$ 242,709
Liabilities				
Accounts Payable	\$ -	\$ -	\$ -	\$ -
Pooled Cash in Other Funds	-	-	18,391	18,391
Total Liabilities	-	-	18,391	18,391
Fund Balance				
Fund Balance				
Reserved for Capital Outlay	-	-	5,071	5,071
Unreserved, Undesignated	36,918	182,329	-	219,247
Total Fund Balance	36,918	182,329	5,071	224,318
Total Liabilities and Fund Balances	\$ 36,918	\$ 182,329	\$ 23,462	\$ 242,709

**Other Supplemental Information
Schedule 2**

**TOWN OF ABITA SPRINGS, LOUISIANA
Combining Statement of Revenues, Expenditures
and Changes in Fund Balances
Non-Major Governmental Funds
For the Year Ended December 31, 2008**

	Mausoleum Special Revenue Fund	Cemetery Special Revenue Fund	Capital Project Fund	Total Non-Major Governmental Funds
Revenues				
Plot Sales	\$ -	\$ 22,000	\$ -	\$ 22,000
Other	-	3,750	-	3,750
Interest Income	320	2,775	98	3,193
Total Revenues	320	28,525	98	28,943
Expenditures				
Cemetery	-	6,894	-	6,894
Changes in Fund Balances	320	21,631	98	22,049
Fund Balance, Beginning of Year	36,598	160,698	4,973	202,269
Fund Balance, End of Year	\$ 36,918	\$ 182,329	\$ 5,071	\$ 224,318

TOWN OF ABITA SPRINGS, LOUISIANA
Schedule of Compensation Paid to the Members
of the Board of Aldermen
For the Year Ended December 31, 2008

Board of Aldermen	Term Expires	Compensation
Troy Dugas 72099 Hickory Street Abita Springs, LA 70420 985-892-0575	December 31, 2010	\$5,000
Greg Lemons 71361 St. Joseph Street Abita Springs, LA 70420 985-809-7592	December 31, 2010	\$5,000
Patricia Edmiston 73386 Gordon Street Abita Springs, LA 70420 985-809-7393	December 31, 2010	\$5,000
Sheri Sable-Campbell 72110 Gum Street Abita Springs, LA 70420 985-875-1247	December 31, 2010	\$5,000
W.E. Patterson III 72104 Laurel Street Abita Springs, LA 70420 985-871-4211	December 31, 2010	\$5,000



**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 Board of Aldermen
Town of Abita Springs, Louisiana

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, as of and for the year ended December 31, 2008, and have issued our report thereon dated April 10, 2009. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Town of Abita Springs, Louisiana's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over financial reporting.

A control deficiency exists when the design or operation of control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, process, or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

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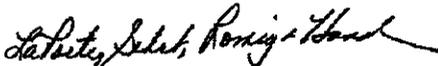
RSM McGladrey Network

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Town of Abita Springs, Louisiana'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 that is required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the management of the Town of Abita Springs, Louisiana, and the Legislative Auditor of the State of Louisiana, 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.


A Professional Accounting Corporation

April 10, 2009