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TOWN OF ABITA SPRINGS  
ABITA SPRINGS, LOUISIANA

ENTERPRISE FUND - UTILITY SYSTEMS

FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS'  
REPORT WITH SUPPLEMENTAL INFORMATION

December 31, 2001 and 2000

**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 5/15/02

## CONTENTS

	PAGE
INDEPENDENT AUDITORS' REPORT	3
FINANCIAL STATEMENTS	
BALANCE SHEETS	5
STATEMENTS OF REVENUES, EXPENSES, AND DEFICIT IN RETAINED EARNINGS	7
STATEMENTS OF CASH FLOWS	8
NOTES TO FINANCIAL STATEMENTS	9
SUPPLEMENTARY INFORMATION	
SCHEDULES OF OPERATING EXPENSES	19
SCHEDULE OF INVESTMENTS	21
SCHEDULE OF UTILITY RATES	22
SCHEDULE OF GOVERNING BOARD	23
SCHEDULE OF INSURANCE COVERAGE	24
SPECIAL REPORTS OF INDEPENDENT AUDITORS'	
INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	25

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

(A LIMITED LIABILITY COMPANY)

*Certified Public Accountants*

P.O. Box 3790

Covington, Louisiana 70434-3790

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

(985) 892-6633 - Covington  
(985) 892-4666 - FAX

## INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the Enterprise Fund - Utility Systems of the Town of Abita Springs, Louisiana, as of and for the years ended December 31, 2001 and 2000, as listed in the table of contents. These financial statements are the responsibility of the Town's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Enterprise Fund - Utility Systems of the Town of Abita Springs, Louisiana, at December 31, 2001 and 2000, and the results of its operations and cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

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

The Honorable Mayor and Board of Aldermen  
Abita Springs, Louisiana

In accordance with *Government Auditing Standards*, we have also issued a report dated March 13, 2002 on our consideration of the Town of Abita Springs' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, controls, and grants.

March 13, 2002

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

Town of Abita Springs, Louisiana

ENTERPRISE FUND  
UTILITY SYSTEMS

BALANCE SHEETS

December 31, 2001 and 2000

	<u>2001</u>	<u>2000</u>
ASSETS		
Current Assets:		
Cash	\$ 926	\$ 45,461
Certificates of deposit	34,666	53,839
Investments	31,578	27,682
Consumer accounts receivable (net of uncollectible of \$8,428 for 2001 and \$8,428 for 2000)	110,193	122,504
Interest receivable	-	3,875
Other receivables	1,810	-
Prepaid expenses	<u>2,720</u>	<u>2,720</u>
Total current assets	181,893	256,081
Restricted Assets:		
Revenue Bond Sinking Fund		
Cash	61,679	58,940
Revenue Bond Reserve Fund Investments		
Cash	13,101	8,927
Investments	29,980	29,979
Capital Additions and Contingencies Fund		
Cash	14,338	9,640
Investments	24,960	24,960
Meter Deposit Fund		
Cash	27,602	25,329
Investments	<u>55,881</u>	<u>55,881</u>
Total restricted assets	227,541	213,656
Fixed Assets:		
Plant and equipment at cost, net of accumulated depreciation	2,191,568	2,229,420
Other Assets:		
Bond issuance cost	<u>9,737</u>	<u>10,310</u>
	<u>\$ 2,610,739</u>	<u>\$ 2,709,467</u>

The accompanying notes are an integral part of this statement.

Town of Abita Springs, Louisiana

ENTERPRISE FUND  
UTILITY SYSTEMS

BALANCE SHEETS

December 31, 2001 and 2000

LIABILITIES AND FUND EQUITY

	<u>2001</u>	<u>2000</u>
Current Liabilities (payable from current assets):		
Deficit in pooled cash	\$ 16,961	\$ 825
Accounts payable	<u>54,501</u>	<u>135,602</u>
Total current liabilities (payable from current assets)	71,462	136,427
Current Liabilities (payable from restricted assets):		
Accrued interest	28,228	28,877
Revenue bonds payable	24,194	22,598
Certificate of indebtedness	16,000	15,000
Customer meter deposits	<u>74,374</u>	<u>72,680</u>
Total current liabilities (payable from restricted assets)	142,796	139,155
Long-Term Liabilities:		
Certificate of indebtedness	120,000	136,000
Revenue bonds payable	<u>883,493</u>	<u>907,715</u>
Total long-term liabilities	<u>1,003,493</u>	<u>1,043,715</u>
Total liabilities	1,217,751	1,319,297
Fund Equity:		
Contributed capital:		
Capital Project Fund	293,084	293,085
Sales Tax Fund	7,008	7,008
Municipality	271,274	271,273
E.P.A. Grant	273,339	273,339
CDB Grant	<u>598,706</u>	<u>598,706</u>
Total contributed capital	1,443,411	1,443,411
Retained earnings:		
Revenue Bond Fund	36,338	31,371
Capital Additions and Contingencies Fund	39,298	34,600
Meter Deposit Reserve Fund	9,109	8,530
Unreserved deficit	<u>(135,168)</u>	<u>(127,742)</u>
Total deficit in retained earnings	<u>(50,423)</u>	<u>(53,241)</u>
Total fund equity	<u>1,392,988</u>	<u>1,390,170</u>
	<u>\$ 2,610,739</u>	<u>\$ 2,709,467</u>

The accompanying notes are an integral part of this statement.

Town of Abita Springs, Louisiana

ENTERPRISE FUND  
UTILITY SYSTEMS

STATEMENTS OF REVENUES, EXPENSES,  
AND DEFICIT IN RETAINED EARNINGS

For the Years Ended December 31, 2001 and 2000

	<u>2001</u>	<u>2000</u>
Operating revenues:		
Gas sales	\$ 508,943	\$ 353,597
Sewer service charges	181,779	184,637
Garbage collection fees	121,399	117,448
Water sales	100,634	103,363
Water and gas connect fees	73,020	33,840
Miscellaneous	<u>35,340</u>	<u>27,507</u>
Total operating revenues	1,021,115	820,392
Operating expenses:		
Administrative and general	91,460	74,367
Gas purchased	324,314	256,881
Gas system	100,896	71,945
Sewerage system	137,574	120,983
Garbage collection	116,601	114,102
Water system	91,980	75,082
Depreciation	<u>79,832</u>	<u>79,022</u>
Total operating expenses	<u>942,657</u>	<u>792,382</u>
Net operating income	78,458	28,010
Non-operating revenues (expenses):		
Interest income	8,173	16,214
Interest expense	<u>(63,813)</u>	<u>(65,267)</u>
Total non-operating revenues (expenses)	<u>(55,640)</u>	<u>(49,053)</u>
Net income (loss) before operating transfers	22,818	(21,043)
Operating transfers out	<u>(20,000)</u>	<u>(20,000)</u>
Net income (loss)	2,818	(41,043)
Retained deficit, beginning	<u>(53,241)</u>	<u>(12,198)</u>
Retained deficit, ending	<u>\$ (50,423)</u>	<u>\$ (53,241)</u>

The accompanying notes are an integral part of this statement.

Town of Abita Springs, Louisiana

ENTERPRISE FUND  
UTILITY SYSTEMS

STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2001 and 2000

	<u>2001</u>	<u>2000</u>
Cash flows from operating activities:		
Net operating income	\$ 78,458	\$ 28,010
Adjustments to reconcile net operating income to net cash provided (used) by operating activities		
Depreciation	79,832	79,022
Amortization of bond issuance cost	573	574
Decrease (increase) in consumer accounts receivable	12,311	(47,575)
Increase in other receivables	(1,810)	-
Decrease in accounts payable	<u>(81,101)</u>	<u>(120,048)</u>
Total adjustments	<u>9,805</u>	<u>(88,027)</u>
Net cash provided (used) by operating activities	88,263	(60,017)
Cash flows from noncapital financing activities:		
Increase in customer meter deposits	1,694	6,139
Operating transfers out to other funds	(20,000)	(20,000)
Increase in deficit in pooled cash	<u>16,136</u>	<u>71,712</u>
Net cash provided (used) by noncapital financing activities	(2,170)	57,851
Cash flows from capital and related financing activities:		
Construction costs	(41,981)	-
Purchase of fixed assets	-	(44,709)
Principal payment on bonds and certificates of indebtedness	(37,626)	(36,536)
Interest payment on bonds and certificates of indebtedness	<u>(64,461)</u>	<u>(65,962)</u>
Net cash used by capital and related financing activities	(144,068)	(147,207)
Cash flows from investing activities:		
Interest received from investments	12,048	15,224
Purchase of investments not classified as cash equivalents	<u>(3,897)</u>	<u>(6,896)</u>
Net cash provided by investing activities	<u>8,151</u>	<u>8,328</u>
Net decrease in cash and cash equivalents	(49,824)	(141,045)
Cash and cash equivalents at the beginning of the year	<u>202,136</u>	<u>343,181</u>
Cash and cash equivalents at the end of the year	<u>\$ 152,312</u>	<u>\$ 202,136</u>

The accompanying notes are an integral part of this statement.

Town of Abita Springs, Louisiana

ENTERPRISE FUND  
UTILITY SYSTEMS

NOTES TO FINANCIAL STATEMENTS

December 31, 2001 and 2000

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

1. Reporting Entity

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

2. Fund Accounting

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

The Enterprise Fund is used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the government body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or (b) where the governing body has decided the period determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Town of Abita Springs, Louisiana

ENTERPRISE FUND  
UTILITY SYSTEMS

NOTES TO FINANCIAL STATEMENTS

December 31, 2001 and 2000

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Fixed Assets

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

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

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

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

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

The Town did not maintain inventories of fixed assets for the proprietary fund prior to January 1, 1960. Therefore, the value of fixed assets acquired prior to that date are not represented in the financial statements. Detailed records and the valuation of fixed asset additions for the years subsequent to that date have been maintained.

4. Basis of Accounting

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

The accompanying proprietary fund is accounted for using the accrual basis of accounting whereby revenues are recognized when they are earned and expenses are recognized when incurred. The Town applies all applicable FASB pronouncements passed on or before November 30, 1989 in accounting and reporting for its proprietary fund operations unless those pronouncements conflict with or contradict GASB pronouncements.

Town of Abita Springs, Louisiana

ENTERPRISE FUND  
UTILITY SYSTEMS

NOTES TO FINANCIAL STATEMENTS

December 31, 2001 and 2000

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

5. Budgets and Budgetary Accounting

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

The Town follows these procedures in establishing budgets:

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

6. Cash, Cash Equivalents and Investments

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

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

The Town's deposits for the Enterprise Fund at December 31, 2001 are summarized as follows:

	<u>Carrying Balance</u>	<u>Bank Balances</u>
Demand deposits	\$ 117,646	\$ 117,161
Certificates of deposit	<u>34,666</u>	<u>34,666</u>
	<u>\$ 152,312</u>	<u>\$ 151,827</u>

Under state law, the bank balances of these deposits must be secured by federal deposit insurance

Town of Abita Springs, Louisiana

ENTERPRISE FUND  
UTILITY SYSTEMS

NOTES TO FINANCIAL STATEMENTS

December 31, 2001 and 2000

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

6. Cash, Cash Equivalents and Investments (Continued)

or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal or exceed the amount on deposit with the fiscal agent. At December 31, 2001 and 2000, deposits are entirely insured or collateralized with securities held by a mutually acceptable third party financial institution in the Town's name, which is considered a category 1 investment risk as defined by the Governmental Accounting Standards Board.

The Enterprise Fund of the Town of Abita Springs had investments which consisted of one United States treasury bill stated at amortized cost of \$142,399 December 31, 2001 and a cost of \$138,502 at December 31, 2000. These investments are considered a category 2 investment risk, which includes investments for which the securities are held by the counterpart's trust department in the Town's name. The market value at December 31, 2001 and 2000 approximates cost. The investments are carried at the lower of cost or market.

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

7. Accounts Receivable

Uncollectible amounts due for customers' utility receivables are recognized as bad debts through the establishment of an allowance account at the time information becomes available which would indicate the uncollectibility of the particular receivable. The allowance is \$8,428 at December 31, 2001 and 2000.

NOTE B - RESTRICTED ASSETS

The Town has approved resolutions authorizing the issuance of \$395,000 Utility Revenue Bonds dated March 24, 1990 and \$600,000 of Utility Revenue Bonds dated July 8, 2000. Both of these resolutions provide for certain restrictions on the assets of the Enterprise Fund. The following reserve requirements have been met for the years ended December 31, 2001 and 2000:

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

ENTERPRISE FUND  
UTILITY SYSTEMS

NOTES TO FINANCIAL STATEMENTS

December 31, 2001 and 2000

NOTE B - 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 payments in any year of Bonds. The sole purpose of this fund is to pay the principal of and the interest on the bonds payable from the Revenue Bond Reserve Fund as to which these would otherwise be in default.

3. Depreciation and Contingency Fund

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

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 C - FIXED ASSETS

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

	<u>2001</u>	<u>2000</u>
Utility systems - initial costs and improvements: 1960 through 1978	\$ 270,353	\$ 270,353
Sewer system	2,099,029	2,099,029
Extensions and additions: 1979 to present	162,643	124,363
Gas system	49,993	49,993
Water system	641,705	641,705
Extensions and additions: 1990 to present	74,577	70,876
Computer equipment and software	<u>8,950</u>	<u>8,950</u>
	3,307,250	3,265,269
Less: accumulated depreciation	<u>1,115,682</u>	<u>1,035,849</u>
Balance at end of year	<u>\$ 2,191,568</u>	<u>\$ 2,229,420</u>

Town of Abita Springs, Louisiana

ENTERPRISE FUND  
UTILITY SYSTEMS

NOTES TO FINANCIAL STATEMENTS

December 31, 2001 and 2000

NOTE D - LONG-TERM DEBT

The following is a summary of long-term debt transactions of the Town for the year ended December 31, 2001:

Bonds payable at January 1, 2001	\$ 1,081,313
Bonds issued	-
Bonds retired	<u>(37,626)</u>
Bonds payable at December 31, 2001	<u>\$ 1,043,687</u>

Bonds and certificates payable at December 31, 2001, are comprised of the following:

Revenue Bonds

\$ 600,000 Utility Bonds dated 1998, principal payments due in annual installments through March 2018, interest paid semi-annually at 6%, secured by revenues of the Enterprise System. \$ 549,000

\$ 395,000 Utility Bonds dated 1989, due in annual installments of \$26,426, including interest at 6%, secured by revenues of the Enterprise System. 358,687

Certificate of Indebtedness

\$ 180,000 Certificate of Indebtedness dated 1998, principal payments due in annual installments through June 2008, interest paid semi-annually at 6%, secured by revenues of the Enterprise System. 136,000

1,043,687

Less: current maturities 40,194

Long-term debt \$ 1,003,493

Town of Abita Springs, Louisiana

ENTERPRISE FUND  
UTILITY SYSTEMS

NOTES TO FINANCIAL STATEMENTS

December 31, 2001 and 2000

NOTE E - ANNUAL REQUIREMENTS TO AMORTIZE LONG-TERM DEBT

The annual requirements to amortize long-term debt are as follows as of December 31, 2001:

Year Ending <u>December 31,</u>	Revenue <u>Bonds</u>
2002	\$ 40,194
2003	43,198
2004	45,510
2005	48,841
2006	52,192
Thereafter	<u>813,752</u>
	<u>\$ 1,043,687</u>

NOTE F - MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM (MERS)

Plan Description and Provisions:

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

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

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

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

Town of Abita Springs, Louisiana

ENTERPRISE FUND  
UTILITY SYSTEMS

NOTES TO FINANCIAL STATEMENTS

December 31, 2001 and 2000

NOTE F - MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM (MERS) (Continued)

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

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

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

Description of Funding Policy:

Under Plan A, members are required by state statute to contribute 9.25% of their annual covered salary and the Town is required to contribute at an actuarially determined rate, which is currently 7.00% of annual covered payroll. Contributions to the System also include one-fourth of one percent (except in Orleans and East Baton Rouge Parishes) of the taxes shown to be collectible by the tax rolls of each parish. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. The contribution requirements of plan members and the Town are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Town's contributions to the System under Plan A for the years ending December 31, 2001, 2000, and 1999 were \$11,484, \$9,873, and \$9,995, respectively, equal to the required contributions for each year.

Town of Abita Springs, Louisiana

ENTERPRISE FUND  
UTILITY SYSTEMS

NOTES TO FINANCIAL STATEMENTS

December 31, 2001 and 2000

NOTE G - BOARD OF ALDERMEN SALARIES

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

NOTE H - RECONCILIATION OF CASH AND CASH EQUIVALENTS

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

	<u>2001</u>	<u>2000</u>
Cash and cash equivalents per balance sheet:		
Current Assets:		
Cash	\$ 926	\$ 45,461
Certificates of deposit	34,666	53,839
Restricted:		
Revenue bond sinking fund	61,679	58,940
Revenue bond reserve fund	13,101	8,927
Capital additions and contingencies fund	14,338	9,640
Meter deposit fund	<u>27,602</u>	<u>25,329</u>
Cash and cash equivalents per statement of cash flows	<u>\$ 152,312</u>	<u>\$ 202,136</u>

NOTE I - CUSTOMER ACCOUNTS RECEIVABLE

As of December 31, 2001, accounts receivable from utility customers is aged as follows:

Current	\$ 104,575
30 - 90 days	4,020
90 days and over	<u>10,026</u>
	<u>\$ 118,621</u>

**SUPPLEMENTARY INFORMATION**

Town of Abita Springs, Louisiana

ENTERPRISE FUND  
UTILITY SYSTEMS

SCHEDULES OF OPERATING EXPENSES

For the Years Ended December 31, 2001 and 2000

	<u>2001</u>	<u>2000</u>
Administrative and general:		
Legal and accounting	\$ 17,282	\$ 12,367
Repairs and maintenance - structures	15,483	9,329
Repairs and maintenance - equipment	9,336	11,132
Insurance expense	7,732	7,550
Bad debts	-	3,146
Telephone	5,299	5,081
Small tools and equipment	5,303	2,790
Billing expense, primarily postage	3,137	4,255
Office supplies	2,165	2,415
Uniforms	1,504	910
Equipment rental	6,650	-
Auto repairs and maintenance	5,412	3,010
Advertising and publication	-	790
Miscellaneous	5,192	6,896
Gas and oil	3,892	2,650
Travel and meetings	3,073	2,046
Total administrative and general	<u>\$ 91,460</u>	<u>\$ 74,367</u>
Gas system:		
Salaries	\$ 38,049	\$ 30,105
Repairs and maintenance	37,023	19,245
Materials	10,119	9,406
Employee benefits	8,520	6,738
Meter reading	6,050	4,977
Retirement	897	1,013
Utilities	238	461
Total gas system	<u>\$ 100,896</u>	<u>\$ 71,945</u>
Sewerage system:		
Salaries	\$ 43,696	\$ 38,570
Repairs and maintenance	36,562	22,151
Utilities	31,077	29,864
Materials and supplies	10,416	15,522
Employee benefits	9,781	6,738
Plant testing	4,907	7,117
Retirement	1,135	1,021
Total sewerage system	<u>\$ 137,574</u>	<u>\$ 120,983</u>

Town of Abita Springs, Louisiana

ENTERPRISE FUND  
UTILITY SYSTEMS

SCHEDULES OF OPERATING EXPENSES

For the Years Ended December 31, 2001 and 2000

	<u>2001</u>	<u>2000</u>
Garbage collections:		
Garbage pick-up	\$ 113,061	\$ 111,212
Trash pickup	<u>3,540</u>	<u>2,890</u>
Total garbage collection	<u>\$ 116,601</u>	<u>\$ 114,102</u>
Water system:		
Salaries	\$ 37,127	\$ 31,976
Repairs and maintenance	16,077	9,398
Utilities	12,928	10,514
Materials and supplies	9,683	10,348
Employee benefits	7,790	6,738
Meter reading	6,050	4,967
Testing	1,265	130
Retirement	<u>1,060</u>	<u>1,011</u>
Total water system	<u>\$ 91,980</u>	<u>\$ 75,082</u>

Town of Abita Springs, Louisiana

ENTERPRISE FUND  
UTILITY SYSTEMS

COMBINED SCHEDULE OF INVESTMENTS

December 31, 2001

	<u>Yield</u>	<u>Maturity Date</u>	<u>Amount</u>
Operations United States Treasury Bill	3.48%	1/17/02	31,578
Revenue Bond Reserve Fund United States Treasury Bill	3.48%	1/17/02	29,979
Capital Additions and Contingencies Fund United States Treasury Bill	3.48%	1/17/02	24,960
Meter Deposit Account United States Treasury Bill	3.48%	1/17/02	<u>55,881</u>
			<u>\$142,398</u>

Town of Abita Springs, Louisiana  
SUPPLEMENTAL INFORMATION

December 31, 2001

Utility Rate Schedule at December 31, 2001

Water charges:

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

Sewer charges:

- All customers - 2.167 times the water bill calculated above with a minimum of \$13.00 and a maximum of \$ 55.00

Gas rate schedule:

Charges are based on the following formula:

$$\begin{aligned} \text{Residential} &= \$4.50 + \{[(\text{gas cost} * 1.07\%) + 2.925] * \text{mcf}\} \\ \text{Commercial} &= \$4.50 + \{[(\text{gas cost} * 1.07\%) + 3.290] * \text{mcf}\} \end{aligned}$$

Town of Abita Springs, Louisiana  
SUPPLEMENTAL INFORMATION

December 31, 2001

Governing Board

<u>Board of Aldermen</u>	<u>Term of Office</u>	<u>Compensation</u>
Jonathan Davis, Mayor Pro-Tem P. O. Box 461 Abita Springs, LA 70420 985-892-0711	December 31, 2002	\$ 3,700
Lynn Bridges P. O. Box 461 Abita Springs, LA 70420 985-892-0711	December 31, 2002	\$ 3,700
Ruth Terry-Sipos P. O. Box 461 Abita Springs, LA 70420 985-892-0711	December 31, 2002	\$ 3,700
Louis Fitzmorris P. O. Box 461 Abita Springs, LA 70420 985-892-0711	December 31, 2002	\$ 3,700
Calvin Cognovich P. O. Box 461 Abita Springs, LA 70420 985-892-0711	December 31, 2002	\$ 3,700

Town of Abita Springs, Louisiana  
SUPPLEMENTAL INFORMATION

December 31, 2001

Schedule of Insurance Coverage

<u>Coverage</u>	<u>Amount of Coverage</u>
Property and contents (aggregate)	\$ 537,750
Fidelity:	
Mayor	\$ 20,000
Mayor pro tem	20,000
Town clerk	20,000
Utility clerk	20,000
Liability:	
General	\$ 2,000,000
Auto	2,000,000
Error and omissions	2,000,000
Law enforcement	2,000,000

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

(A LIMITED LIABILITY COMPANY)

*Certified Public Accountants*

P.O. Box 3790  
Covington, Louisiana 70434-3790

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

(985) 892-6633 - Covington  
(985) 892-4666 - FAX

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

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

We have audited the financial statements of the Enterprise Fund of the Town of Abita Springs as of and for the years ended December 31, 2001 and 2000 and have issued our report thereon dated March 13, 2002. 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.

As part of obtaining reasonable assurance about whether the Enterprise Fund of the Town of Abita Springs' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the 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 are required to be reported under *Government Auditing Standards*.

In planning and performing our audit, we considered the Enterprise Fund of the Town of Abita Springs' internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amount that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information of management, the Rural and Economic Development Office of the U.S. Department of Agriculture and the Louisiana Legislative Auditor and is not intended nor should be used by any other than those specified.

March 13, 2002

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