

TOWN OF ABITA SPRINGS, LOUISIANA

**REPORT ON AUDIT OF
FINANCIAL STATEMENTS**

**AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2019**



ERICKSEN KRENTEL^{LLP}
CERTIFIED PUBLIC ACCOUNTANTS • CONSULTANTS

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

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, 2019, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.



To the Honorable Mayor and Board of Aldermen
Town of Abita Springs, Louisiana
June 16, 2020

Opinions

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, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedules of revenue, expenditures, and changes in fund balance – budget and actual, schedule of proportionate share of the net pension liability, and schedule of contributions – retirement plan, and the related notes to the required supplementary information on page 4 to 7 and 43 to 50 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The accompanying combining nonmajor governmental fund financial statements, schedule of compensation to aldermen and schedule of compensation, benefits and other payments to the agency head are presented to comply with the requirements issued by the State of Louisiana and are not a required part of the basic financial statements.



ERICKSEN KRENTEL LLP

CERTIFIED PUBLIC ACCOUNTANTS • CONSULTANTS

To the Honorable Mayor and Board of Aldermen
Town of Abita Springs, Louisiana
June 16, 2020

The schedule of compensation to aldermen and schedule of compensation, benefits, and other payments to the agency head are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supporting schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 16, 2020, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

Mandeville, Louisiana
June 16, 2020

Erickson Krentel, LLP
Certified Public Accountants

REQUIRED SUPPLEMENTARY INFORMATION – PART I

TOWN OF ABITA SPRINGS, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2019

As management of the Town of Abita Springs, Louisiana (the "Town"), we offer residents of the Town this narrative overview and financial analysis of the financial activities of the Town as of December 31, 2019, and for the year then ended.

Overview of Financial Statements

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

Government-Wide Financial Statements

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

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

Fund Financial Statements

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

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

TOWN OF ABITA SPRINGS, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
DECEMBER 31, 2019

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

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

Financial Highlights

At December 31, 2019, the Town's assets exceeded its liabilities by \$5,324,534 (net position). Of this amount, \$1,456,616 (unrestricted net position) may be used to meet the Town's ongoing obligations to its citizens and creditors. The Town's total net position increased by \$618,554, for the year ended December 31, 2019.

At December 31, 2019, the Town's governmental funds reported combined ending fund balances of \$1,857,268. Compared to prior year, the total combined fund balance increased by \$311,425 for the year ended December 31, 2019.

Financial Analysis of the Town as a Whole

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

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>2019</u>	<u>2018</u>
Assets				
Current assets	\$ 2,431,702	\$ 1,696,202	\$ 4,127,904	\$ 2,098,160
Other assets	34,131	352,754	386,885	830,971
Capital assets	<u>2,578,695</u>	<u>2,759,920</u>	<u>5,338,615</u>	<u>5,391,601</u>
Total assets	<u>5,044,528</u>	<u>4,808,876</u>	<u>9,853,404</u>	<u>8,320,732</u>
Total deferred outflows of resources	74,383	132,235	206,618	233,693
Liabilities				
Current and other liabilities	831,541	686,677	1,518,218	1,276,126
Long-term liabilities	<u>1,102,822</u>	<u>2,083,363</u>	<u>3,186,185</u>	<u>2,516,419</u>
Total liabilities	<u>1,934,363</u>	<u>2,770,040</u>	<u>4,704,403</u>	<u>3,792,545</u>
Total deferred inflows of resources	11,191	19,894	31,085	55,900
Net position				
Net investments in capital assets	1,620,296	959,603	2,579,899	3,320,963
Restricted	836,649	451,370	1,288,019	1,013,239
Unrestricted	<u>716,412</u>	<u>740,204</u>	<u>1,456,616</u>	<u>371,778</u>
Total net position	<u>\$ 3,173,357</u>	<u>\$ 2,151,177</u>	<u>\$ 5,324,534</u>	<u>\$ 4,705,980</u>

The net investment in capital assets amount represents 48% of total net position. Net investment in capital assets consists of land, buildings, and equipment, less any outstanding debt used to acquire those assets. The Town has elected not to retroactively record, as capital assets, its infrastructure that existed prior to adopting GASB 34.

TOWN OF ABITA SPRINGS, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
DECEMBER 31, 2019

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

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Revenues						
Program revenues						
Charges for services	\$ 35,860	\$ 36,350	\$ 1,873,673	\$ 1,925,990	\$ 1,909,533	\$ 1,962,340
Operating grants and contributions	5,589	11,431	-	-	5,589	11,431
Capital grants and contributions	-	-	59,988	9,369	59,988	9,369
General revenues						
Taxes	1,508,615	1,484,692	-	-	1,508,615	1,484,692
Licenses and permits	162,530	152,517	-	-	162,530	152,517
Fines and forfeitures	50,450	96,580	-	27,440	50,450	124,020
Investment earnings	13,171	2,616	14,713	497	27,884	3,113
Museum income	32,318	38,259	-	-	32,318	38,259
Other	93,050	128,800	16,641	16,448	109,691	145,248
Total revenues	<u>1,901,583</u>	<u>1,951,245</u>	<u>1,965,015</u>	<u>1,979,744</u>	<u>3,866,598</u>	<u>3,930,989</u>
Expenses						
General government	932,134	828,714	-	-	932,134	828,714
Public safety	192,137	348,669	-	-	192,137	348,669
Public works	334,105	467,915	-	-	334,105	467,915
Cemetery	6,917	10,574	-	-	6,917	10,574
Culture and recreation	37,928	50,701	-	-	37,928	50,701
Grants	-	20,170	-	-	-	20,170
Utilities	-	-	1,695,672	1,670,215	1,695,672	1,670,215
Interest on long-term debt	30,560	27,156	18,591	16,273	49,151	43,429
Total expenses	<u>1,533,781</u>	<u>1,753,899</u>	<u>1,714,263</u>	<u>1,686,488</u>	<u>3,248,044</u>	<u>3,440,387</u>
Change in net position	367,802	197,346	250,752	293,256	618,554	490,602
Net position – beginning	<u>2,805,555</u>	<u>2,608,209</u>	<u>1,900,425</u>	<u>1,607,169</u>	<u>4,705,980</u>	<u>4,215,378</u>
Net position – ending	<u>\$ 3,173,357</u>	<u>\$ 2,805,555</u>	<u>\$ 2,151,177</u>	<u>\$ 1,900,425</u>	<u>\$ 5,324,534</u>	<u>\$ 4,705,980</u>

TOWN OF ABITA SPRINGS, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
DECEMBER 31, 2019

Financial Analysis of the Major Funds

The Town's General Fund, Shared Sales Tax Fund, Special Sales Tax Fund, Cemetery Fund, and Debt Service Fund had increases (decreases) in fund balances in the amount of \$134,367, \$80,341, \$95,929, \$9,094, and \$17,175, respectively, for the year ended December 31, 2019. Total governmental fund amounts are different from governmental activities due to capital assets and long-term debt.

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

Budget Highlights

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

Capital Asset Administration

For governmental activities, capital assets, net of accumulated depreciation, decreased by \$162,714 for the year ended December 31, 2019, as a result of depreciation expense exceeding purchases of assets for the year. For business-type activities, capital assets, net of accumulated depreciation, increased by \$109,728 as a result of purchases exceeding depreciation expense for the year.

Debt Administration

The Town's total long-term debt increased by \$1,195,829 during the year ended December 31, 2019, as the result of new debt issues exceeding regularly scheduled debt payments.

Economic Factors and a Look at Next Year

The Town will issue \$1,000,000 of general obligation bonds for the purpose paying costs of acquiring, constructing improvements, and replacing the Town's sewerage system and water system as well as constructing, paving, resurfacings and improving public streets in the Town.

In December 2019, an outbreak of a novel strain of coronavirus (COVID-19) originated in Wuhan, China and has since spread to other countries including the U.S. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. In addition, multiple jurisdictions in the U.S. have declared a state of emergency including the state of Louisiana. It is anticipated that these impacts will continue for some time. The future effects of these issues are unknown.

Requests for Information

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

BASIC FINANCIAL STATEMENTS

TOWN OF ABITA SPRINGS, LOUISIANA
STATEMENT OF NET POSITION
DECEMBER 31, 2019

	PRIMARY GOVERNMENT		
	Governmental Activities	Business-type Activities	Total
<u>ASSETS:</u>			
Cash and cash equivalents	\$ 843,207	\$ 18,269	\$ 861,476
Equity in pooled cash	-	551,467	551,467
Investments	1,110,694	906,327	2,017,021
Receivables, net of allowances for uncollectibles	477,801	212,843	690,644
Prepaid items	-	7,296	7,296
Cash and cash equivalents - restricted	34,131	352,754	386,885
Capital assets not being depreciated	245,893	736,240	982,133
Capital assets being depreciated, net of accumulated depreciation	2,332,802	2,023,680	4,356,482
Total assets	5,044,528	4,808,876	9,853,404
<u>DEFERRED OUTFLOWS OF RESOURCES:</u>			
Pensions	74,383	132,235	206,618
Total deferred outflows of resources	74,383	132,235	206,618
<u>LIABILITIES:</u>			
Accounts payable	26,030	156,197	182,227
Accrued expenses	24,120	4,378	28,498
Pooled cash in other funds	551,467	-	551,467
Accrued interest payable	6,219	8,307	14,526
Meter deposits	-	148,761	148,761
Compensated absences	4,165	5,034	9,199
Net pension liability	363,963	647,046	1,011,009
Lease payable:			
Due within one year	80,540	-	80,540
Due in more than one year	168,859	-	168,859
Bonds payable:			
Due within one year	139,000	337,000	476,000
Due in more than one year	570,000	1,381,317	1,951,317
Certificate of indebtedness:			
Due within one year	-	27,000	27,000
Due in more than one year	-	55,000	55,000
Total liabilities	1,934,363	2,770,040	4,704,403
<u>DEFERRED INFLOWS OF RESOURCES:</u>			
Pensions	11,191	19,894	31,085
Total deferred inflows of resources	11,191	19,894	31,085
<u>NET POSITION:</u>			
Net investment in capital assets	1,620,296	959,603	2,579,899
Restricted for:			
Dedicated sales tax usage	535,131	-	535,131
Dedicated ad valorem tax usage	9,225	-	9,225
Debt service	292,247	-	292,247
Capital projects	46	-	46
Bond covenants	-	451,370	451,370
Unrestricted net position (deficit)	716,412	740,204	1,456,616
Total net position	\$ 3,173,357	\$ 2,151,177	\$ 5,324,534

The accompanying notes are an integral part of this statement

TOWN OF ABITA SPRINGS, LOUISIANA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2019

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activites	Total
PRIMARY GOVERNMENT:							
Governmental Activities:							
General government	\$ 932,134	\$ 22,660	\$ 5,589	\$ -	\$ (903,885)	\$ -	\$ (903,885)
Public safety	192,137	-	-	-	(192,137)	-	(192,137)
Public works	333,756	-	-	-	(333,756)	-	(333,756)
Cemetery	6,917	13,200	-	-	6,283	-	6,283
Culture and recreation	38,277	-	-	-	(38,277)	-	(38,277)
Interest on long-term debt	30,560	-	-	-	(30,560)	-	(30,560)
Total governmental activities	1,533,781	35,860	5,589	-	(1,492,332)	-	(1,492,332)
Business-type Activities:							
Utilities	1,695,672	1,873,673	-	59,988	-	237,989	237,989
Interest on long-term debt	18,591	-	-	-	-	(18,591)	(18,591)
Total business-type activities	1,714,263	1,873,673	-	59,988	-	219,398	219,398
Total primary government	\$ 3,248,044	\$ 1,909,533	\$ 5,589	\$ 59,988	(1,492,332)	219,398	(1,272,934)
General Revenues:							
Taxes:							
Property taxes					348,490	-	348,490
Franchise taxes					124,067	-	124,067
Sales taxes					1,029,093	-	1,029,093
Other taxes					6,965	-	6,965
Licenses and permits					51,082	-	51,082
Fines and forfeitures					50,450	-	50,450
Insurance licenses					111,448	-	111,448
Investment earnings					13,171	14,713	27,884
Museum income					32,318	-	32,318
Other general revenues					93,050	16,641	109,691
Total general revenues					1,860,134	31,354	1,891,488
Change in net position					367,802	250,752	618,554
Net position - beginning of year					2,805,555	1,900,425	4,705,980
Net position - end of year					\$ 3,173,357	\$ 2,151,177	\$ 5,324,534

The accompanying notes are an integral part of this statement

TOWN OF ABITA SPRINGS, LOUISIANA
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2019

ASSETS

	Special Revenue Funds						
	General Fund	Shared Sales Tax Fund	Special Sales Tax Fund	Cemetery Fund	Debt Service Fund	Non-Major Governmental Funds	Total Governmental Funds
<u>CURRENT ASSETS:</u>							
Cash and cash equivalents	\$ 594,128	\$ 202,174	\$ -	\$ 13,413	\$ 33,492	\$ -	\$ 843,207
Equity in pooled cash	-	133,315	123,689	29,329	56,724	46	343,103
Investments	871,698	-	-	162,767	76,229	-	1,110,694
Receivables							
Property taxes, net	173,114	-	-	-	111,701	66,113	350,928
Sales taxes	25,022	19,774	25,022	-	-	-	69,818
Other	57,055	-	-	-	-	-	57,055
Due from other funds	-	41,524	-	33,725	-	-	75,249
Cash and cash equivalents - restricted	-	-	-	-	-	34,131	34,131
Total assets	\$ 1,721,017	\$ 396,787	\$ 148,711	\$ 239,234	\$ 278,146	\$ 100,290	\$ 2,884,185

LIABILITIES AND FUND BALANCES

<u>LIABILITIES:</u>							
Accounts payable	\$ 7,922	\$ 2,459	\$ 7,908	\$ 400	\$ -	\$ 7,341	\$ 26,030
Accrued expenses	24,120	-	-	-	-	-	24,120
Pooled cash in other funds	828,514	-	-	-	-	66,056	894,570
Due to other funds	75,249	-	-	-	-	-	75,249
Total liabilities	935,805	2,459	7,908	400	-	73,397	1,019,969

DEFERRED INFLOWS OF RESOURCES:

Unavailable revenue - property taxes	3,427	-	-	-	2,212	1,309	6,948
Total deferred inflows of resources	3,427	-	-	-	2,212	1,309	6,948

FUND BALANCES:

Restricted, reported in							
Special revenue funds	-	394,328	-	-	-	9,225	403,553
Debt service	-	-	-	-	275,934	16,313	292,247
Committed	-	-	-	238,834	-	-	238,834
Unassigned	781,785	-	140,803	-	-	46	922,634
Total fund balances	781,785	394,328	140,803	238,834	275,934	25,584	1,857,268
Total liabilities and fund balances	\$ 1,721,017	\$ 396,787	\$ 148,711	\$ 239,234	\$ 278,146	\$ 100,290	\$ 2,884,185

The accompanying notes are an integral part of this statement

TOWN OF ABITA SPRINGS, LOUISIANA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2019

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

Funds balances, total governmental funds	\$ 1,857,268
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	2,578,695
Deferred outflows of resources related to pensions are not reported in governmental funds	74,383
Deferred inflows of resources related to pensions are not reported in governmental funds	(11,191)
Long-term liabilities including bonds payable are not due and payable in the current period and, therefore, are not reported in the governmental funds:	
Accrued interest	(6,219)
Compensated absences	(4,165)
Pension liability	(363,963)
Lease payable	(249,399)
Bonds payable	(709,000)
Certain property tax collections are not available to pay for current-period expenditures and therefore are reported as deferred inflows of resources in the governmental funds.	6,948
Net position of governmental activities	<u>\$ 3,173,357</u>

TOWN OF ABITA SPRINGS, LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019

	Special Revenue Funds						
	General Fund	Shared Sales Tax Fund	Special Sales Tax Fund	Cemetery Fund	Debt Service Fund	Non-Major Governmental Funds	Total Governmental Funds
REVENUES:							
Taxes							
Property taxes	\$ 173,299	\$ -	\$ -	\$ -	\$ 113,478	\$ 66,327	\$ 353,104
Franchise taxes	124,067	-	-	-	-	-	124,067
Sales taxes	369,394	290,305	369,394	-	-	-	1,029,093
Other	6,965	-	-	-	-	-	6,965
Fines and forfeitures	50,450	-	-	-	-	-	50,450
Insurance licenses	111,448	-	-	-	-	-	111,448
Other revenues	93,051	-	-	-	-	-	93,051
Licenses and permits	51,082	-	-	-	-	-	51,082
Museum income	32,318	-	-	-	-	-	32,318
Sale of cemetery plots	-	-	-	13,200	-	-	13,200
Rentals	22,660	-	-	-	-	-	22,660
Interest income	8,676	396	-	2,810	1,270	18	13,170
Total revenues	1,043,410	290,701	369,394	16,010	114,748	66,345	1,900,608
EXPENDITURES:							
General government	634,630	-	-	-	-	73,812	708,442
Public safety	164,581	-	-	-	-	-	164,581
Public works	-	60,291	273,465	-	-	-	333,756
Clerk of court	27,556	-	-	-	-	-	27,556
Cemetery	-	-	-	6,916	-	-	6,916
Culture and recreation	23,657	-	-	-	-	-	23,657
Capital outlay	58,619	-	-	-	-	-	58,619
Debt service:							
Principal	-	85,911	-	-	85,000	63,000	233,911
Interest	-	10,658	-	-	12,573	8,514	31,745
Total expenditures	909,043	156,860	273,465	6,916	97,573	145,326	1,589,183
Excess (deficiency) of revenues over (under) expenditures	134,367	133,841	95,929	9,094	17,175	(78,981)	311,425
OTHER FINANCING SOURCES:							
Transfers in	-	-	-	-	-	53,500	53,500
Transfers out	-	(53,500)	-	-	-	-	(53,500)
Total other financing sources (uses)	-	(53,500)	-	-	-	53,500	-
Net change in fund balances	134,367	80,341	95,929	9,094	17,175	(25,481)	311,425
Fund balances - beginning of year	647,418	313,987	44,874	229,740	258,759	51,065	1,545,843
Fund balances - end of year	\$ 781,785	\$ 394,328	\$ 140,803	\$ 238,834	\$ 275,934	\$ 25,584	\$ 1,857,268

The accompanying notes are an integral part of this statement

TOWN OF ABITA SPRINGS, LOUISIANA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2019

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

Net change in fund balances, total governmental funds	\$ 311,425
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	(162,712)
Repayment of debt principal and capital leases is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.	233,911
Under the modified accrual basis of accounting used in the governmental funds, advances of derived tax revenues is not recognized until received, rather than as it is earned. This is the amount by which prior year advances of derived tax revenues recognized of \$11,562 exceeded current advances of derived tax revenues recognized of \$6,948.	(4,614)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:	
Compensated absences	3,555
Pensions	(20,537)
Non-employer contributions for pensions	5,589
Accrued interest	<u>1,185</u>
Change in net position of governmental activities	<u>\$ 367,802</u>

TOWN OF ABITA SPRINGS, LOUISIANA
STATEMENT OF NET POSITION
PROPRIETARY FUND
DECEMBER 31, 2019

ASSETS:

Current assets:

Cash and cash equivalents	\$ 18,269
Pooled cash in other funds	551,467
Accounts receivable, net	212,843
Prepaid insurance	7,296
Total current assets	<u>789,875</u>

Restricted assets:

Cash and cash equivalents	352,754
Investments	906,327
Total restricted assets	<u>1,259,081</u>

Long-term assets:

Capital assets, net	2,759,920
Total long-term assets	<u>2,759,920</u>
Total assets	<u>4,808,876</u>

DEFERRED OUTFLOWS OF RESOURCES:

Pensions	132,235
Total deferred outflows of resources	<u>132,235</u>

LIABILITIES:

Current liabilities:

Accounts payable	156,197
Accrued wages	4,378
Compensated absences	5,034
Total current liabilities	<u>165,609</u>

Current liabilities (payable from restricted assets):

Accrued interest payable	8,307
Revenue bonds payable, current portion	337,000
Certificate of indebtedness, current portion	27,000
Customer meter deposits	148,761
Total current liabilities (payable from restricted assets)	<u>521,068</u>

Non-current liabilities:

Net pension liability	647,046
Revenue bonds, net of current portion	1,381,317
Certificate of indebtedness, net of current portion	55,000
Total noncurrent liabilities	<u>2,083,363</u>
Total liabilities	<u>2,770,040</u>

DEFERRED INFLOWS OF RESOURCES:

Pensions	19,894
Total deferred inflows of resources	<u>19,894</u>

NET POSITION:

Net investment in capital assets	959,603
Restricted	451,370
Unrestricted	740,204
Total net position	<u>\$ 2,151,177</u>

The accompanying notes are an integral part of this statement

TOWN OF ABITA SPRINGS, LOUISIANA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2019

OPERATING REVENUES:

Charges for services:	
Gas sales	\$ 575,875
Water sales	341,658
Sewer service charges	538,312
Garbage collection fees	276,036
Impact fees	26,001
Miscellaneous and other fees	115,791
Total operating revenues	<u>1,873,673</u>

OPERATING EXPENSES:

Administrative and general	254,804
Gas purchased	238,298
Gas system	163,322
Water system	242,093
Sewerage system	410,158
Garbage collection	245,513
Depreciation	113,559
Bad debt expense	27,925
Total operating expenses	<u>1,695,672</u>

Operating income	<u>178,001</u>
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NON-OPERATING REVENUES (EXPENSES):

Capital grants	50,050
Cell tower lease	16,641
Interest expense	(18,591)
Interest income	14,713
Non employer pension contribution	9,938
Total non-operating revenues	<u>72,751</u>

Change in net position	250,752
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Net position - beginning of the year	<u>1,900,425</u>
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Net position - end of the year	<u>\$ 2,151,177</u>
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TOWN OF ABITA SPRINGS, LOUISIANA
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2019

CASH FLOWS FROM OPERATING ACTIVITIES:

Receipts from customers and users	\$ 2,053,399
Payments to suppliers	(1,201,962)
Payments to employees	<u>(401,216)</u>
Net cash provided by operating activities	<u>450,221</u>

CASH FLOWS FROM NON-CAPITAL FINANCING

ACTIVITIES:

Decrease in meter deposits	(2,524)
Non-employer pension contributions	9,938
Repayment of interfund borrowings	<u>(842,297)</u>
Net cash used for non-capital financing activities	<u>(834,883)</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING

ACTIVITIES:

Capital grant	50,050
Receipts from tower lease	16,641
Purchase of capital assets	(223,287)
Proceeds from long-term debt	992,991
Interest paid on leases, bonds, and certificates	(14,977)
Principal paid on bonds and certificates	<u>(71,000)</u>
Net cash provided by capital and related financing activities	<u>750,418</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Purchases of investments	(906,327)
Interest earned on investments and certificates	<u>14,713</u>
Net cash used for investing activities	<u>(891,614)</u>
Net decrease in cash and cash equivalents	(525,858)
Cash and cash equivalents - beginning of year	<u>896,881</u>
Cash and cash equivalents - end of year	<u>\$ 371,023</u>

The accompanying notes are an integral part of this statement

TOWN OF ABITA SPRINGS, LOUISIANA
STATEMENT OF CASH FLOWS (CONTINUED)
PROPRIETARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2018

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

Operating income	\$ 178,001
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	113,559
Bad debt expense	27,925
Pension expense	26,575
Change in asset and liabilities:	
(Increase) decrease in accounts receivable	151,801
Increase (decrease) in accounts payable	(34,908)
Increase (decrease) in accrued expenses	(792)
Increase (decrease) in compensated absences	<u>(11,940)</u>
Net cash provided by operating activities	<u>\$ 450,221</u>

The accompanying notes are an integral part of this statement

TOWN OF ABITA SPRINGS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019

INTRODUCTION

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

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

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

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

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

Government-Wide and Fund Financial Statements

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

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

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

TOWN OF ABITA SPRINGS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2019

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

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

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

The Town reports these governmental funds and fund types:

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

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

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

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

TOWN OF ABITA SPRINGS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2019

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

Budgets and Budgetary Accounting

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

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

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

During the year ended December 31, 2019, the Town amended its General Fund, Utility Fund, Special Sales Tax Fund, Shared Sales Tax Fund, Cemetery Fund, Lighting Fund, and Parks/Playground Fund budgets.

Cash, Cash Equivalents, and Investments

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

TOWN OF ABITA SPRINGS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2019

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash, Cash Equivalents, and Investments (Continued)

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

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

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

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

Investments

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

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

Investments - LAMP

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

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

TOWN OF ABITA SPRINGS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2019

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments – LAMP (Continued)

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

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

Sales Taxes

The Town imposes the following sales and use taxes:

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

Compensated Absences

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

TOWN OF ABITA SPRINGS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2019

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Long-Term Debt

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

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

Accounts Receivable

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

Uncollectible amounts due for customers' utility receivables are recognized as bad debts through the establishment of an allowance account at the time information becomes available which would indicate the uncollectability of the receivable. The allowance was \$15,000, at December 31, 2019.

Capital Assets

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

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

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

TOWN OF ABITA SPRINGS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2019

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets (Continued)

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

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

Fund Equity

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

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

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

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

Interfund Transactions

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

Use of Estimates

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

TOWN OF ABITA SPRINGS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2019

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subsequent Events

Subsequent events have been evaluated through June 16, 2020, which is the date the financial statements were available to be issued and determined that the event below occurred that requires disclosure.

In December 2019, an outbreak of a novel strain of coronavirus (COVID-19) originated in Wuhan, China and has since spread to other countries including the U.S. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. In addition, multiple jurisdictions in the U.S. have declared a state of emergency including the state of Louisiana. It is anticipated that these impacts will continue for some time. The future effects of these issues are unknown.

(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, 2019, the Town was in compliance with the deposit and investment laws and regulations.

(3) CASH, CASH EQUIVALENTS, AND INVESTMENTS

Custodial Credit Risk

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

As of December 31, 2019, \$1,053,574 of the Town's bank balance of \$1,304,059 was exposed to custodial credit risk. However, these deposits are secured from risk by the pledge of securities owned by the fiscal agent bank.

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

	<u>Cash</u>		<u>LAMP</u>		<u>Total</u>
Cash, cash equivalents, and investments per Statement of Net Position					
Cash on hand and in bank	\$ 18,269	\$	-	\$	18,269
Restricted:					
Meter deposits	62,312		101,639		163,951
Bond sinking	204,794		-		204,794
Bond reserve	19,089		105,705		124,794
Capital additions and contingency	56,300		165,748		222,048
Sewer debt service	<u>10,259</u>		<u>533,235</u>		<u>543,494</u>
Total restricted	<u>352,754</u>		<u>906,327</u>		<u>1,259,081</u>
Total cash and cash equivalents per Statement of Cash Flows	<u>\$ 371,023</u>	\$	<u>906,327</u>	\$	<u>1,277,350</u>

TOWN OF ABITA SPRINGS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2019

(3) CASH, CASH EQUIVALENTS, AND INVESTMENTS (CONTINUED)

Investments

At December 31, 2019, the Authority had an investment of \$2,017,021 with the Louisiana Asset Management Pool (LAMP), which is included in investments. LAMP is stated at amortized cost and is therefore not included in the fair value hierarchy.

(4) RECEIVABLES

The net receivables at December 31, 2019, were as follows:

	General Fund	Debt Service Funds	Special Revenue Funds	Proprietary Fund	Total
Taxes					
Property	\$ 173,114	\$ 111,701	\$ 66,113	\$ -	\$ 350,928
Sales and use	25,022	-	44,796	-	69,818
Other	57,055	-	-	-	57,055
Utility accounts	-	-	-	212,843	212,843
	<u>-</u>	<u>-</u>	<u>-</u>	<u>212,843</u>	<u>212,843</u>
Totals	<u>\$ 255,191</u>	<u>\$ 111,701</u>	<u>\$ 110,909</u>	<u>\$ 212,843</u>	<u>\$ 690,644</u>

Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. Total allowance for doubtful accounts amounted to \$18,469 for the governmental funds and \$15,000 for the business-type activities.

(5) PROPERTY TAXES

Property taxes are normally levied and billed in November of each year and are due by December 31st of the year levied. Revenues are recognized when levied to the extent they are determined to be currently collectible. Property taxes are billed and collected using the assessed values determined by the Tax Assessor of St. Tammany Parish. The property taxes receivable is recorded net of allowance of \$18,469 on the accompanying balance sheet. For the year ended December 31, 2019, the Town levied taxes of 7.86 mills for general purposes, 5.00 mills for debt service, 1.00 mill for town lighting, and 2.00 mills for parks and playground expenditures.

TOWN OF ABITA SPRINGS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2019

(5) PROPERTY TAXES (CONTINUED)

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

	<u>Assessed Valuation</u>	<u>% of Total Assessed Value</u>
Central LA Elec Co.	S 599,290	2.56%
Abita Lumber Co Inc.	359,950	1.54%
Stirling Walgreens 2010, LLC	261,324	1.12%
Home Bank	253,819	1.09%
Longbranch Real Estate Holding	237,335	1.02%
Walgreens #11996	172,660	0.74%
Phillips Building Supply	148,843	0.64%
Citizens Bank & Trust R4 Holdings, LLC	141,952	0.61%
R4 Holdings, LLC	140,147	0.60%
Patrick Fabricating & Welding	<u>136,283</u>	<u>0.58%</u>
	<u>S 2,451,603</u>	<u>10.50%</u>

(6) CAPITAL ASSETS

The following is a summary of the changes in capital assets for the fiscal year ended December 31, 2019:

	<u>Balance 1/1/2019</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance 12/31/2019</u>
<u>Governmental Activities</u>				
Capital assets not being depreciated				
Works of art	\$ 40,000	\$ -	\$ -	S 40,000
Construction in progress	284,950	9,504	(284,950)	9,504
Land	<u>196,389</u>	<u>-</u>	<u>-</u>	<u>196,389</u>
Total capital assets not being depreciated	<u>521,339</u>	<u>9,504</u>	<u>(284,950)</u>	<u>245,893</u>
Capital assets being depreciated				
Infrastructure	2,231,128	-	-	2,231,128
Culture and recreation	467,939	-	-	467,939
Machinery and equipment	747,978	312,417	-	1,060,395
Office equipment and furniture	16,119	6,898	-	23,017
Buildings and building improvements	441,853	14,750	-	456,603
Police machinery and equipment	3,535	-	-	3,535
Police furniture and fixtures	<u>1,197</u>	<u>-</u>	<u>-</u>	<u>1,197</u>
Total capital assets being depreciated	<u>3,909,749</u>	<u>334,065</u>	<u>-</u>	<u>4,243,814</u>

TOWN OF ABITA SPRINGS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2019

(6) CAPITAL ASSETS (CONTINUED)

	Balance 1/1/2019	Increases	Decreases	Balance 12/31/2019
<u>Governmental Activities (Continued)</u>				
Accumulated depreciation for:				
Infrastructure	(753,734)	(115,299)	-	(869,033)
Culture and recreation	(88,906)	(14,620)	-	(103,526)
Machinery and equipment	(561,310)	(81,724)	-	(643,034)
Office equipment and furniture	(16,119)	(460)	-	(16,579)
Buildings and building improvements	(264,878)	(9,230)	-	(274,108)
Police machinery and equipment	(3,535)	-	-	(3,535)
Police furniture and fixtures	(1,197)	-	-	(1,197)
Total accumulated depreciation	<u>(1,689,679)</u>	<u>(221,333)</u>	<u>-</u>	<u>(1,911,012)</u>
Total capital assets being depreciated, net	<u>2,220,070</u>	<u>112,732</u>	<u>-</u>	<u>2,332,802</u>
Governmental activities capital assets, net	<u>\$ 2,741,409</u>	<u>\$ 122,236</u>	<u>\$ (284,950)</u>	<u>\$ 2,578,695</u>

Depreciation was charged to governmental functions as follows:

General governmental	\$ 206,712
Culture and recreation	<u>14,621</u>
Total	<u>\$ 221,333</u>

	Balance 1/1/2019	Increases	Decreases	Balance 12/31/2019
<u>Business-Type Activities</u>				
Capital assets not being depreciated				
Construction in progress	\$ 571,454	\$ 164,786	\$ -	\$ 736,240
Total capital assets not being depreciated	<u>571,454</u>	<u>164,786</u>	<u>-</u>	<u>736,240</u>
Capital assets being depreciated				
Gas distribution system	150,035	-	-	150,035
Water distribution system	1,765,870	-	-	1,765,870
Sewer plant and lines	2,943,597	-	-	2,943,597
Vehicles	17,600	-	-	17,600
Machinery and equipment	77,983	58,501	-	136,484
Buildings and building improvements	35,808	-	-	35,808
Total capital assets being depreciated	<u>4,990,893</u>	<u>58,501</u>	<u>-</u>	<u>5,049,394</u>

TOWN OF ABITA SPRINGS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2019

(6) CAPITAL ASSETS (CONTINUED)

	Balance 1/1/2019	Increases	Decreases	Balance 12/31/2019
<u>Business-Type Activities (CONTINUED)</u>				
Accumulated depreciation for:				
Gas distribution system	(50,616)	(4,687)	-	(55,303)
Water distribution system	(1,044,677)	(37,713)	-	(1,082,390)
Sewer plant and lines	(1,714,073)	(64,727)	-	(1,778,800)
Vehicles	(17,600)	-	-	(17,600)
Machinery and equipment	(68,177)	(5,235)	-	(73,412)
Buildings and building improvements	(17,012)	(1,197)	-	(18,209)
Total accumulated depreciation	<u>(2,912,155)</u>	<u>(113,559)</u>	<u>-</u>	<u>(3,025,714)</u>
Total capital assets being depreciated, net	<u>2,078,738</u>	<u>(55,058)</u>	<u>-</u>	<u>2,023,680</u>
Total capital assets, net	<u><u>\$ 2,650,192</u></u>	<u><u>\$ 109,728</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 2,759,920</u></u>

(7) EMPLOYEE PENSION PLAN

Municipal Employees' Retirement System of Louisiana (MERS)

Plan Description

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

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

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

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

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

TOWN OF ABITA SPRINGS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2019

(7) EMPLOYEE PENSION PLAN (CONTINUED)

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

Plan Description (Continued)

Plan Membership:

The System provides retirement benefits to employees of all incorporated villages, towns, and cities within the State which do not have their own retirement system and which elect to become members of the System. For the year ended June 30, 2019, there were 87 contributing municipalities in Plan A and 67 in Plan B.

Eligibility Requirements:

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

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

Retirement Benefits:

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

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

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

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

TOWN OF ABITA SPRINGS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2019

(7) EMPLOYEE PENSION PLAN (CONTINUED)

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

Plan Description (Continued)

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

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

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

Survivor Benefits:

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

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

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

DROP Benefits:

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

TOWN OF ABITA SPRINGS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2019

(7) EMPLOYEE PENSION PLAN (CONTINUED)

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

Plan Description (Continued)

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

Disability Benefits:

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

Cost of Living Increases:

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

Deferred Benefits:

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

Funding Policy

For the twelve months ended December 31, 2019, members of the System are required to contribute 9.50% of their annual covered salary and the Town is required to contribute at an actuarially determined rate. At December 31, 2019, the employer contribution rate was 27.75%. 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.

TOWN OF ABITA SPRINGS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2019

(7) EMPLOYEE PENSION PLAN (CONTINUED)

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

Contributions

According to state statute, for the System, contribution requirements for all employees are actuarially determined each year. State statute requires covered employees to contribute a percentage of their salaries to the System. For the year ending December 31, 2019, the actual employer contribution rate and the actuarially determined employer contribution rate is listed below. The actual rate differs from the actuarially required rate due to state statutes that require the contribution rate be calculated and set two years prior to the year effective.

The amount of the Town's employer contributions to the System for the year ended December 31, 2019 was \$124,631. The District's covered payroll for the System for the year ended December 31, 2019 was \$463,898.

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

At December 31, 2019, the Town reported a liability totaling \$1,011,010 for its proportionate share of the net pension liability for the System. The net pension liability was measured as of June 30, 2019 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. The Town's proportion of the Net Pension Liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2019, the Town's proportion was 0.241946% for the System, which was a decrease of 0.007263% from its proportion measured as of June 30, 2018.

For the year ended December 31, 2019, the Town recognized pension expense for the System totaling \$182,626. Subtracted from pension expense is the employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions totaling \$7,422 for the System.

For the year ended December 31, 2019, the Town recognized revenue from ad valorem taxes and revenue sharing funds received by the System. These additional sources of income are used as employer contributions and are considered support from non-employer contributing entities totaling \$15,526.

TOWN OF ABITA SPRINGS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2019

(7) EMPLOYEE PENSION PLAN (CONTINUED)

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

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

At December 31, 2019, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the System:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 24,667
Change in assumptions	25,549	-
Net difference between projected and actual earnings on pension plan investments	100,270	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	17,091	6,418
Employer contributions subsequent to the measurement date	<u>63,708</u>	<u>-</u>
Total	<u>\$ 206,618</u>	<u>\$ 31,085</u>

Employer contributions subsequent to the measurement date totaling \$63,708 and reported as deferred outflows of resources will be recognized as a reduction of the Net Pension Liability in the year ended December 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31:

2020	\$ 59,203
2021	31,108
2022	12,148
2023	<u>8,417</u>
Total	<u>\$ 110,876</u>

TOWN OF ABITA SPRINGS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2019

(7) EMPLOYEE PENSION PLAN (CONTINUED)

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

Actuarial Assumptions

The total pension liability in the June 30, 2019 actuarial valuation for the System was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation Date:	June 30, 2019
Actuarial Cost Method:	Entry age normal cost
Actuarial Assumptions:	
Investment Rate of Return	7.0%
Inflation rate:	2.5%
Projected Salary Increases	6.4% for 1 to 4 years of service 4.5% for more than 4 years of service
Mortality Rates	PubG-2010(B) Employee Table for active members PubG-2010(B) Healthy Retiree Table for healthy annuitants PubNS-2010(B) Disabled Retiree Table for disabled annuitants
Expected Remaining Service Lives	2019 – 3 years for Plan A; 2018 – 3 years for Plan A

Discount Rate:

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

Best estimates of arithmetic real rates of return for each major asset class included in the System's target asset allocation as of June 30, 2019 are summarized in the following table:

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-Term Expected Portfolio Real Rate of Return</u>
Public equity	50%	2.15%
Public fixed income	35%	1.51%
Alternatives	<u>15%</u>	<u>0.64%</u>
Totals	<u>100%</u>	<u>4.30%</u>
Inflation		2.70%
Expected arithmetic nominal return		7.00%

TOWN OF ABITA SPRINGS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2019

(7) EMPLOYEE PENSION PLAN (CONTINUED)

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

Actuarial Assumptions (Continued)

Discount Rate:

The discount rate used to measure the total pension liability was 7.0% for the years ended June 30, 2019. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates, which are calculated in accordance with relevant statutes and approved by the Board of Trustees and the Public Retirement Systems' Actuarial Committee. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The effects of certain other changes in the net pension liability are required to be included in pension expense over the current and future periods. The effects on the total pension liability of (1) changes of economic and demographic assumptions or of other inputs and (2) differences between expected and actual experience are required to be included in pension expense in a systematic and rational manner over a closed period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension plan (active employees and inactive employees), determined as of the beginning of the measurement period. The effect on net pension liability of differences between the projected earnings on pension plan investments and actual experience with regard to those earnings is required to be included in pension expense in a systematic and rational manner over a closed period of five years, beginning with the current period. The Expected Remaining Service Lives (ERSL) for 2019 is 3 years for Plan A and 3 years for Plan B.

Sensitivity to Changes in Discount Rate:

The following presents the net pension liability of the System calculated using the discount rate of 7.00%, as well as what the System's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current discount rate (assuming all other assumptions remain unchanged):

Changes in discount for years ending June 30, 2019 for Plan A are as follows:

	<u>1% Decrease</u> <u>6.00%</u>	<u>Current</u> <u>Discount Rate</u> <u>7.00%</u>	<u>1% Increase</u> <u>8.00%</u>
Town's proportionate share of the Net Pension Liability	\$ 1,318,177	\$ 1,011,010	\$ 751,311

Retirement System Audit Report:

The Municipal Employees' Retirement System of Louisiana has issued a stand-alone audit report on their financial statements for the year ended June 30, 2019. Access to the report can be found on the Louisiana Legislative Auditor's website, www.la.la.gov, or by contacting the Municipal Employees' Retirement System of Louisiana, 7937 Office Park Boulevard, Baton Rouge, Louisiana 70809.

TOWN OF ABITA SPRINGS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2019

(8) LONG-TERM DEBT AND CAPITAL LEASES

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		
	<u>General</u>	<u>Certificate</u>		<u>Certificate</u>	
	<u>Obligation</u>	<u>of</u>	<u>Revenue</u>	<u>of</u>	
	<u>Bonds</u>	<u>Indebtedness</u>	<u>Bonds</u>	<u>Indebtedness</u>	<u>Total</u>
Balance 1/1/2019	\$ 842,000	\$ 15,000	\$ 770,326	\$ 108,000	\$ 1,735,326
Additions	-	-	992,991	-	992,991
Reductions	<u>(133,000)</u>	<u>(15,000)</u>	<u>(45,000)</u>	<u>(26,000)</u>	<u>(219,000)</u>
Balance 12/31/2019	<u>\$ 709,000</u>	<u>\$ -</u>	<u>\$ 1,718,317</u>	<u>\$ 82,000</u>	<u>\$ 2,509,317</u>
Due within one year	<u>\$ 139,000</u>	<u>\$ -</u>	<u>\$ 337,000</u>	<u>\$ 27,000</u>	<u>\$ 503,000</u>

General obligation bonds are secured by an annual property tax levy. In accordance with Louisiana Revised Statute 39:562, the Town is legally restricted from incurring long-term bonded debt in excess of 35% of the assessed value of taxable property in the municipality. At December 31, 2019, the Town had not exceeded this statutory limit. As of December 31, 2019, there was \$275,934 available in the Debt Service Fund and \$16,313 in the 2010 Debt Service Fund to service the general obligation bonds.

Long-term debt was composed of the following at December 31, 2019:

General Obligation Bonds

\$450,000 General Obligation Bonds Series 2005, due in annual installments through March 2020; interest paid semi-annually at 2.95%; secured by ad valorem tax. \$ 55,000

\$556,000 Limited Tax Refunding Bonds Series 2012, due in annual installments through September 2024; interest paid semi-annually at 2.72% secured by ad valorem tax. 254,000

\$500,000 General Obligation Bonds Series 2014, due in annual installments through March 2029; interest paid semi-annually ranging from 1.50% to 3.00% secured by ad valorem tax. 400,000

\$ 709,000

Revenue Bonds

\$350,000 Utility Refunding Bonds dated January 8, 2004, due in annual installments through March 1, 2030; including interest from from 3% to 5.25%; secured by revenues of the Utility System. \$ 197,000

\$6,000,000 Utility Revenue Bonds dated December 6, 2017, in connection with a loan from the State of Louisiana, Department of Environmental Quality (DEQ) to construct sewer improvements. DEQ is holding the bonds as payment for the loan. This amounts represents the total drawdown of these bonds to date. Includes interest of 0.45% secured by revenues of the Utility System. 721,317

TOWN OF ABITA SPRINGS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2019

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

Revenue Bonds (Continued)

S800,000 Limited Tax Refunding Bonds Series 2019, due in annual installments through September 2029; interest paid semi-annually ranging from 1.375% to 2.750% secured by ad valorem tax.

800,000

S 1,718,317

Certificates of Indebtedness

S250,000 Certificate of Indebtedness dated July 12, 2012; due in annual installments through June 1, 2022; interest paid semi-annually ranging from 0.50% to 3.5%; secured by excess revenues.

S 82,000

S 82,000

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

Year	General Obligation Bonds		Certificate of Indebtedness		Revenue Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2020	\$ 186,000	\$ 34,339	\$ 27,000	\$ 2,398	\$ 290,000	\$ 13,092
2021	131,000	32,884	27,000	1,453	293,000	11,218
2022	134,000	29,789	28,000	490	181,317	9,238
2023	135,000	26,514	-	-	16,000	7,603
2024	144,000	23,077	-	-	17,000	6,778
Thereafter	<u>779,000</u>	<u>58,696</u>	<u>-</u>	<u>-</u>	<u>121,000</u>	<u>19,871</u>
Totals	<u>\$ 1,509,000</u>	<u>\$ 205,299</u>	<u>\$ 82,000</u>	<u>\$ 4,341</u>	<u>\$ 918,317</u>	<u>\$ 67,800</u>

Interest costs incurred and charged to expense for the year ended December 31, 2019 was \$39,678.

Capital Leases

The Town records items under capital leases as an asset and an obligation in the accompanying financial statements. On May 27, 2015, the Town entered into a capital lease agreement for five years with interest of 4.18% for the purchase of an excavator. On April 1, 2016, the Town entered into a capital lease agreement for five years with interest of 3.35% for the purchase of a directional drill for gas and water installations. On December 19, 2018, the Town entered into a capital lease agreement for five years with interest of 3.94% for the purchase of a pipehunter minicombination truck.

TOWN OF ABITA SPRINGS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2019

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

Capital Leases (Continued)

The following is a schedule of future minimum lease payments under capital leases, together with the present value of the net minimum lease payments, as of December 31, 2019:

Year	<u>Equipment</u>	
	<u>Principal</u>	<u>Interest</u>
2020	\$ 80,540	\$ 8,000
2021	54,976	5,367
2022	52,953	3,307
2023	<u>60,930</u>	<u>1,183</u>
Totals	<u>\$ 249,399</u>	<u>\$ 17,857</u>

(9) RESTRICTED ASSETS

The Town has approved resolutions authorizing the issuance of \$600,000 of Utility Revenue Bonds dated July 8, 1998, \$350,000 of 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 proprietary fund. The following reserve requirements have been met for the year ended December 31, 2019:

1. Revenue Bond Sinking Fund

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

2. Revenue Bond Reserve Fund

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

3. Depreciation and Contingency Fund

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

4. Meter Deposit Fund

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

TOWN OF ABITA SPRINGS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2019

(10) INTERFUND RECEIVABLES/PAYABLES

The primary purpose of interfund receivables/payables is to loan monies between funds to cover current expenditures. Individual fund balances due from/to other funds at December 31, 2019, were as follows:

	<u>Due From</u>	<u>Due To</u>
General Fund		
Shared Sales Tax Fund	\$ -	\$ 41,524
Cemetery Fund	-	33,725
Shared Sales Tax Fund		
General Fund	41,524	-
Cemetery Fund		
General Fund	<u>33,725</u>	<u>-</u>
 Total	 <u>\$ 75,249</u>	 <u>\$ 75,249</u>

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

(11) INTERFUND TRANSFERS

Operating transfers between funds consist primarily of sales tax revenues transferred to the particular funds for which the revenue is to be used. The following is a summary of the operating transfers between funds during the fiscal year ended December 31, 2019:

	<u>Transfer In</u>	<u>Transfer Out</u>
Shared Sales Tax Fund		
2010 Debt Service Fund	-	53,500
2010 Debt Service Fund		
Shared Sales Tax Fund	<u>53,500</u>	<u>-</u>
 Total All Funds	 <u>\$ 53,500</u>	 <u>\$ 53,500</u>

(12) INTERGOVERNMENTAL AGREEMENT

The Town entered into an intergovernmental agreement with St. Tammany Parish, Louisiana, effective December 21, 2006, for the sharing of sales tax revenue generated in Sales Tax District No. 3. Proceeds from the tax shall be used for projects that benefit residents of Sales Tax District No. 3. As of December 31, 2019, \$394,328 was restricted for use in Sales Tax District No. 3.

(13) 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, 2019, the Town carried insurance through various commercial carriers to cover all risks of loss. The Town has no settled claims resulting from these risks that exceeded its commercial coverage in any of the past three fiscal years.

TOWN OF ABITA SPRINGS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2019

(14) NEW ACCOUNTING PRONOUNCEMENTS

The GASB has issued Statement No. 83, “*Certain Asset Retirement Obligations*.” The objective of this Statement is to provide financial statement users with information about asset retirement obligations (AROs) that were not addressed in GASB standards by establishing uniform accounting and financial reporting requirements for these obligations. This Statement establishes criteria for determining the timing and the pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs, and requires (1) that recognition occur when the liability is both incurred and reasonably estimable; (2) the measurement of an ARO to be based on the best estimate of the current value of outlays expected to be incurred; (3) the current value of a government’s AROs to be adjusted for the effects of general inflation or deflation at least annually; (4) a government to evaluate all relevant factors at least annually to determine whether the effects of one or more of the factors are expected to significantly change the estimated asset retirement outlays; and (5) disclosure of information concerning the nature of a government’s AROs, the methods and assumptions used for the estimates of the liabilities, and the estimated remaining useful life of the associated tangible capital assets. The requirements of this Statement are effective for reporting periods beginning after June 15, 2019. The Town plans to adopt this Statement as applicable by the effective date.

The GASB has issued Statement No. 84, “*Fiduciary Activities*.” The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. The Town plans to adopt this Statement as applicable by the effective date. The Town plans to adopt this Statement as applicable by the effective date.

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

The GASB has issued Statement No. 88, “*Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*.” The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. The requirements of this Statement are effective for reporting periods beginning after June 15, 2019. The Town plans to adopt this Statement as applicable by the effective date.

TOWN OF ABITA SPRINGS, LOUISIANA
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2019

(14) NEW ACCOUNTING PRONOUNCEMENTS (CONTINUED)

The GASB has issued Statement No. 89, “*Accounting for Interest Cost Incurred before the End of a Construction Period.*” The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. The Town plans to adopt this Statement as applicable by the effective date.

The GASB has issued Statement No. 90, “*Majority Equity Interests an amendment of GASB Statements No. 14 and No. 61.*” The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. The Town plans to adopt this Statement as applicable by the effective date.

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

REQUIRED SUPPLEMENTARY INFORMATION - PART II

TOWN OF ABITA SPRINGS, LOUISIANA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (BUDGETARY BASIS)
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2019

	Budgetary Amounts		Actual on	Variance with
	Original	Final	Budgetary	Final Budget
			Basis	Positive (Negative)
<u>REVENUES:</u>				
Taxes:				
Property taxes	\$ 192,000	\$ 192,000	\$ 173,299	\$ (18,701)
Franchise taxes	125,000	126,000	124,067	(1,933)
Sales taxes	319,000	320,000	369,394	49,394
Other	6,500	6,800	6,965	165
Licenses and permits	56,200	58,200	51,082	(7,118)
Insurance licenses	101,000	102,000	111,448	9,448
Rentals	16,500	17,000	22,660	5,660
Fines and forfeitures	80,000	85,000	50,450	(34,550)
Interest income	1,003	1,003	8,676	7,673
Donations	11,000	14,000	-	(14,000)
Museum income	35,000	35,000	32,318	(2,682)
Other revenues	99,750	98,750	93,051	(5,699)
Total revenues	1,042,953	1,055,753	1,043,410	(12,343)
<u>EXPENDITURES:</u>				
General government	602,428	607,586	634,630	(27,044)
Public safety	293,200	293,200	164,581	128,619
Clerk of court	55,925	63,567	27,556	36,011
Culture and recreation	46,400	46,400	23,657	22,743
Grants	45,000	45,000	-	45,000
Capital outlay	-	-	58,619	(58,619)
Total expenditures	1,042,953	1,055,753	909,043	146,710
Excess (deficiency) of revenues over (under) expenditures	-	-	134,367	134,367
<u>OTHER FINANCING SOURCES:</u>				
Transfers in	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balance	\$ -	\$ -	134,367	\$ -
Fund balance, beginning of year			647,418	
Fund balance, end of year			\$ 781,785	

TOWN OF ABITA SPRINGS, LOUISIANA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE (CONTINUED)
BUDGET AND ACTUAL (BUDGETARY BASIS)
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>Budgetary Amounts</u>		Actual on	Variance with
	<u>Original</u>	<u>Final</u>	<u>Budgetary</u>	<u>Final Budget</u>
			<u>Basis</u>	<u>Positive (Negative)</u>
<u>GENERAL GOVERNMENT:</u>				
Salaries	\$ 152,200	\$ 184,000	\$ 236,720	\$ (52,720)
Repairs and maintenance	38,800	34,790	20,463	14,327
Employee insurance and benefits	58,600	76,900	54,497	22,403
Insurance	39,100	39,100	27,940	11,160
Accounting and auditing	15,000	14,000	10,764	3,236
Aldermen	36,500	36,500	36,432	68
Contract labor	30,652	25,000	15,992	9,008
Retirement	35,600	38,200	48,408	(10,208)
Utilities	16,000	16,000	14,509	1,491
Legal	16,830	12,000	29,270	(17,270)
Street repairs	1,000	-	-	-
Office supplies	4,451	4,451	5,682	(1,231)
Auto gas	1,000	1,000	1,238	(238)
Miscellaneous	102,895	74,745	75,444	(699)
Telephone	7,200	4,800	5,025	(225)
Payroll taxes	8,050	7,650	7,757	(107)
Conventions and travel	2,000	2,000	1,316	684
Advertising and publication	4,700	4,700	9,396	(4,696)
Inspections	10,300	10,300	6,240	4,060
St. Tammany Parish Assessor	7,200	7,100	6,144	956
Senior citizens	3,700	3,700	1,971	1,729
Postage	1,200	1,200	1,582	(382)
Payroll processing fee	2,800	2,800	2,956	(156)
Dues and subscriptions	1,250	1,250	2,821	(1,571)
Auto repairs and maintenance	700	700	640	60
Janitorial expense	4,700	4,700	11,423	(6,723)
Total general government expenses	<u>\$ 602,428</u>	<u>\$ 607,586</u>	<u>\$ 634,630</u>	<u>\$ (27,044)</u>

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

TOWN OF ABITA SPRINGS, LOUISIANA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (BUDGETARY BASIS)
SHARED SALES TAX FUND
FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>Budgetary Amounts</u>		<u>Actual on</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Budgetary</u>	<u>Final Budget</u>
			<u>Basis</u>	<u>Positive (Negative)</u>
<u>REVENUES:</u>				
Taxes:				
Sales taxes	\$ 305,150	\$ 235,049	\$ 290,305	\$ 55,256
Interest income	-	-	396	396
Total revenues	<u>305,150</u>	<u>235,049</u>	<u>290,701</u>	<u>55,652</u>
<u>EXPENDITURES:</u>				
Public works	166,050	166,050	60,291	105,759
Principal retirement	-	-	85,911	(85,911)
Interest on long-term debt	-	-	10,658	(10,658)
Capital outlay	<u>85,000</u>	<u>85,000</u>	-	<u>85,000</u>
Total expenditures	<u>251,050</u>	<u>251,050</u>	<u>156,860</u>	<u>94,190</u>
Excess (deficiency) of revenues over (under) expenditures	<u>54,100</u>	<u>(16,001)</u>	<u>133,841</u>	<u>149,842</u>
<u>OTHER FINANCING USES:</u>				
Transfers out	<u>(54,100)</u>	<u>(54,100)</u>	<u>(53,500)</u>	<u>600</u>
Total other financing uses	<u>(54,100)</u>	<u>(54,100)</u>	<u>(53,500)</u>	<u>600</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (70,101)</u>	<u>80,341</u>	<u>\$ 150,442</u>
Fund balance, beginning of year			<u>313,987</u>	
Fund balance, end of year			<u>\$ 394,328</u>	

TOWN OF ABITA SPRINGS, LOUISIANA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (BUDGETARY BASIS)
SPECIAL SALES TAX FUND
FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>Budgetary Amounts</u>		<u>Actual on</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Budgetary</u>	<u>Final Budget</u>
			<u>Basis</u>	<u>Positive (Negative)</u>
<u>REVENUES:</u>				
Taxes:				
Sales taxes	\$ 318,000	\$ 320,000	\$ 369,394	\$ 49,394
Total revenues	<u>318,000</u>	<u>320,000</u>	<u>369,394</u>	<u>49,394</u>
<u>EXPENDITURES:</u>				
Public works	318,000	320,000	273,465	46,535
Culture and recreation	-	-	-	-
Total expenditures	<u>318,000</u>	<u>320,000</u>	<u>273,465</u>	<u>46,535</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>95,929</u>	<u>95,929</u>
<u>OTHER FINANCING USES:</u>				
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>95,929</u>	<u>\$ 95,929</u>
Fund balance, beginning of year			<u>44,874</u>	
Fund balance, end of year			<u>\$ 140,803</u>	

TOWN OF ABITA SPRINGS, LOUISIANA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (BUDGETARY BASIS)
CEMETERY FUND
FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>Budgetary Amounts</u>		<u>Actual on</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Budgetary</u>	<u>Final Budget</u>
			<u>Basis</u>	<u>Positive (Negative)</u>
<u>REVENUES:</u>				
Sales of cemetery plots	\$ 55,850	\$ 16,010	\$ 13,200	\$ (2,810)
Interest income	-	-	2,810	2,810
Other revenues	-	-	-	-
Total revenues	<u>55,850</u>	<u>16,010</u>	<u>16,010</u>	<u>-</u>
<u>EXPENDITURES:</u>				
Cemetery	55,850	54,455	6,916	47,539
Capital outlay	-	-	-	-
Total expenditures	<u>55,850</u>	<u>54,455</u>	<u>6,916</u>	<u>47,539</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>(38,445)</u>	<u>9,094</u>	<u>47,539</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ (38,445)</u>	<u>9,094</u>	<u>\$ 47,539</u>
Fund balances - beginning of year			<u>229,740</u>	
Fund balances - end of year			<u>\$ 238,834</u>	

TOWN OF ABITA SPRINGS, LOUISIANA
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
FOR THE YEAR ENDED DECEMBER 31, 2019*

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

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

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

TOWN OF ABITA SPRINGS, LOUISIANA
SCHEDULE OF CONTRIBUTIONS - RETIREMENT PLAN
FOR THE YEAR ENDED DECEMBER 31, 2019

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

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

TOWN OF ABITA SPRINGS, LOUISIANA
NOTES TO REQUIRED SUPPLEMENTAL INFORMATION
DECEMBER 31, 2019

(1) PENSION PLAN SCHEDULES

Changes of Benefit Terms

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

Changes of Assumptions

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

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

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

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

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

OTHER SUPPLEMENTARY INFORMATION

TOWN OF ABITA SPRINGS, LOUISIANA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019

	Lighting Special Revenue Fund	Parks/ Playground Special Revenue Fund	2010 Debt Service Fund	Capital Projects Fund	Total Nonmajor Governmental Funds
<u>ASSETS:</u>					
Cash and cash equivalents - restricted	\$ 5,814	\$ 10,019	\$ 18,298	\$ -	\$ 34,131
Equity in pooled cash	-	-	-	46	46
Property taxes receivable, net	21,896	44,217	-	-	66,113
 Total assets	 <u>\$ 27,710</u>	 <u>\$ 54,236</u>	 <u>\$ 18,298</u>	 <u>\$ 46</u>	 <u>\$ 100,290</u>
<u>LIABILITIES:</u>					
Accounts payable	\$ 2,299	\$ 4,627	\$ 415	\$ -	\$ 7,341
Pooled cash in other funds	32,162	32,324	1,570	-	66,056
Total liabilities	<u>34,461</u>	<u>36,951</u>	<u>1,985</u>	<u>-</u>	<u>73,397</u>
<u>DEFERRED INFLOWS OF RESOURCES:</u>					
Unavailable revenue - property taxes	434	875	-	-	1,309
Total deferred inflows of resources	<u>434</u>	<u>875</u>	<u>-</u>	<u>-</u>	<u>1,309</u>
<u>FUND BALANCES:</u>					
Restricted, reported in					
Special revenue fund	(7,185)	16,410	-	-	9,225
Debt service fund	-	-	16,313	-	16,313
Unassigned	-	-	-	46	46
Total fund balances	<u>(7,185)</u>	<u>16,410</u>	<u>16,313</u>	<u>46</u>	<u>25,584</u>
 Total liabilities and fund balances	 <u>\$ 27,710</u>	 <u>\$ 54,236</u>	 <u>\$ 18,298</u>	 <u>\$ 46</u>	 <u>\$ 100,290</u>

TOWN OF ABITA SPRINGS, LOUISIANA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019

	Lighting Special Revenue Fund	Parks/ Playground Special Revenue Fund	2010 Debt Service Fund	Capital Projects Fund	Total Nonmajor Governmental Funds
<u>REVENUES:</u>					
Property taxes	\$ 21,834	\$ 44,493	\$ -	\$ -	\$ 66,327
Interest income	15	-	3	-	18
Total revenues	<u>21,849</u>	<u>44,493</u>	<u>3</u>	<u>-</u>	<u>66,345</u>
<u>EXPENDITURES:</u>					
General government	29,758	43,639	415	-	73,812
Debt service:					
Principal	-	15,000	48,000	-	63,000
Interest	-	300	8,214	-	8,514
Total expenditures	<u>29,758</u>	<u>58,939</u>	<u>56,629</u>	<u>-</u>	<u>145,326</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(7,909)</u>	<u>(14,446)</u>	<u>(56,626)</u>	<u>-</u>	<u>(78,981)</u>
<u>OTHER FINANCING SOURCES (USES):</u>					
Transfer in	-	-	53,500	-	53,500
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>53,500</u>	<u>-</u>	<u>53,500</u>
Net change in fund balances	(7,909)	(14,446)	(3,126)	-	(25,481)
Fund balances, beginning of year	<u>726</u>	<u>30,854</u>	<u>19,439</u>	<u>46</u>	<u>51,065</u>
Fund balances, end of year	<u>\$ (7,183)</u>	<u>\$ 16,408</u>	<u>\$ 16,313</u>	<u>\$ 46</u>	<u>\$ 25,584</u>

TOWN OF ABITA SPRINGS, LOUISIANA
SCHEDULE OF COMPENSATION PAID TO COUNCIL MEMBERS
FOR THE YEAR ENDED DECEMBER 31, 2019

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

TOWN OF ABITA SPRINGS, LOUISIANA
SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS
TO AGENCY HEAD
FOR THE YEAR ENDED DECEMBER 31, 2019

Daniel Curtis, Mayor

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 50,000
Benefits - insurance	-
Benefits - retirement	-
Benefits - other	-
Car allowance	-
Vehicle provided by government	-
Per diem	-
Reimbursements	-
Travel	-
Registration fees	-
Conference travel	974
Continuing professional education fees	-
Housing	-
Unvouchered expenses	-
Special meals	-
	<hr/>
Total Compensation, Benefits and Other Payments	<u><u>\$ 50,974</u></u>

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Audit Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Abita Springs, Louisiana (the "Town") as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements and have issued our report thereon dated June 16, 2020.

Internal Control over Financial Reporting

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

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

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

To the Honorable Mayor
and Members of the Board of Aldermen
Town of Abita Springs, Louisiana
June 16, 2020

Compliance and Other Matters

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

Purpose of this Report

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

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

June 16, 2020
Mandeville, Louisiana



Certified Public Accountants

TOWN OF ABITA SPRINGS, LOUISIANA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2019

SECTION I SUMMARY OF AUDIT RESULTS

1. The independent auditors' report expresses an unmodified opinion on the financial statements of the Town of Abita Springs, Louisiana.
2. No significant deficiencies in internal control relating to the audit of the financial statements are reported in the Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of the Town of Abita Springs, Louisiana were reported in the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
4. A management letter was issued for the year ended December 31, 2019.

SECTION II FINANCIAL STATEMENTS FINDINGS

N/A

TOWN OF ABITA SPRINGS, LOUISIANA
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2019

SECTION I - FINDINGS RELATED TO THE FINANCIAL STATEMENTS

N/A

SECTION II - MANAGEMENT LETTER

2018-001 Long-Outstanding Checks

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

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

2018-002 Unreconciled Credits in Utility Accounts Receivable Report

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

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

2018-003 Incomplete Accounts Payable Aging

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

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



MANAGEMENT LETTER

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

In planning and performing our audit of the financial statements of the governmental activities and each major fund of Town of Abita Springs, Louisiana (the "Town"), as of and for the year ended December 31, 2019, in accordance with auditing standards generally accepted in the United States of America, the *Louisiana Governmental Audit Guide*, and the standards applicable to financial audits contained in *Government Auditing Standards* we considered the Town's internal control over financial reporting (internal control) as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

However, during our audit, we became aware of a matter that is an opportunity for strengthening internal controls and operating efficiencies. This letter summarizes our comments and suggestions concerning this matter. This letter does not affect our report dated June 16, 2020, on the financial statements of Town of Abita Springs, Louisiana.

We will review the status of these comments during our next audit engagement. We have already discussed these comments and suggestions with various Town of Abita Springs, Louisiana personnel, and we will be pleased to discuss these comments in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations. Our comments are summarized as follows:

2019-001 Long-Outstanding Checks

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

2019-002 Unreconciled Credits in Utility Accounts Receivable Report

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



ERICKSEN KRENTEL^{LLP}

CERTIFIED PUBLIC ACCOUNTANTS • CONSULTANTS

To the Honorable Mayor and Board of Aldermen
Town of Abita Springs, Louisiana
June 16, 2020
Page 2

2019-003 Incomplete Accounts Payable Aging

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

This letter is intended solely for the information and use of Town of Abita Springs, Louisiana, and the Louisiana Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this letter is distributed by the Legislative Auditor as a public document.

June 16, 2020
Mandeville, Louisiana

Ericksen Krentel, LLP

Certified Public Accountants

Town of Abita Springs



MAYOR
DANIEL J. CURTIS

June 16, 2020

Louisiana Legislative Auditor

Town of Abita Springs, Louisiana respectfully submits the following corrective action plan for the year ended December 31, 2019.

Name and address of independent public accounting firm:

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

Audit Period: January 1, 2019 – December 31, 2019

The finding from the December 31, 2019 management letter is discussed below. The finding is numbered consistently with the number assigned in the schedule.

SECTION II FINDINGS - FINANCIAL STATEMENTS AUDIT

None.

SECTION III MANAGEMENT LETTER ITEMS

2019-001 Long-Outstanding Checks

Recommendation: We recommend that the Town review the long-outstanding checks and void and re-issue as necessary or report to the state as required by escheat laws.

Management's Response: Management agrees with the recommendation and will continue to review the long-outstanding items on the bank reconciliations.

2019-002 Unreconciled Credits in Utility Accounts Receivable Report

Recommendation: We recommend that the Town review the unreconciled items and record the appropriate journal entry. This difference will continue to grow if not corrected.

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

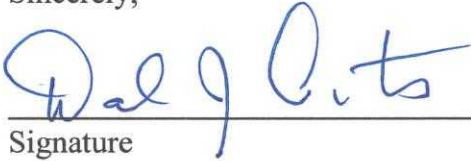
2019-003 Incomplete Accounts Payable Aging

Recommendation: We recommend that the Town review the items that are recorded in accounts payable that are not included in the aging.

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

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

Sincerely,


Signature


Title