TOWN OF ABITA SPRINGS, LOUISIANA

Financial Statements with Supplementary Information

December 31, 2025

(With Independent Auditor's Report Thereon)

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TOWN OF ABITA SPRINGS, LOUISIANA

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Independent Auditor's Report

To the Board of Aldermen
Town of Abita Springs, Louisiana

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Abita Springs, Louisiana, as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the Town of Abita Springs, Louisiana's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Abita Springs, Louisiana, as of December 31, 2025, 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.

Basis for Opinion

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town of Abita Springs, Louisiana and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Abita Springs, Louisiana's basic financial statements. The accompanying combining and individual nonmajor fund financial statements, schedule of compensation paid to members of the board of aldermen, schedule of compensation, reimbursements, benefits, and other payments to agency head, justice system funding schedule – collecting/disbursing entity, justice system funding schedule – receiving entity, and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards 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 26, 2026, on our consideration of the Town of Abita Springs, Louisiana'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 solely 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 effectiveness of the Town of Abita Springs, Louisiana's 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 Town of Abita Springs, Louisiana's internal control over financial reporting and compliance.

Griffin & Furman, LLC

June 26, 2026

Covington, Louisiana

Management's Discussion and Analysis

For the Year Ended December 31, 2025

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, 2025, and for the year then ended.

Overview of the Basic Financial Statements

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.

"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.

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

The accompanying notes to the financial statements provide information essential to a full understanding of the Government-Wide and fund financial statements. The notes to the financial statements begin on page 21 of this report.

Financial Highlights

At December 31, 2025, the Town's assets exceeded its liabilities by $9,411,448 (net position). The Town's total net position increased by $5,631,168 for the year ended December 31, 2025.

Government-Wide Financial Analysis

A condensed version of the Government-Wide Statements of Net Position is presented as follows:

	Governmental Activities	Business-Type Activities	2025	(Restated) 2024
Assets:				
Current assets	$ 2,062,140	4,638,165	6,700,305	6,759,174
Capital assets	5,507,942	11,617,000	17,124,942	11,399,497
Total assets	7,570,082	16,255,165	23,825,247	18,158,671
Total deferred outflows of resources	95,394	169,589	264,983	126,717
Liabilities:				
Current liabilities	271,958	2,205,751	2,477,709	2,334,202
Long-term liabilities	7,429,524	4,692,051	12,121,575	12,123,820
Total liabilities	7,701,482	6,897,802	14,599,284	14,458,022
Total deferred inflows of resources	28,619	50,879	79,498	47,086
Net position:				
Net investment in capital assets	4,612,942	7,081,017	11,693,959	5,541,481
Restricted	932,742	2,021,016	2,953,758	1,802,334
Unrestricted (deficit)	(5,610,309)	374,040	(5,236,269)	(3,563,535)
Total net position	$ (64,625)	9,476,073	9,411,448	3,780,280

	Governmental Activities		Business-Type Activities		Total	
	2025	(Restated) 2024	2025	(Restated) 2024	2025	(Restated) 2024
Program revenues:						
Charges for services	$ 34,127	32,353	2,442,993	2,103,548	2,477,120	2,135,901
Operating grants	-	744,939	-	-	-	744,939
Capital grants	754,042	7,213	4,635,337	652,156	5,389,379	659,369
General revenues:						
Taxes	2,216,186	2,271,119	-	-	2,216,186	2,271,119
Licenses and permits	227,704	247,923	-	-	227,704	247,923
Fines and forfeitures	51,878	29,542	-	-	51,878	29,542
Investment earnings	49,097	97,892	122,286	139,340	171,383	237,232
Museum income	19,601	19,811	-	-	19,601	19,811
Other	103,570	446,903	-	-	103,570	446,903
Total revenues	3,456,205	3,897,695	7,200,616	2,895,044	10,656,821	6,792,739

	Governmental Activities		Business-Type Activities		Total	
	2025	(Restated) 2024	2025	(Restated) 2024	2025	(Restated) 2024
Expenditures:						
General government	$ (1,276,594)	(2,070,869)	-	-	(1,276,594)	(2,070,869)
Public safety	(358,838)	(223,965)	-	-	(358,838)	(223,965)
Public works	(1,025,053)	(702,619)	-	-	(1,025,053)	(702,619)
Cemetery	(21,605)	(37,833)	-	-	(21,605)	(37,833)
Culture and recreation	(41,453)	(39,033)	-	-	(41,453)	(39,033)
Utilities	-	-	(2,242,639)	(1,873,637)	(2,242,639)	(1,873,637)
Interest on long-term debt	(18,564)	(5,725)	(40,907)	(61,046)	(59,471)	(61,046)
Total expenses	(2,742,107)	(3,080,044)	(2,283,546)	(5,009,002)	(5,025,653)	(5,009,002)
Other financing sources (uses):						
Transfers in	406,391	2,874,613	202,204	134,978	608,595	3,009,591
Transfers out	(593,985)	(2,649,473)	(14,610)	(360,118)	(608,595)	(3,009,591)
Total other financing Sources (uses)	(187,594)	225,140	187,594	(225,140)	-	-
Changes in net position	526,504	1,042,791	5,104,664	740,946	5,631,168	1,783,737
Net position – beginning	106,024	(936,767)	3,608,105	2,867,159	3,714,129	1,930,392
Prior period adjustment	(697,153)	-	763,304	-	66,151	-
Net position – beginning of year, as restated	(591,129)	(936,767)	4,371,409	2,867,159	3,780,280	1,930,392
Net position – ending	$ (64,625)	106,024	9,476,073	3,608,105	9,411,448	3,714,129

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 $(620,424), $296,944, $(32,204), $14,006, and $44,839, respectively, for the year ended December 31, 2025. Total governmental fund amounts are different from governmental activities due to capital assets and long-term liabilities.

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 budgets for its General Fund, Shared Sales Tax Fund, Special Sales Tax Fund, and Cemetery Fund. The Town's budgets are adopted on the cash basis of accounting; therefore, the budgetary comparison schedules present actual amounts on the Town's budgetary basis. The schedules include adjustments to reconcile GAAP/modified accrual basis actual amounts to the cash/budgetary basis used for budgetary compliance purposes.

For the year ended December 31, 2025, actual General Fund revenues were less than final budgeted revenues by $151,762, or 7.07%. The unfavorable revenue variance was primarily attributable to other revenues, including grant-related revenues, not being received during the fiscal year as budgeted. General Fund actual expenditures on the budgetary basis were less than final budgeted expenditures by $14,617; however, capital outlay exceeded the final budget by $82,518. In addition,

operating transfers out exceeded the final budget by $265,655. As a result, the General Fund reported a budgetary-basis decrease in fund balance of $450,392, compared to a budgeted decrease of $51,000.

For the Shared Sales Tax Fund, actual revenues on the budgetary basis were less than final budgeted revenues by $10,561. Actual expenditures were less than final budgeted expenditures by $136,163, primarily due to public works expenditures being less than budgeted, partially offset by capital outlay exceeding the final budget by $80,818. The fund also reported unbudgeted operating transfers in of $402,983 and operating transfers out of $56,215. As a result, the Shared Sales Tax Fund reported a budgetary-basis increase in fund balance of $296,984, compared to a budgeted decrease of $175,386.

For the Special Sales Tax Fund, actual revenues on the budgetary basis exceeded final budgeted revenues by $5,785. Actual expenditures exceeded final budgeted expenditures by $18,771, primarily due to public works expenditures exceeding the final budget, partially offset by capital outlay being less than budgeted. The fund also reported unbudgeted operating transfers out of $206,452. As a result, the Special Sales Tax Fund reported a budgetary-basis decrease in fund balance of $36,992, compared to a budgeted increase of $182,446.

For the Cemetery Fund, actual revenues on the budgetary basis exceeded final budgeted revenues by $3,511, and actual expenditures were less than final budgeted expenditures by $9,395. The fund budgeted operating transfers in of $51,000; however, no operating transfers in were reported during the year. As a result, the Cemetery Fund reported a budgetary-basis increase in fund balance of $14,006, compared to a budgeted increase of $52,100.

For the Special Sales Tax Fund, actual revenues on the budgetary basis were generally consistent with final budgeted revenues. Actual expenditures exceeded final budgeted expenditures, primarily due to public works expenditures exceeding the final budget, partially offset by capital outlay being less than budgeted. The fund also reported unbudgeted operating transfers out, which contributed to the fund reporting a budgetary-basis decrease in fund balance rather than the budgeted increase.

For the Cemetery Fund, actual revenues and expenditures on the budgetary basis were generally consistent with final budgeted amounts. However, the fund budgeted operating transfers in that were not made during the year, which reduced the final change in fund balance compared to budget.

Capital Asset Administration

For governmental activities, capital assets, net of accumulated depreciation, increased by $1,100,373 for the year ended December 31, 2025, as a result of purchases exceeding depreciation expense for the year.

For business-type activities, capital assets, net of accumulated depreciation, increased by $4,625,072 as a result of purchases exceeding depreciation expense for the year.

Debt Administration

The Town's total long-term debt decreased by $427,033 during the year ended December 31, 2025.

Contingencies

During 2019, the Town and its insurer defended a case against Lonesome Development, LLC. The trial court ruled in favor of Lonesome Development, LLC awarding them $4,900,000 plus attorney fees in the amount of $1,422,611. The ruling in this case against the Town was upheld by the Louisiana Supreme Court in November, 2022. The judgement is final. As of December 31, 2025, the Town has recorded a claim payable of $6,322,611 on the Government-Wide statement of financial position as a result of this case.

The recorded claim payable has a significant effect on the Town's governmental activities and unrestricted net position. Payment of the judgment is subject to appropriation by the Town's Board of Aldermen. As of the date of this report, the Board of Aldermen has not adopted a specific appropriation, dedicated funding source, or payment schedule for satisfaction of the judgment. The timing and method of payment will depend on future appropriations and available resources and could affect the availability of resources for other governmental purposes in future periods.

Economic Factors and Next Year's Budgets

The Town will continue using outstanding bond proceeds for acquiring, constructing improvements, and replacing the Town's sewerage system and water system, as well as constructing, paving, resurfacing, and improving public streets in the Town. The Town is also in the process of evaluating a potential new debt issuance to finance additional sewerage and water system improvements.

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 Leanne Schaefer, Town Clerk, P.O. Box 461, Abita Springs, Louisiana 70420.

TOWN OF ABITA SPRINGS, LOUISIANA

Statement of Net Position

December 31, 2025

		Primary government: Governmental Activities	Business-Type Activities	Total
Assets and Deferred Outflows of Resources				
Assets:				
Current assets:				
Restricted cash and cash equivalents	$	61,811	241,328	303,139
Unrestricted cash and cash equivalents		315,618	140,839	456,457
Investments		1,098,058	2,291,428	3,389,486
Receivables, net		443,446	1,940,480	2,383,926
Due from other funds		119,285	13,903	133,188
Prepaid expenses		23,922	10,187	34,109
Total current assets		2,062,140	4,638,165	6,700,305
Noncurrent assets:				
Capital assets not being depreciated		695,578	5,606,895	6,302,473
Capital assets being depreciated, net of accumulated depreciation		4,812,364	6,010,105	10,822,469
Total noncurrent assets		5,507,942	11,617,000	17,124,942
Total assets		7,570,082	16,255,165	23,825,247
Deferred outflows of resources:				
Deferred outflows related to pensions		95,394	169,589	264,983
Total assets and deferred outflows of resources	$	7,665,476	16,424,754	24,090,230
Liabilities, Deferred Inflows of Resources, and Net Position				
Liabilities:				
Current liabilities:				
Accounts payable	$	27,977	1,503,675	1,531,652
Accrued expenses		38,171	-	38,171
Due to other funds		60,357	72,831	133,188
Accrued interest payable		2,013	17,789	19,802
Meter deposits		-	177,701	177,701
Deferred revenue		7,256	-	7,256
Compensated absences		34,184	31,755	65,939
Bonds payable - current		102,000	402,000	504,000
Total current liabilities		271,958	2,205,751	2,477,709
Noncurrent liabilities:				
Claim payable		6,322,611	-	6,322,611
Bonds payable - long-term		793,000	4,133,983	4,926,983
Net pension liability		313,913	558,068	871,981
Total noncurrent liabilities		7,429,524	4,692,051	12,121,575
Total liabilities		7,701,482	6,897,802	14,599,284
Deferred inflows of resources:				
Deferred inflows related to pensions		28,619	50,879	79,498
Net position:				
Net investment in capital assets		4,612,942	7,081,017	11,693,959
Restricted for:				
Dedicated sales tax usage		567,129	-	567,129
Debt service		365,613	-	365,613
Bond covenants		-	2,021,016	2,021,016
Unrestricted (deficit)		(5,610,309)	374,040	(5,236,269)
Total net position		(64,625)	9,476,073	9,411,448
Total liabilities, deferred inflows of resources, and net position	$	7,665,476	16,424,754	24,090,230

See accompanying notes to the financial statements.

TOWN OF ABITA SPRINGS, LOUISIANA

Statement of Activities

For the Year Ended December 31, 2025

Functions/programs	Expenses	Charges for Services	Program Revenues: Operating Grants & Contributions	Program Revenues: Capital Grants & Contributions	Net (Expense) Revenue and Change in Net Position: Governmental Activities	Business-Type Activities	Total
Primary government:							
Governmental activities:							
General government	$ 1,276,594	8,927	-	604,042	(663,625)	-	(663,625)
Public safety	358,838	-	-	-	(358,838)	-	(358,838)
Public works	1,025,053	-	-	-	(1,025,053)	-	(1,025,053)
Cemetery	21,605	25,200	-	-	3,595	-	3,595
Culture and recreation	41,453	-	-	150,000	108,547	-	108,547
Interest on bonds payable	18,564	-	-	-	(18,564)	-	(18,564)
Total governmental activities	2,742,107	34,127	-	754,042	(1,953,938)	-	(1,953,938)
Business-type activities:							
Utilities	2,242,639	2,442,993	-	4,635,337	-	4,835,691	4,835,691
Interest on long-term debt	40,907	-	-	-	-	(40,907)	(40,907)
Total business-type activities	2,283,546	2,442,993	-	4,635,337	-	4,794,784	4,794,784
Total primary government	$ 5,025,653	2,477,120	-	5,389,379	(1,953,938)	4,794,784	2,840,846
General revenues:							
Taxes:							
Property taxes					294,642	-	294,642
Franchise taxes					136,060	-	136,060
Sales taxes					1,779,208	-	1,779,208
Other taxes					6,276	-	6,276
Licenses and permits					108,873	-	108,873
Fines and forfeitures					51,878	-	51,878
Insurance licenses					118,831	-	118,831
Investment earnings					49,097	122,286	171,383
Museum income					19,601	-	19,601
Other general revenues					103,570	-	103,570
Total general revenues					2,668,036	122,286	2,790,322

See accompanying notes to the financial statements.

TOWN OF ABITA SPRINGS, LOUISIANA

Statement of Activities

For the Year Ended December 31, 2025

		Governmental Activities	Business-Type Activities	Total
Other financing sources/(uses):				
Transfers in		409,860	202,204	612,064
Transfers out		(597,454)	(14,610)	(612,064)
Total		(187,594)	187,594	-
Change in net position		526,504	5,104,664	5,631,168
Net position - beginning of the year		106,024	3,608,105	3,714,129
Prior period adjustment (See Note 13)		(697,153)	763,304	66,151
Net position, beginning of year, as restated		(591,129)	4,371,409	3,780,280
Net position - end of year	$	(64,625)	9,476,073	9,411,448

See accompanying notes to the financial statements.

TOWN OF ABITA SPRINGS, LOUISIANA

Governmental Funds

Balance Sheet

December 31, 2025

		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
Assets:							
Cash and cash equivalents	$ 77,321	85,186	-	54,935	43,790	54,386	315,618
Investments	519,309	96,908	-	243,893	183,111	54,837	1,098,058
Receivables:							
Property taxes, net	45,026	-	-	-	141,215	75,725	261,966
Sales taxes	55,389	85,810	-	-	-	-	141,199
Other	40,281	-	-	-	-	-	40,281
Prepaid expenses	11,257	-	9,507	-	-	3,158	23,922
Due from other funds	-	87,103	-	29,719	-	2,463	119,285
Cash and cash equivalents - restricted	-	-	-	-	-	61,811	61,811
Total assets	$ 748,583	355,007	9,507	328,547	368,116	252,380	2,062,140
Liabilities:							
Accounts payable and other liabilities	$ 21,785	-	3,668	-	-	2,524	27,977
Accrued expenses	38,171	-	-	-	-	-	38,171
Due to other funds	59,836	-	-	-	-	521	60,357
Total liabilities	119,792	-	3,668	-	-	3,045	126,505
Deferred inflows of resources:							
Unavailable revenue - property taxes	3,410	-	-	-	2,503	1,343	7,256
Total deferred inflows of resources	3,410	-	-	-	2,503	1,343	7,256
Fund balances:							
Restricted:							
Police operations	129,006	-	-	-	-	-	129,006
Special revenue funds	-	355,007	5,839	-	-	77,277	438,123
Debt service	-	-	-	-	365,613	-	365,613
Assigned	-	-	-	328,547	-	170,715	499,262
Unassigned	496,375	-	-	-	-	-	496,375
Total fund balances	625,381	355,007	5,839	328,547	365,613	247,992	1,928,379
Total liabilities, deferred inflows of resources, and fund balances	$ 748,583	355,007	9,507	328,547	368,116	252,380	2,062,140

See accompanying notes to the financial statements.

Reconciliation of the Balance Sheet Fund Balances - Governmental Funds to the Statement of Net Position

December 31, 2025

Total Governmental Fund Balances	$	1,928,379
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		5,507,942
Long-term liabilities that are not due and payable in the current period are not reported as a liability in the governmental funds. All liabilities - both current and long-term - are reported in the statement of net position.		
Accrued interest		(2,013)
Compensated absences		(34,184)
Claims payable		(6,322,611)
Bonds payable		(895,000)
Net pension liability including deferred outflows and deferred inflows related to pensions		(247,138)
Total Net Position of Governmental Activities	$	(64,625)

TOWN OF ABITA SPRINGS, LOUISIANA

Governmental Funds

Statement of Revenues, Expenditures, and Changes in Fund Balances

For the Year Ended December 31, 2025

		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	$ 52,871	-	-	-	157,292	84,479	294,642
Franchise taxes	136,060	-	-	-	-	-	136,060
Sales taxes	698,766	376,135	704,307	-	-	-	1,779,208
Other	6,276	-	-	-	-	-	6,276
Fines and forfeitures	51,878	-	-	-	-	-	51,878
Insurance licenses	118,831	-	-	-	-	-	118,831
Other revenues	25,712	-	11,575	-	-	66,283	103,570
Grant income	604,042	-	-	-	-	150,000	754,042
Licenses and permits	108,873	-	-	-	-	-	108,873
Museum income	-	-	-	-	-	19,601	19,601
Sale of cemetery plots	-	-	-	25,200	-	-	25,200
Rentals	7,925	-	-	-	-	1,002	8,927
Interest income	23,035	4,714	-	10,411	7,835	3,102	49,097
Total revenues	1,834,269	380,849	715,882	35,611	165,127	324,467	3,456,205
Expenditures:							
General government	900,534	-	-	-	400	136,381	1,037,315
Public safety	358,838	-	-	-	-	-	358,838
Public works	-	80,019	540,784	-	-	-	620,803
Clerk of court	22,189	-	-	-	-	-	22,189
Cemetery	-	-	-	21,605	-	-	21,605
Culture and recreation	-	-	-	-	-	41,453	41,453
Capital outlay	859,885	350,654	850	-	-	145,800	1,357,189
Debt service:							
Principal	-	-	-	-	100,000	-	100,000
Interest	-	-	-	-	18,564	-	18,564
Total expenditures	2,141,446	430,673	541,634	21,605	118,964	323,634	3,577,956
Excess (deficiency) of revenues over expenditures	(307,177)	(49,824)	174,248	14,006	46,163	833	(121,751)

See accompanying notes to the financial statements.

TOWN OF ABITA SPRINGS, LOUISIANA

Governmental Funds

Statement of Revenues, Expenditures, and Changes in Fund Balances

For the Year Ended December 31, 2025

	General Fund	Special Revenue Funds: Shared Sales Tax Fund	Special Revenue Funds: Special Sales Tax Fund	Special Revenue Funds: Cemetery Fund	Debt Service Fund	Non-Major Governmental Funds	Total Governmental Funds
Other financing sources (uses):							
Operating transfers in	3,408	402,983	-	-	-	3,469	409,860
Operating transfers out	(316,655)	(56,215)	(206,452)	-	(1,324)	(16,808)	(597,454)
Total other financing sources (uses)	(313,247)	346,768	(206,452)	-	(1,324)	(13,339)	(187,594)
Net change in fund balances	(620,424)	296,944	(32,204)	14,006	44,839	(12,506)	(309,345)
Fund balances, beginning of year	1,245,805	58,063	38,043	314,541	320,774	260,498	2,237,724
Fund balances, end of year	$ 625,381	355,007	5,839	328,547	365,613	247,992	1,928,379

See accompanying notes to the financial statements.

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds to the Statement of Activities

For the Year Ended December 31, 2025

Net Change in Fund Balances - Total Governmental Funds	**$**	**(309,345)**
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:		
Capital asset additions		**1,357,189**
Depreciation expense		**(256,816)**
Governmental funds report changes in certain liabilities in the General Long-Term Debt Account Group, however, the changes affect costs in the statement of activities:		
Personnel cost increase due to compensated absences		**5,412**
Payments on bonds payable less interest expense		**100,000**
Pension expense net of retirement contributions		**34,314**
Claims payable		**(404,250)**
Change in Net Position of Governmental Activities	**$**	**526,504**

See accompanying notes to the financial statements.

TOWN OF ABITA SPRINGS, LOUISIANA

Proprietary Fund

Statement of Net Position

December 31, 2025

Assets		
Current assets:		
Cash and cash equivalents	$ 140,839	
Receivables, net	1,940,480	
Due from other funds	13,903	
Prepaid expenses	10,187	
Total current assets		2,105,409
Restricted assets:		
Cash and cash equivalents	241,328	
Investments	2,291,428	
Total restricted assets		2,532,756
Noncurrent assets:		
Capital assets, net	11,617,000	
Total noncurrent assets		11,617,000
Total assets		16,255,165
Deferred Outflows of Resources		
Deferred outflows related to pensions		169,589
Liabilities		
Current liabilities:		
Accounts payable	1,503,675	
Due to other funds	72,831	
Compensated absences	31,755	
Total current liabilities		1,608,261
Current liabilities (payable from restricted assets):		
Accrued interest payable	17,789	
Bonds payable - current	402,000	
Meter deposits	177,701	
Total current liabilities (payable from restricted assets)		597,490
Non-current liabilities:		
Bonds payable - long-term	4,133,983	
Net pension liability	558,068	
Total non-current liabilities		4,692,051
Total liabilities		6,897,802
Deferred Inflows of Resources		
Deferred inflows related to pensions		50,879
Net Position		
Net investment in capital assets	7,081,017	
Restricted	2,021,016	
Unrestricted	374,040	
Total net position		$ 9,476,073

See accompanying notes to the financial statements.

TOWN OF ABITA SPRINGS, LOUISIANA

Proprietary Fund

Statement of Revenues, Expenses, and Changes in Net Position

For the Year Ended December 31, 2025

Operating revenues:		
Charges for services:		
Gas sales	$ 696,927	
Water sales	457,982	
Sewer service charges	674,831	
Garbage collection fees	434,497	
Miscellaneous and other fees	178,756	
Total operating revenues		2,442,993
Operating expenses:		
Administrative and general	329,785	
Gas system	586,998	
Water system	286,070	
Sewerage system	398,887	
Garbage collection	394,908	
Depreciation	245,991	
Total operating expenses		2,242,639
Operating income		200,354
Non-operating revenues (expenses):		
Interest expense	(40,907)	
Interest income	122,286	
Grant income	4,635,337	
Total non-operating revenues (expenses)		4,716,716
Other financing sources (uses):		
Operating transfers in	202,204	
Operating transfers out	(14,610)	
Total other financing sources (uses)		187,594
Increase in net position		5,104,664
Net position, beginning of year	3,608,105	
Prior period adjustment (See Note 13)	763,304	
Net position, beginning of year, as restated		4,371,409
Net position, end of year		$ 9,476,073

See accompanying notes to the financial statements.

TOWN OF ABITA SPRINGS, LOUISIANA

Proprietary Fund

Statement of Cash Flows

For the Year Ended December 31, 2025

Cash flows from operating activities:		
Cash received from customers	$ 2,286,127	
Cash paid to suppliers for goods/services	(1,385,798)	
Cash paid to employees for services	(651,542)	
Net cash provided by operating activities		248,787
Cash flows from non-capital financing activities:		
Increase in meter deposits	2,035	
Repayments of interfund borrowings	(12,084)	
Operating transfers	187,594	
Net cash provided by non-capital financing activities		177,545
Cash flows from investing activities:		
Net transfers from LAMP investments	1,039,839	
Interest received	122,286	
Net cash provided by investing activities		1,162,125
Cash flows from capital and related financing activities:		
Purchases of capital assets	(4,871,063)	
Capital grants received	3,717,380	
Interest paid on bonds payable	(40,907)	
Principal paid on bonds payable	(327,033)	
Net cash used by capital and related financing activities		(1,521,623)
Net increase in cash and cash equivalents		66,834
Cash and cash equivalents, beginning of year		315,333
Cash and cash equivalents, end of year		$ 382,167

See accompanying notes to the financial statements.

TOWN OF ABITA SPRINGS, LOUISIANA

Proprietary Fund

Statement of Cash Flows

For the Year Ended December 31, 2025

Reconciliation of operating income to net cash provided by operating activities

Operating income			$	200,354
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	$	245,991		
(Increase) decrease in assets:				
Accounts receivable		(156,866)		
Prepaid expenses		69,255		
Increase in deferred outflows related to pensions		(88,490)		
Increase (decrease) in liabilities:				
Accounts payable		(42,577)		
Accrued expenses		(3,174)		
Compensated absences		(3,194)		
Net pension liability		6,744		
Increase in deferred inflows related to pensions		20,744		
Total adjustments				48,433
Net cash provided by operating activities			$	248,787
Cash and cash equivalents reconciliation:				
Cash and cash equivalents - unrestricted			$	140,839
Cash and cash equivalents - restricted				241,328
Cash and cash equivalents at end of year			$	382,167

See accompanying notes to the financial statements.

Introduction

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

The accounting and reporting policies of the Town of Abita Springs, Louisiana conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governments. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statute 24:517. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body 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 non-fiduciary activities of the Town. For the most part, the effect of inter-fund activity has been removed from these statements. *Governmental activities*, which are normally 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 expense of a given function of segment is offset by program revenue. *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.

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 fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

The Town reports these governmental funds and fund types:

> General Fund – The General Fund is the general operating fund of the Town. This fund is used to account for all financial transactions and resources except those that are required to be accounted for in another fund. Revenues are derived primarily from sales, property, and other local taxes, state and federal distributions, licenses, permits, charges for service, and interest income.
>
> Special Revenue Funds – Special Revenue Funds are used to account for the specific expenditures and of specific revenue sources (other than debt service or capital projects) that are restricted or committed to expenditure for specified purposes. The Shared Sales Tax Fund, the Special Sales Tax Fund, and the Cemetery Fund are considered to be major funds. The Lighting Fund, and Parks/Playground Fund are considered to be non-major funds.
>
> Debt Service Fund – Debt Service Fund is used to account for the accumulation of resources for, and payment of, general long-term debt principal, interest, and related costs. The Town has one Debt Service Fund which is considered major.

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.

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.**

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.

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.

Investments are reported in accordance with applicable GASB guidance. Investments with readily determinable fair values are reported at fair value. Investments in qualifying external investment pools, including the Louisiana Asset Management Pool (LAMP), are reported at amortized cost when permitted by GASB guidance.

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 bank; certain amounts 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.

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 Town's investment in LAMP is reported at amortized cost, which approximates fair value. LAMP is a qualifying external investment pool that measures its investments at amortized cost for financial reporting purposes. The value of the Town's position in LAMP 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.

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 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 sale 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 sale and use tax are accounted for in the Shared Sales Tax Special Revenue Fund.
- The additional 1983 1% sale 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 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 sale 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, based on 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 and are allowed to carry forward unused sick leave from year to year.

In accordance with GASB Statement No. 101, *Compensated Absences*, the Town recognizes a liability for compensated absences attributable to services already rendered when the leave accumulates and is more likely than not to be used for time off or otherwise paid or settled. The liability is measured using the employees' pay rates as of the financial statement date, including applicable salary-related payments, if material.

Vacation leave is accrued to the extent it is more likely than not to be used, paid, or otherwise settled. Sick leave is accrued to the extent it accumulates and is more likely than not to be used as paid time off or otherwise paid or settled. Leave that has been used but not yet paid as of year-end is also accrued.

For governmental funds, compensated absences are reported as expenditures and fund liabilities only to the extent they are normally expected to be liquidated with expendable available financial resources. Amounts not expected to be liquidated with expendable available financial resources are reported in the Government-Wide statement of net position.

Long-Term Debt

In the Government-Wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statement of net position. Bond premiums and discounts, if any, are deferred and amortized over the life of the bonds. Bond issuance costs, except for prepaid insurance costs, are recognized as an expense in the period incurred.

In the governmental fund financial statements, bond proceeds are reported as other financing sources, while principal and interest payments are reported as debt service expenditures when due.

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

Receivables consist primarily of property taxes, sales taxes, intergovernmental amounts, other receivables, and utility customer accounts. Receivables are reported net of allowances for amounts estimated to be uncollectible. Allowances are based on historical collection experience, the age of outstanding balances, and management's evaluation of specific accounts.

Uncollectible amounts due for customers' utility receivables are recognized as bad debts through the establishment of an allowance account at the time information become available which would indicate the uncollectibility of the receivable. The allowance was $12,897 at December 31, 2025.

Capital Assets

Capital assets, including property, infrastructure, equipment, and utility system assets, are reported in the applicable governmental activities or business-type activities column of the Government-Wide financial statements. Capital assets are recorded at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are recorded at acquisition value at the date of donation.

The Town capitalizes equipment, furniture, and fixtures with individual costs of $2,500 or more and infrastructure and improvements with individual costs of $25,000 or more. The cost of normal maintenance and repairs that does not add to the value of the asset or materially extend the asset's useful life is expensed as incurred.

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.

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:

Asset	Years
Infrastructure	40
Buildings and building improvements	20-40
Utility systems	30-40
Furniture and fixtures	7
Vehicles	5
Equipment	3-15

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, equity is classified as fund balances and displayed in the following five components:

1. Nonspendable Fund Balance – Amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.
2. 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.
3. Committed Fund Balance – Amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Board of Aldermen.
4. Assigned Fund Balance – Amounts that are constrained by the Town's intent to be used for specific purposes but are neither restricted nor committed. Intent may be expressed by the Board of Aldermen or by an official or body to which the Board delegates authority.
5. Unassigned Fund Balance – All amounts not included in other spendable classifications.

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as needed. When committed, assigned, and unassigned resources are available for use, the Town considers amounts to have been spent first from committed resources, then assigned resources, and then unassigned resources.

<u>Interfund Transactions</u>

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

<u>Use of Estimates</u>

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 these estimates.

<u>New Accounting Pronouncements Adopted</u>

The Town adopted GASB Statement No. 101, *Compensated Absences*, for the year ended December 31, 2025. The objective of this statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences under a unified model. The implementation of this standard resulted in a prior period adjustment to beginning net position, as disclosed in Note 13.

The Town adopted GASB Statement No. 102, *Certain Risk Disclosures*, effective for the year ended December 31, 2025. The objective of this statement is to provide users of government financial statements with information about risks related to a government's vulnerabilities due to certain concentrations or constraints that is essential to their analyses for making decisions or assessing accountability. The Town evaluated the requirements of GASB Statement No. 102, *Certain Risk Disclosures*, for the year ended December 31, 2025. Implementation of this standard did not result in any changes to the recognition or measurement of amounts reported in the financial statements. However, implementation resulted in additional disclosure related to a significant constraint affecting the Town's governmental activities, as discussed in Note 12. Management is not aware of any other concentrations or constraints that meet the disclosure criteria of GASB Statement No. 102 as of December 31, 2025.

The Town has not yet implemented GASB Statement No. 103, *Financial Reporting Model Improvements*, which is effective for fiscal years beginning after June 15, 2025. The objective of this statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. The statement addresses certain application issues and includes changes related to management's discussion and analysis, unusual or infrequent items, proprietary fund financial statements, major component unit information, and budgetary comparison information. The Town is currently evaluating the impact of this statement on its financial reporting requirements.

(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, 2025, 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 risk is that all uninsured deposits be collateralized by pledged securities as required by state law.

As of December 31, 2025, $691,702 of the Town's bank balance of $941,702 was exposed to custodial credit risk. However, these deposits are secured from risk by the pledge of securities owned by the fiscal agent bank.

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

Cash and cash equivalents at December 31, 2025 are as follows:

Unrestricted	$ 140,839
Restricted:	
Meter deposits	32,023
Bond sinking	194,428
Bond reserve	5,676
Capital additions and contingency	9,201
Total restricted	$ 241,328
Total cash and cash equivalents per Statement of Net Position	$ 382,167

Investments

At December 31, 2025, the Town had an investment of $3,389,486 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) Accounts Receivable

The accounts receivable, net at December 31, 2025, were as follows:

Description	General Fund	Debt Service Fund	Special Revenue Funds	Proprietary Fund	Total
Taxes					
Property	$ 45,026	$ 141,215	$ 75,725	150,620	$ 412,586
Sales and use	55,389	-	85,810	-	141,199
Other	40,281	-	-	1,570,900	1,611,181
Utility accounts	-	-	-	218,960	218,960
Totals	$ 140,696	$ 141,215	$ 161,535	$ 1,940,480	$ 2,383,926

Allowance for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. Total allowance for doubtful accounts amounted to $9,059 for the governmental funds and $12,897 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 $9,059 on the accompanying proprietary fund Statement of Net Position. For the year ended December 31, 2025, the Town levied taxes of 6.87 mills for general purposes, 5.00 mills for debt service, 2.62 mills for town lighting, and 2.62 mills for parks and playground expenditures.

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

	Assessed Valuation	% of Total Assessed Value
Central LA Elec Co.	793,660	2.54%
Abita Lumber Co. Inc.	510,290	1.63%
Home Bank	349,277	1.12%
Recover Now Real Estate Holdings, LLC	322,276	1.03%
Exchangeright, Net Leased	287,279	0.92%
Phillips Building Supply	239,205	0.76%
Spectrum Gulf Coast LLC	224,769	0.72%
R4 Holdings, LLC	179,116	0.57%
Citizens Bank & Trust	155,120	0.50%
AT&T Wireless Holdings LLC	153,957	0.49%
	$ 3,214,949	10.28%

(6) Capital Assets

The following is a summary of the changes in capital assets for the fiscal year ended December 31, 2025:

	Balance January 1, 2025	(Note 13) Prior Period Adjustment	(Restated) Balance January 1, 2025	Increases	Decreases	Balance December 31, 2025
Government Activities						
Capital assets not being depreciated:						
Works of art	$ 40,000	-	40,000	-	-	40,000
Construction in progress	1,154,695	114,840	1,269,535	1,280,406	(2,445,980)	103,961
Software in progress	14,972	-	14,972	-	-	14,972
Land	521,645	-	521,645	15,000	-	536,645
Total capital assets not being depreciated	1,731,312	114,840	1,846,152	1,295,406	(2,445,980)	695,578
Capital assets being depreciated:						
Infrastructure	2,231,127	-	2,231,127	1,484,568	-	3,715,695
Culture and recreation	515,843	-	515,843	770,775	-	1,286,618
Machinery and equipment	1,224,348	-	1,224,348	45,773	-	1,270,121
Office equipment and furniture	212,398	-	212,398	-	-	212,398
Buildings and building improvements	1,440,362	-	1,440,362	198,835	-	1,639,197
Police machinery and equipment	3,535	-	3,535	7,812	-	11,347
Police furniture and fixtures	1,197	-	1,197	-	-	1,197
Total capital assets being depreciated	5,628,810	-	5,628,810	2,507,763	-	8,136,573

Accumulated depreciation for:						
Infrastructure	(1,423,032)	-	(1,423,032)	(60,380)	-	(1,483,412)
Culture and recreation	(184,145)	-	(184,145)	(32,160)	-	(216,305)
Machinery and equipment	(943,965)	-	(943,965)	(94,228)	-	(1,038,193)
Office equipment and furniture	(124,717	-	(124,717)	(26,547)	-	(151,264)
Buildings and building improvements	(386,802)	-	(386,802)	(42,069)	-	(428,871)
Police machinery and equipment	(3,535)	-	(3,535)	(1,432)	-	(4,967)
Police furniture and fixtures	(1,197)	-	(1,197)	-	-	(1,197)
Total accumulated depreciation	(3,067,393)	-	(3,067,393)	(256,816)	-	(3,324,209)
Total capital asset being depreciated, net	2,561,417	-	2,561,417	2,250,947	-	4,812,364
Total capital assets, net	$ 4,292,729	114,840	4,407,569	3,546,353	(2,445,980)	5,507,942

Depreciation was charged to governmental functions as follows:

General government	$ 224,656
Culture and recreation	32,160
Total	$ 256,816

	Balance 1/1/2025	Increases	Decreases	Balance 12/31/2025
Business-Type Activities				
Capital assets not being depreciated:				
Construction in progress	$ 778,209	4,828,686	-	5,606,895
Total capital assets not being depreciated	778,209	4,828,686	-	5,606,895
Capital assets being depreciated:				
Software	42,340	-	-	42,340
Gas distribution system	150,035	32,432	-	182,467
Water distribution system	1,795,605	-	-	1,795,605
Sewer plant and lines	7,907,188	9,945	-	7,917,133
Vehicles	17,600	-	-	17,600
Machinery and equipment	130,008	-	-	130,008
Buildings and building improvements	35,808	-	-	35,808
Total capital assets being depreciated	10,078,584	42,377	-	10,120,961
Accumulated depreciation for:				
Software	(2,823)	(8,468)	-	(11,291)
Gas distribution system	(77,058)	(5,212)	-	(82,270)
Water distribution system	(1,275,191)	(38,584)	-	(1,313,775)
Sewer and plant lines	(2,391,339)	(179,925)	-	(2,571,264)
Vehicles	(17,600)	-	-	(17,600)
Machinery and equipment	(76,676)	(13,802)	-	(90,478)
Buildings and building improvements	(24,178)	-	-	(24,178)
Total accumulated depreciation	(3,864,865)	(245,991)	-	(4,110,856)
Total capital assets being depreciated, net	6,213,719	(203,614)	-	6,010,105
Total capital assets, net	$ 6,991,928	4,625,072	-	11,617,000

(7) Employee Pension Plan

Municipal Employees' Retirement System of Louisiana (MERS)

Plan Description

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

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

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

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

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

Plan Membership:

The System provides retirement benefits to employees of all incorporated villages, towns, and cities within the State which do not have their own retirement system and which elect to become members of the System. For the year ended June 30, 2025, there were 87 contributing municipalities in Plan A and 70 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 twenty (20) years of creditable service, exclusive of military service and unused annual and sick leave, with an actuarially reduced early benefit.

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

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

1. Age 67 with seven (7) or more years of creditable service
2. Age 62 with ten (10) or more years of creditable service
3. Age 55 with thirty (30) or more years of creditable service
4. Any age with twenty-five (25) years of creditable service, exclusive of military service and unused annual and sick leave, with an actuarially reduced early benefit.

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.

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, 2025, members of the System are required to contribute 10.0% of their annual covered salary and the Town is required to contribute at an actuarially determined rate. At December 31, 2025, the employer contribution rate was 28%. The contribution requirements of plan members and the Town are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year.

Contributions:

According to state statute, for the System, contribution requirements for all employees are actuarially determined each year. State statute requires covered employees to contribute a percentage of their salaries to the System. For the year ending December 31, 2025, 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, 2025 was $234,374. The Town's covered payroll for the System for the year ended December 31, 2025 was $855,197.

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

At December 31, 2025, the Town reported a liability totaling $871,981 for its proportionate share of the net pension liability for the System. The net pension liability was measured as of June 30, 2025 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, 2025, the Town's proportion was 0.380408% for the System, which was an increase of 0.07428% from its proportion measured as of June 30, 2024.

For the year ended December 31, 2025, the Town recognized pension expense for the System totaling $176,782. Subtracted from pension expense is the employer's amortization of change in proportionate share and differences between employer contributions and proportionate share of contributions totaling $76,051 for the System.

At December 31, 2025, 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	$ 1,982	(14,539)
Change in assumptions	-	(3,159)
Net difference between projected and actual earnings on pension plan investments	-	(56,221)
Changes in proportion and differences between Employer contributions and proportionate share of contributions	142,908	(5,579)
Employer contributions subsequent to measurement date	120,093	-
	$ 264,983	(79,498)

Employer contributions subsequent to the measurement date totaling $120,093 and reported as deferred outflows of resources will be recognized as a reduction of the Net Pension Liability in the year ending December 31, 2026. 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, 2026	$ 118,929
December 31, 2027	14,471
December 31, 2028	(47,455)
December 31, 2029	(20,553)
Total	$ 65,392

Actuarial Assumptions:

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2025 are as follows:

Valuation Date	June 30, 2025
Actuarial Cost Method	Entry Age Normal Cost

Actuarial Assumptions:

Investment Rate of Return	6.85%, net of pension plan investment expense, including inflation
Inflation Rate	2.5%
Mortality	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	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, 2025 are summarized in the following table:

Asset Class	Target Asset Allocation	Long-Term Expected Portfolio Real Rate of Return
Public equity	53%	2.31%
Public fixed income	29%	1.26%
Alternatives	18%	0.78%
Totals	100%	4.35%
Inflation		2.50%
Expected arithmetic nominal return		6.85%

The discount rate used to measure the total pension liability was 6.85% for the year ended June 30, 2025. 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 2023 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 6.85%, as well as what the System's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.85%) or one percentage point higher (7.85%) than the current discount rate (assuming all other assumptions remain unchanged):

Changes in discount for years ending June 30, 2025 for Plan A are as follows:

	1% Decrease (5.85%)	Current Discount Rate (6.85%)	1% Increase (7.85%)
Employer's proportionate share of the net pension liability	$ 1,430,309	871,981	400,869

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, 2025. Access to the report can be found on the Louisiana Legislative Auditor's website, www.lla.la.gov, or by contacting the Municipal Employees' Retirement System of Louisiana, 7937 Office Park Boulevard, Baton Rouge, Louisiana 70809.

(8) Long-Term Debt

The following is a summary of the changes in long-term debt for the fiscal year ended December 31, 2025:

	Governmental Activities	Business-Type Activities	
	General Obligation Bonds	Revenue Bonds	Total
Balance at January 1, 2025	$ 995,000	4,863,016	5,858,016
Additions	-	208,967	208,967
Reductions	(100,000)	(536,000)	(636,000)
Balance at December 31, 2025	$ 895,000	4,535,983	5,430,983
Due within one year	$ 102,000	402,000	504,000

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, 2025, the Town had not exceeded this statutory limit. As of December 31, 2025, there was $365,613 available in the Debt Service Fund to service the general obligation bonds.

The Town is subject to various covenants associated with its Utility Fund revenue bonds, including the requirements of Bond Ordinance No. 482. Among other requirements, Section 18 of Bond Ordinance No. 482 requires the Town to maintain net revenues, after payment of reasonable and necessary expenses of operating and maintaining the utility system, sufficient to provide a debt service coverage ratio of at least 125 percent of the largest amount of principal and interest due in any future bond year.

For the year ended December 31, 2025, the Town did not meet the required debt service coverage ratio and was therefore not in compliance with the provisions of Section 18 of Bond Ordinance No. 482.

Management has taken steps to address the covenant violation. During 2025, the Town engaged an engineering firm to perform a comprehensive utility rate study and implemented increases in water and sewer rates effective April 2025. Management continues to monitor operating results and utility revenues and will evaluate additional measures as necessary to improve compliance with bond covenant requirements in future periods.

Management is not aware of any acceleration of debt, demand for repayment, or other enforcement actions by the bondholders or related agencies as a result of the covenant violation as of the date of these financial statements.

Long-term debt was composed of the following at December 31, 2025:

General Obligation Bonds:

$500,000 General Obligation Bonds Series 2014, due in annual installments through March 2029; interest paid semi-annually ranging from 1.50% to 3.00% secured by ad valorem tax.	**$ 175,000**
$1,000,000 General Obligation Bonds Series 2020, due in annual installments through March 2035; interest paid semi-annually ranging from 0.956% to 1.912% secured by ad valorem tax.	**720,000**
Revenue Bonds:	
$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.	**4,103,983**
$800,000 Limited Tax Refunding Bonds Series 2019, due in annual installments through September 2029; interest paid semi-annually ranging from 1.375% to 2.750% secured by ad valorem tax.	**432,000**
Total long-term debt	**5,430,983**
Less current portion	**504,000**
Long-term debt, excluding current portion	**$ 4,926,983**

A summary of future maturities of long-term debt as of December 31, 2025 is as follows:

For the Year Ended December 31:	**General Obligation Bonds Principal**	**General Obligation Bonds Interest**	**Revenue Bonds Principal**	**Revenue Bonds Interest**
2026	$ 102,000	27,916	402,000	18,677
2027	109,000	23,059	407,000	17,817
2028	111,000	18,631	413,000	16,490
2029	113,000	12,029	397,000	15,149
2030	70,000	8,007	304,000	13,794
2031-2035	390,000	19,216	1,563,000	48,191
2036-2040	-	-	1,049,983	11,823
	$ 895,000	108,858	4,535,983	141,941

Interest costs incurred and charged to expense for the year ended December 31, 2025 was $59,471.

(9) Restricted Assets

The Town has approved resolutions authorizing the issuance of $6,000,000 of Utility Revenue Bonds, and $800,000 of Limited Tax Refunding Bonds Series 2019. 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, 2025:

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

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

(10) Interfund Receivables/Payable

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, 2025, were as follows:

	Due From	Due To
General Fund:		
Proprietary Fund	$ -	$ 13,382
Shared Sales Tax Fund	-	14,275
Parks/Playgrounds Fund	-	2,463
Cemetery Fund	-	29,716
Proprietary Fund:		
General Fund	13,382	-
Shared Sales Tax Fund	-	72,828
Parks/Playgrounds Fund	521	-
Cemetery Fund	-	3
Shared Sales Tax Fund:		
General Fund	14,275	-
Proprietary Fund	72,828	-
Parks/Playgrounds Fund:		
General Fund	2,463	-
Proprietary Fund	-	521
Cemetery Fund:		
General Fund	29,716	-
Proprietary Fund	3	-
	$ 133,188	$ 133,188

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

(11) Intergovernmental Agreement

The Town entered into an intergovernmental agreement with St. Tammany Parish, Louisiana, effective December 21, 2006, for the sharing of sales tax revenue generated in Sales Tax District No. 3. Proceeds from the tax shall be used for projects that benefit residents of Sales Tax District No. 3. As of December 31, 2025, $355,007 was restricted for use in Sales Tax District No. 3.

(12) Risk Management and Claims Payable

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. The Town maintains commercial insurance coverage for certain risks of loss. Settled claims have not exceeded insurance coverage in any of the past three fiscal years.

The Town was a defendant in litigation with Lonesome Development, LLC. The trial court ruled in favor of Lonesome Development, LLC, awarding damages of $4,900,000 plus attorney fees of $1,422,611. The judgment was upheld by the Louisiana Supreme Court in November 2022 and is final. As of December 31, 2025, the Town has recorded a claim payable of $6,322,611 in the governmental activities column of the statement of net position. The liability is reported in the Government-Wide financial statements because it is not expected to be liquidated with current financial resources of the governmental funds.

The amount of the judgment is significant in relation to the Town's governmental activities and unrestricted net position and may affect the timing and availability of resources for other governmental purposes. The judgment represents a substantial vulnerability because the amount of the liability is significant in relation to the Town's available governmental resources. Future appropriations and resources that might otherwise be available for governmental operations, capital improvements, or other public purposes may be required to satisfy all or a portion of the judgment. The event giving rise to this vulnerability has occurred and the judgment is final.

Payment of the judgment is subject to appropriation by the Town's Board of Aldermen. As of the date the financial statements were available to be issued, the Board of Aldermen had not adopted a specific appropriation, dedicated funding source, or payment schedule for satisfaction of the judgment. The timing and method of payment will depend on future appropriations and available resources as determined by the Board of Aldermen. No additional liabilities have been recorded beyond amounts management believes are required to be recognized as of December 31, 2025.

(13) Prior Period Adjustments

During 2025, the Town identified certain errors in previously issued financial statements related to capital assets and the classification of General Obligation Bond Series 2020. In addition, the Town implemented GASB Statement No. 101, *Compensated Absences*, which required recognition of certain compensated absence liabilities at the beginning of the year. As a result, beginning net position was restated as follows:

Government-Wide Financial Statements:

		Increase (Decrease) In Net Position
To record capital assets	$	114,840
To record GOB Bond Series 2020		(780,000)
Adjustment to compensated absences liability due to implementation of GASB Statement No. 101		(31,993)
Net decrease in beginning Governmental Activities net position	$	(697,153)

Proprietary Fund Financial Statements:

To remove GOB Bond Series 2020	$	780,000
Adjustment to compensated absences liability due to implementation of GASB Statement No. 101		(16,696)
Net increase in beginning Business-Type Activities net position	$	763,304

(14) Subsequent Events

The Town evaluated subsequent events through June 26, 2026, the date which the financial statements were available to be issued.

Subsequent to year-end, the Town began evaluating a potential debt issuance related to improvements to the Town's sewer and water system. As of the date the financial statements were available to be issued, no debt had been issued and no liability had been recorded related to the potential financing.

On June 23, 2026, the Board of Aldermen adopted a resolution acknowledging the Mayor's declaration of an emergency affecting the Town's municipal water system. The resolution authorized emergency procurement for repair and restoration of the municipal water system and authorized the Mayor, or designee, to execute a contract for such emergency repair and restoration in an amount not to exceed $425,000. The resolution also acknowledged that a budget amendment would be required to appropriate funds for the authorized expenditure. Because the authorization occurred subsequent to December 31, 2025, no adjustment has been made to the accompanying financial statements.

Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - General Fund

For the Year Ended December 31, 2025

	Original Budget	Final Budget	Actual	Adjustments to Budgetary Basis	Non-GAAP Budgetary Basis	Variance With Final Budget Favorable (Unfavorable)
Revenues:						
Taxes						
Property taxes	$ 224,200	215,000	52,871	175,993	228,864	13,864
Franchise taxes	130,000	130,000	136,060	(9,942)	126,118	(3,882)
Sales taxes	632,000	687,111	698,766	(6,386)	692,380	5,269
Other	7,000	6,300	6,276	-	6,276	(24)
Licenses and permits	135,700	106,625	108,873	1,004	109,877	3,252
Insurance licenses	129,000	115,000	118,831	-	118,831	3,831
Rentals	15,000	7,500	7,925	-	7,925	425
Fines and forfeitures	72,000	51,100	51,878	-	51,878	778
Interest income	75,000	23,500	23,035	-	23,035	(465)
Other revenues	814,497	804,564	629,754	-	629,754	(174,810)
Total revenues	2,234,397	2,146,700	1,834,269	160,669	1,994,938	(151,762)
Expenditures:						
General government	1,112,892	976,333	900,534	(8,949)	891,585	84,748
Public safety	320,338	370,880	358,838	(414)	358,424	12,456
Clerk of court	23,800	22,120	22,189	-	22,189	(69)
Capital outlay	777,367	777,367	859,885	-	859,885	(82,518)
Total expenditures	2,234,397	2,146,700	2,141,446	(9,363)	2,132,083	14,617
Excess of revenues over expenditures	-	-	(307,177)	170,032	(137,145)	(137,145)
Other financing sources (uses):						
Operating transfers in	-	-	3,408	-	3,408	3,408
Operating transfers out	(51,000)	(51,000)	(316,655)	-	(316,655)	(265,655)
Total other financing sources (uses)	(51,000)	(51,000)	(313,247)	-	(313,247)	(262,247)
Net change in fund balances	(51,000)	(51,000)	(620,424)	170,032	(450,392)	(399,392)
Fund balances, beginning of year	1,245,805	1,245,805	1,245,805			
Fund balances, end of year	$ 1,194,805	1,194,805	625,381			

Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - General Fund

For the Year Ended December 31, 2025

		Original Budget	Final Budget	Actual	Adjustments to Budgetary Basis	Non-GAAP Budgetary Basis	Variance With Final Budget Favorable (Unfavorable)
General Government:							
Salaries	$	347,000	307,100	274,236	12,368	286,604	20,496
Repairs and maintenance		42,000	35,600	33,328	-	33,328	2,272
Employee insurance and benefits		70,500	75,630	47,974	-	47,974	27,656
Insurance		30,000	39,000	40,223	(200)	40,023	(1,023)
Accounting and auditing		31,000	31,000	29,568	(1,586)	27,982	3,018
Professional fees		40,000	10,000	12,345	(563)	11,782	(1,782)
Aldermen		39,000	39,000	38,886	-	38,886	114
Retirement		64,500	56,100	53,724	-	53,724	2,376
Utilities		20,000	23,500	21,825	-	21,825	1,675
Legal		60,000	46,000	43,414	(1,000)	42,414	3,586
Office supplies		10,000	8,600	7,419	-	7,419	1,181
Auto gas		1,500	800	605	-	605	195
Miscellaneous		130,400	111,401	123,776	(7,967)	115,809	(4,408)
Telephone		10,000	8,700	8,160	-	8,160	540
Payroll taxes		12,600	13,000	12,849	-	12,849	151
Conventions and travel		125	-	-	-	-	-
Advertising and publication		20,000	11,650	10,320	-	10,320	1,330
Inspections		26,000	17,300	19,425	(840)	18,585	(1,285)
St. Tammany Parish Assessor		7,500	7,150	13,352	(6,205)	7,147	3
Senior citizens		2,000	-	-	-	-	-
Postage		1,000	885	879	-	879	6
Payroll processing fees		7,000	7,600	5,935	-	5,935	1,665
Dues and subscriptions		18,000	19,500	19,223	(2,880)	16,343	3,157
Auto repairs and maintenance		1,000	20	20	-	20	-
Grant expense		104,767	92,547	69,599	-	69,599	22,948
Janitorial expense		17,000	14,250	13,449	(76)	13,373	877
Total general government expenses	$	1,112,892	976,333	900,534	(8,949)	891,585	84,748

TOWN OF ABITA SPRINGS, LOUISIANA

Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Shared Sales Tax Fund

For the Year Ended December 31, 2025

	Original Budget	Final Budget	Actual	Adjustments to Budgetary Basis	Non-GAAP Budgetary Basis	Variance With Final Budget Favorable (Unfavorable)
Revenues:						
Sales taxes	$ 425,000	386,700	376,135	40	376,175	(10,525)
Interest	7,000	4,750	4,714	-	4,714	(36)
Total revenues	432,000	391,450	380,849	40	380,889	(10,561)
Expenditures:						
Public works	297,129	297,000	80,019	-	80,019	216,981
Capital outlay	269,836	269,836	350,654	-	350,654	(80,818)
Total expenditures	566,965	566,836	430,673	-	430,673	136,163
Excess of revenues over expenditures	(134,965)	(175,386)	(49,824)	40	(49,784)	125,602
Other financing sources (uses):						
Operating transfers in	-	-	402,983	-	402,983	402,983
Operating transfers out	-	-	(56,215)	-	(56,215)	(56,215)
Total other financing sources (uses)	-	-	346,768	-	346,768	346,768
Net change in fund balances	(134,965)	(175,386)	296,944	40	296,984	472,370
Fund balances, beginning of year	58,063	58,063	58,063			
Fund balances, end of year	$ (76,902)	(117,323)	355,007			

TOWN OF ABITA SPRINGS, LOUISIANA

Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Special Sales Tax Fund

For the Year Ended December 31, 2025

	Original Budget	Final Budget	Actual	Adjustments to Budgetary Basis	Non-GAAP Budgetary Basis	Variance With Final Budget Favorable (Unfavorable)
Revenues:						
Sales taxes	$ 620,000	687,800	704,307	(6,797)	697,510	9,710
Other revenue	25,000	15,500	11,575	-	11,575	(3,925)
Total revenues	645,000	703,300	715,882	(6,797)	709,085	5,785
Expenditures:						
Public works	485,915	499,854	540,784	(2,009)	538,775	(38,921)
Capital outlay	20,000	21,000	850	-	850	20,150
Total expenditures	505,915	520,854	541,634	(2,009)	539,625	(18,771)
Excess of revenues over expenditures	139,085	182,446	174,248	(4,788)	169,460	(12,986)
Other financing sources (uses):						
Operating transfers in	-	-	-	-	-	-
Operating transfers out	-	-	(206,452)	-	(206,452)	(206,452)
Total other financing sources (uses)	-	-	(206,452)	-	(206,452)	(206,452)
Net change in fund balances	139,085	182,446	(32,204)	(4,788)	(36,992)	(219,438)
Fund balances, beginning of year	38,043	38,043	38,043			
Fund balances, end of year	$ 177,128	220,489	5,839			

TOWN OF ABITA SPRINGS, LOUISIANA

Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - Cemetery Fund

For the Year Ended December 31, 2025

	Original Budget	Final Budget	Actual	Variance With Final Budget Favorable (Unfavorable)
Revenues:				
Sale of cemetery plots	$ 20,000	21,600	25,200	3,600
Interest	11,000	10,500	10,411	(89)
Total revenues	31,000	32,100	35,611	3,511
Expenditures:				
Cemetery	31,000	31,000	21,605	9,395
Total expenditures	31,000	31,000	21,605	9,395
Excess of revenues over expenditures	-	1,100	14,006	12,906
Other financing sources (uses):				
Operating transfers in	51,000	51,000	-	(51,000)
Operating transfers out	-	-	-	-
Total other financing sources (uses)	51,000	51,000	-	(51,000)
Net change in fund balances	51,000	52,100	14,006	(38,094)
Fund balances, beginning of year	314,541	314,541	314,541	
Fund balances, end of year	$ 365,541	366,641	328,547	

TOWN OF ABITA SPRINGS, LOUISIANA

Schedule of Employer's Proportionate Share of Net Pension Liability

Last 10 Fiscal Years

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Employer's proportion of net pension liability	0.24957%	0.23905%	0.23468%	0.24195%	0.24866%	0.29508%	0.30226%	0.30927%	0.30613%	0.38041%
Employer's proportionate share of net pension liability	1,022,903	1,000,047	971,746	1,011,010	1,075,042	820,763	1,255,365	1,130,329	861,443	871,981
Employer's covered-employee payroll	445,813	434,132	428,575	447,888	475,262	584,301	579,299	618,231	620,581	792,900
Employer's proportionate share of net pension liability as a percentage of its covered-employee payroll	229%	230%	227%	226%	226%	140%	217%	183%	139%	110%
Plan fiduciary net position as a percentage of the total pension liability	62%	62%	64%	65%	65%	78%	68%	72%	79%	83%

The amounts presented for each fiscal year were determined as of the measurement date that occurred within the fiscal year.

See accompanying notes to required supplementary information.

Schedule of Employer's Pension Contributions

Last 10 Fiscal Years

Date	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Employee Payroll	Contributions as a % of Covered Employee Payroll
2016	87,626	87,626	-	410,286	21.4%
2017	99,802	99,802	-	420,565	23.7%
2018	110,229	110,229	-	434,583	25.4%
2019	124,631	124,631	-	463,898	26.9%
2020	152,136	152,136	-	530,289	28.7%
2021	173,172	173,172	-	587,021	29.5%
2022	177,297	177,297	-	601,008	29.5%
2023	183,442	183,442	-	621,839	29.5%
2024	197,939	197,939	-	690,429	28.7%
2025	234,374	234,374	-	855,197	27.4%

This schedule presents the contractually required employer contributions, contributions made in relation to those requirements, contribution deficiency or excess, covered employee payroll, and contributions as a percentage of covered employee payroll for each fiscal year presented.

See accompanying notes to required supplementary information.

Notes to Required Supplementary Information - Schedule of Employer's Proportionate Share of Net Pension Liability and Schedule of Employer's Pension Contributions

Last 10 Fiscal Years

Changes in Benefit Terms:

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

Changes in Assumptions:

Measurement Date: December 31, 2015:

1. **MERS lowered its assumption for the investment rate of return (discount rate) was from 7.75% to 7.5%.**
2. **MERS lowered its inflation rate assumption from 3% to 2.875%.**

Measurement Date: December 31, 2016:

There were no changes of assumptions.

Measurement Date: December 31, 2017:

1. **MERS lowered its assumption for the investment rate of return (discount rate) was from 7.5% to 7.4%.**
2. **MERS lowered its inflation rate assumption from 2.875% to 2.775%.**

Measurement Date: December 31, 2018:

1. **MERS lowered its assumption for the investment rate of return (discount rate) was from 7.4% to 7.275%.**
2. **MERS lowered its inflation rate assumption from 2.775% to 2.6%.**

Measurement Date: December 31, 2019:

1. **MERS lowered its assumption for the investment rate of return (discount rate) was from 7.275% to 7.0%.**
2. **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.**
3. **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.**
4. **MERS changed its mortality rates for disabled annuitants from RP-200 Disabled Lives Morality Tables to PubNS-2010(B) Disabled Retiree Table.**

Measurement Date: December 31, 2020:

1. **MERS lowered its assumption for the investment rate of return (discount rate) from 7.0% to 6.95%.**

Notes to Required Supplementary Information - Schedule of Employer's Proportionate Share of Net Pension Liability and Schedule of Employer's Pension Contributions

Last 10 Fiscal Years

Measurement Date: December 31, 2021:

1. **MERS lowered its assumption for the investment rate of return (discount rate) from 6.95% to 6.85%.**

Measurement Date: December 31, 2022:

There were no changes of assumptions.

Measurement Date: December 31, 2023:

There were no changes of assumptions.

Measurement Date: December 31, 2024:

1. **MERS changed the salary increases, including inflation and merit increases to 1 to 2 years of service: 9.0%-Plan A and 9.5%-Plan B, and more than years of service: 4.4%-Plan A and 4.6%-Plan B.**
2. **MERS changed its mortality rates for active members from PubG-2010(B) Employee Table to MP2021 scales. MERS changed its mortality rates for healthy annuitants from PubG-2010(B) Healthy Retiree Table to MP2021 scales.**
3. **MERS changed its mortality rates for disabled annuitants from PubNS-2010(B) Disabled Retiree Table to MP2021 scale.**

Measurement Date: December 31, 2025:

There were no changes of assumptions.

TOWN OF ABITA SPRINGS, LOUISIANA

Non-Major Governmental Funds

Combining Balance Sheet

December 31, 2025

		Lighting Special Revenue Fund	Park/ Playgrounds Special Revenue Fund	Total Nonmajor Governmental Funds
Assets:				
Cash and cash equivalents	$	-	54,386	54,386
Investments		-	54,837	54,837
Receivables - property taxes, net		26,606	49,119	75,725
Prepaid expenses		-	3,158	3,158
Cash and cash equivalents - restricted		51,143	10,668	61,811
Due from other funds		-	2,463	2,463
Total assets	$	77,749	174,631	252,380
Liabilities:				
Accounts payable and other liabilities	$	-	2,524	2,524
Due to other funds		-	521	521
Total liabilities		-	3,045	3,045
Deferred inflows of resources:				
Unavailable revenue - property taxes		472	871	1,343
Total deferred inflows of resources		472	871	1,343
Fund Balances:				
Restricted:				
Special revenue funds		77,277	-	77,277
Assigned		-	170,715	170,715
Total fund balances		77,277	170,715	247,992
Total liabilities, deferred inflows of resources, and fund balances	$	77,749	174,631	252,380

See accompanying notes to the financial statements.

TOWN OF ABITA SPRINGS, LOUISIANA

Non-Major Governmental Funds

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

For the Year Ended December 31, 2025

		Lighting Special Revenue Fund	Park/ Playgrounds Special Revenue Fund	Total Nonmajor Governmental Funds
Revenues:				
Property taxes	$	29,687	54,792	84,479
Other revenues		-	66,283	66,283
Grant income		-	150,000	150,000
Museum income		-	19,601	19,601
Rentals		-	1,002	1,002
Interest income		173	2,929	3,102
Total revenues		29,860	294,607	324,467
Expenditures:				
General government		38,258	98,123	136,381
Culture and recreation		-	41,453	41,453
Capital outlay		-	145,800	145,800
Total expenditures		38,258	285,376	323,634
Excess (deficiency) of revenues over expenditures		(8,398)	9,231	833
Other financing sources (uses):				
Operating transfers in		3,469	-	3,469
Operating transfers out		(1,141)	(15,667)	(16,808)
Total other financing sources (uses)		2,328	(15,667)	(13,339)
Net change in fund balances		(6,070)	(6,436)	(12,506)
Fund balances, beginning of year		83,347	177,151	260,498
Fund balances, end of year	$	77,277	170,715	247,992

See accompanying notes to the financial statements.

TOWN OF ABITA SPRINGS, LOUISIANA

Schedule of Compensation Paid to Board of Aldermen

For the Year Ended December 31, 2025

Name		Amount
E.J. Boudreaux	$	7,638
Regan Contois		7,416
Walter Patterson		8,097
Stephen Saussy		8,097
Eric Templet		7,638
	$	38,886

TOWN OF ABITA SPRINGS, LOUISIANA

Schedule of Compensation, Benefits, and Other Payments to Agency Head

For the Year Ended December 31, 2025

Agency Head Name: Daniel Curtis

Purpose		Amount
Salary	$	60,383
Benefits - Insurance		-
Benefits - Retirement		-
Benefits - Other		-
Car Allowance		-
Vehicle Provided by Government		-
Per Diem		-
Reimbursements		-
Travel		-
Registration Fees		-
Conference Travel		-
Continuing Professional Education Fees		-
Housing		-
Unvouchered Expenses		-
Special Meals		-
	$	60,383

TOWN OF ABITA SPRINGS, LOUISIANA

Justice System Funding Schedule - Collecting/Disbursing Entity

For the Year Ended December 31, 2025

Cash Basis Presentation		First Six Month Period End June 30, 2025	Second Six Month Period End December 31, 2025
Beginning balance of amounts collected (i.e cash on hand)	$		
Add: collections:			
Bond fees		-	-
Criminal court costs/fees		163	128
Criminal fines - other		23,481	26,446
Service/collection fees		75	38
Total collections		23,719	26,612
Less: disbursements to governments & nonprofits:			
Town of Abita Springs Mayor's court costs/fees		163	128
Town of Abita Springs Mayor's court fines - other		23,481	26,446
Town of Abita Springs Mayor's court fines - bonds		-	-
St. Tammany Parish Sheriff's Office criminalistics lab fund		-	-
LCLE Act 250 crime victims repartio fund		-	-
LCLE Act 440 post law enforcement training & assistance fund		-	-
Supreme Court of Louisiana - CMIS		-	-
Louisiana Judicial College		-	-
LDH ACT 654 THSCI		-	-
Less: disbursements to individuals/3rd party collection or processing agencies			
Payments to 3rd party collection/processing agencies		75	38
Total disbursements/retainage		23,719	26,612
Total: ending balance of amounts collected but not disbursed/retained (i.e cash on hand)	$	-	-
Ending balance of "partial payments" collected but not disbursed	$	-	-
Other information:			
Ending balance of total amounts assessed but not yet collected	*$	-	-
Total waivers during the fiscal period	*$	-	-

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

TOWN OF ABITA SPRINGS, LOUISIANA

Justice System Funding Schedule - Receiving Entity

For the Year Ended December 31, 2025

Cash Basis Presentation	First Six Month Period End June 30, 2025	Second Six Month Period End December 31, 2025
Receipts from:		
Department of Safety Refunds &		
Settlements reinstatement court fees	$ 75	38
Total receipts	$ 75	38
Ending balance of amounts		
assessed but not received	$ -	-

TOWN OF ABITA SPRINGS, LOUISIANA

Schedule of Expenditures of Federal Awards

For the Year Ended December 31, 2025

Program	Assistance Listing Number	Pass Through Entity Identifying Number	Federal Expenditures
U.S. Department of Transportation			
Highway Planning and Construction - Abita Springs Town Center Sidewalk Lighting	20.205		$ 526,209
Pass-Through from Louisiana Department of Transportation and Development			
Safe Streets and Roads for All - Abita Springs Safe Streets for All Action Plan	20.939	H.00934	46,230
			572,439
U.S. Department of Treasury			
COVID-19 Coronavirus State and Local Fiscal Recovery Funds - American Rescue Plan	21.027		847,950
Pass-Through from State of Louisiana, Division of Administration - Office of Community Development			
COVID-19 Coronavirus State and Local Fiscal Recovery Funds - Water Sector Program - Wastewater Treatment Plant and Sewer Rehab	21.027	LAWSP10934	2,216,488
			3,064,438
		Total	$ 3,636,877

Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "SEFA") includes the federal award activity of the Town under programs of the federal government for the year ended December 31, 2025. The information in this SEFA is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the SEFA presents only a selected portion of operations of the Town, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Town.

Summary of Significant Accounting Policies

1. **Expenditures reported on the SEFA are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursements.**

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

Reconciliation to Financial Statements

Federal expenditures reported in the Schedule of Expenditures of Federal Awards are recognized in accordance with Uniform Guidance and may differ from federal grant revenue reported in the financial statements due to timing differences associated with deferred inflows of resources, capital project expenditures, and other accrual based adjustments. Federal expenditures reported on the SEFA totaled $3,636,877 for the year ended December 31, 2025.

Subrecipients

There were no federal funds passed through to subrecipients during the year ended December 31, 2025.

GRIFFIN & FURMAN LLC
CERTIFIED PUBLIC ACCOUNTANTS

American Institute of Certified Public Accountants
Society of Louisiana CPAs

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Michael R. Choate, CPA
Kent A. Berger, CPA

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*

To 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 *Government Auditing 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 Town of Abita Springs, Louisiana, as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise Town of Abita Springs, Louisiana's basic financial statements, and have issued our report thereon dated June 26, 2026.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Town of Abita Springs, Louisiana's internal control over financial reporting (internal control) as a basis for designing 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 Town of Abita Springs, Louisiana's internal control. Accordingly, we do not express an opinion on the effectiveness of Town of Abita Springs, Louisiana'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 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 or significant deficiencies may exist that were not identified.

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West Monroe
4900 Cypress St. #15
West Monroe, LA 71291
Phone (318) 397-2472

New Orleans
525 St Charles Ave,
New Orleans, LA 70130
Phone (504) 299-3434

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Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Town of Abita Springs, Louisiana's financial statements are free from 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 financial statements. 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings as items 2025-1 and 2025-2.

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.

Griffin & Furman, LLC

Covington, Louisiana

June 26, 2026

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Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance

To the Board of Aldermen
Town of Abita Springs, Louisiana

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Town of Abita Springs, Louisiana's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Town of Abita Springs, Louisiana's major federal programs for the year ended December 31, 2025. Town of Abita Springs, Louisiana's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Town of Abita Springs, Louisiana complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2025.

Basis for Opinion on Each Major Federal Program

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

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

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Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

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

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

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

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

Griffin & Furman, LLC

June 26, 2026

Covington, Louisiana

Schedule of Findings and Questioned Costs

December 31, 2025

Section 1 – Summary of Audit Results:

Financial Statements:

1. Type of Report Issued – Unmodified
2. Internal Control Over Financial Reporting
   a. Significant Deficiencies – No
   b. Material Weaknesses – No
3. Compliance and Other Matters – Yes (2025-1 and 2025-2)
4. Management Letter – No

Federal Awards:

1. Internal Control Over Financial Reporting
   a. Significant Deficiencies – No
   b. Material Weaknesses – No
2. Type of report issued on compliance for major program – Unmodified
3. Audit findings required to be reported in accordance with Uniform Guidance – No
4. Identification of major program:

Name of Program	AL No.	Expenditures
COVID-19 Coronavirus State and Local Fiscal Recovery Funds – American Rescue Plan	21.027	$ 847,950
COVID-19 Coronavirus State and Local Fiscal Recovery Funds – Water Sector Program – Wastewater Treatment Plant and Sewer Rehab	21.027	2,216,488
		$ 3,064,438

5. Dollar threshold used to distinguish between Type A and Type B Programs – $1,000,000
6. Auditee qualified as low-risk auditee – No

Section 2 – Financial Statement Findings:

Finding 2025-1:

Criteria:
Management is responsible for complying with the Louisiana Local Government Budget Act (LRS 39:1301 – 1315). The Local Government Budget Act requires the Town to adopt its annual operating budget prior to the beginning of the fiscal year. In addition, the Act requires budgetary monitoring and amendment when actual revenues and other sources, or projected revenues and other sources, within a fund are failing to meet budgeted revenues and other sources by five percent or more.

Condition & Cause:
The Town did not adopt its Fiscal Year 2025 operating budget before the beginning of the fiscal year, as required by the Louisiana Local Government Budget Act. The proposed Fiscal Year 2025 budget was introduced at the December 3, 2024 regular meeting; however, action on the budget was deferred at the December 17, 2024 meeting. The Fiscal Year 2025 budget was subsequently introduced again on April 1, 2025, discussed at a special meeting on April 9, 2025, and formally adopted by the Board of Aldermen on May 20, 2025.

In addition, the Town's final amended budget did not adequately reflect actual or projected General Fund revenues on the cash basis of accounting, which is the basis on which the Town's budget was adopted. Actual General Fund revenues on the budgetary basis were less than final budgeted revenues by $151,762, or 7.07%, which exceeded the five percent threshold requiring budget amendment under the Louisiana Local Government Budget Act.

The delay in adopting the Fiscal Year 2025 operating budget was caused by the Board's decision to defer adoption until additional financial and compliance-related matters were addressed, including concerns regarding the accuracy and completeness of financial information, the need for assistance from an accountant in preparing financial reports, budgetary categories that were projected to exceed appropriated amounts in the prior fiscal year, and the desire to receive additional training and clarification from the Louisiana Legislative Auditor regarding budgetary and governance requirements.

The General Fund budget variance was caused by the Town's budget amendment process not adequately accounting for revenues that were budgeted but not received during the fiscal year, primarily grant-related revenues. As a result, the Town operated for a portion of Fiscal Year 2025 without an adopted budget in place and did not amend the General Fund budget to address a revenue shortfall exceeding the statutory threshold.

Effect:
The Town was not in compliance with the Louisiana Local Government Budget Act. In addition, budgetary information available to management, the Board of Aldermen, and the public did not accurately reflect expected General Fund revenues on the Town's budgetary basis, which reduced the effectiveness of budgetary monitoring and oversight.

Recommendation:
We recommend that the Town implement procedures to ensure that the annual operating budget is adopted prior to the beginning of each fiscal year in accordance with the Louisiana Local Government Budget Act. These procedures should include establishing a formal budget calendar with internal deadlines for preparation, review, public notice, public hearing, introduction, and final adoption of the budget. The budget calendar should allow sufficient time for management, the Board of Aldermen, and any outside accounting assistance to review available financial information and resolve questions before the statutory deadline.

We also recommend that management strengthen budget monitoring procedures throughout the year to ensure that actual and projected revenues, expenditures, transfers, and fund allocations are compared to the adopted and amended budgets on the same basis of accounting used to adopt the budget. Budget amendments should be presented to and adopted by the Board of Aldermen before year-end when actual or projected revenues and other sources are failing to meet budgeted amounts by five percent or more, or when actual or projected expenditures and other uses exceed budgeted amounts by five percent or more.

In particular, management should review budgeted grant revenues and other nonrecurring revenue sources throughout the year to determine whether amounts are expected to be received before year-end. If projected collections differ materially from budgeted amounts, management should present a budget amendment to the Board of Aldermen in accordance with the Louisiana Local Government Budget Act.

Finding 2025-2:

Criteria:
Section 18 of Bond Ordinance No. 482 (DEQ bonds) requires the Town to have revenues after paying all reasonable and necessary expenses of operating and maintaining the System, at least equal to 125% of the largest amount of principal and interest maturing on the Prior Lien Bonds and the Bonds in any future Bond Year and on any Additional Parity Bonds hereafter issued as provided herein.

Condition & Cause:
For the year ended December 31, 2025, the Town did not meet the debt service coverage ratio requirement contained in Section 18 of Bond Ordinance No. 482. The ordinance requires net revenues of the utility system to be at least 125% of the maximum annual debt service requirement. The Town achieved a debt service coverage ratio of 41% for the year ended December 31, 2025.

Effect:
The Town is not in compliance Section 18 of Bond Ordinance No. 482.

Recommendation:
We recommend the Town take action to ensure compliance with the Bond Ordinance. Actions could include revising utility rates or funding the shortfall with other lawfully available sources of funding. If other sources of funding are utilized, they should be included in the utility fund budget in accordance with the provisions of the Bond Ordinance.

<u>Section 3 – Federal Award Findings and Questioned Costs</u>:

None noted.

Finding 2024-1:

Criteria:
Management is responsible for establishing internal controls over financial reporting that prevent material misstatements of its financial statements and allow for proper tracking of the various funds of the Town.

Condition & Cause:
The Town currently utilizes the QuickBooks accounting software to maintain its books. Because QuickBooks is not designed for the application of fund accounting, the Town is unable to produce fund financial statements throughout the year or at year-end.

Effect:
As a result, significant effort is required to convert the existing books and records to full fund accounting.

Recommendation:
We recommend the Town either create separate QuickBooks files for each fund or obtain other accounting software that allows for fund accounting. It is our understanding the Town has purchased a municipal-based accounting software and is in the implementation process.

Management Corrective Action:
In February 2025, the Town of Abita Springs engaged an independent CPA firm to assist in the preparation of comprehensive monthly financial statements, including a balance sheet, statement of cash flows, and budget-to-actual comparisons. As part of this effort, the CPA firm also supported the Town in revising the chart of accounts within the QuickBooks system to more clearly delineate fund accounts and to enhance the accuracy and efficiency of account reconciliation. Reconciliations are now performed on a weekly basis and reviewed monthly by the CPA firm. Additionally, the Town has initiated the continued transition from QuickBooks to the Tyler Technologies financial module to further improve financial management, reporting capabilities, and long-term scalability.

Status:
Resolved.

Finding 2024-2:

Criteria:
Management is responsible for capital asset management including record keeping, additions, annual physical inventory, deletions/disposals, and planning for future capital asset maintenance.

Condition & Cause:
For the year ended December 31, 2024, the Town had capital assets on its books that were no longer held by the Town. This is a result of not performing a physical inventory.

Effect:
As a result, the Town's capital asset records were not accurate.

Recommendation:
We recommend the Town closely monitor its capital assets by performing annual physical inventory and adjust its capital asset listing accordingly.

Management Corrective Action:
The Town of Abita Springs acknowledges the importance of maintaining accurate and up-to-date records of fixed assets. While fixed asset records are maintained, a comprehensive physical inventory has not been conducted on an annual basis as recommended. To address this, the Town will implement a formal process for conducting an annual physical inventory of all fixed assets beginning in the current fiscal year. This process will include assigning departmental responsibilities, establishing a standardized inventory checklist, and reconciling physical counts with the fixed asset ledger. In addition, the Town is creating a Fixed Asset Inventory Policy to be included in the Town's Policy and Procedures Manual. This policy will outline the procedures for inventory, tracking, and reporting to ensure consistency and accountability going forward.

Status:
Resolved.

Finding 2024-3:

Criteria:
Management is responsible for complying with the Local Government Budget Act (LRS 39:1301 – 1315).

Condition & Cause:
For the year ended December 31, 2024, the Town failed to amend the budget of the General Fund when revenues fell short of budgeted revenues by more than 5%, the Shared Sales Tax Special Revenue Fund when expenses exceeded of budgeted expenses by more than 5%, and the Cemetery Special Revenue Fund when revenues fell short of budgeted revenues by more than 5%.

Effect:
The Town was not in compliance with the Local Government Budget Act.

Recommendation:
We recommend the Town closely monitor its budget to actual for the general fund and all special revenue funds and amend the budget as necessary.

Management Corrective Action:
The Town of Abita Springs is actively working with an independent CPA firm to enhance financial oversight and compliance with budgetary requirements. As part of this effort, the CPA firm compiles, presents and reviews the Town's monthly budget-to-actual financial statements and advises on any significant variances. When necessary, the firm and administration provide recommendations to the Board of Aldermen to initiate timely and appropriate budget amendments. This process ensures that the Town maintains a balanced and transparent budget in accordance with sound fiscal management practices.

Status:
Unresolved.

Finding 2024-4:

Criteria:
Section 18 of Bond Ordinance No. 482 (DEQ bonds) requires the Town to have revenues after paying all reasonable and necessary expenses of operating and maintaining the System, at least equal to 125% of the largest amount of principal and interest maturing on the Prior Lien Bonds and the Bonds in any future Bond Year and on any Additional Parity Bonds hereafter issued as provided herein.

Condition & Cause:
The Town did not meet the required coverage ratio per Section 18 of Bond Ordinance No. 482.

Effect:
The Town is not in compliance Section 18 of Bond Ordinance No. 482.

Recommendation:
We recommend the Town take action to ensure compliance with the Bond Ordinance. Actions could include revising utility rates or funding the shortfall with other lawfully available sources of funding. If other sources of funding are utilized, they should be included in the utility fund budget in accordance with the provisions of the Bond Ordinance.

Management Corrective Action:
The Town of Abita Springs engaged Waggoner Engineering to conduct a comprehensive rate study of the Town's utility fund revenues. Based on the findings of this study, the Town implemented an increase in water and sewer rates effective April 2025. Following the completion of the rate study, all supporting documentation was submitted to the Louisiana Department of Environmental Quality (DEQ) to demonstrate compliance with the requirements of the Bond Ordinance.

To ensure ongoing compliance, the Town will perform this review annually following the issuance of the audited financial statements. Any necessary adjustments will be made proactively to maintain adherence to bond covenant requirements and to support the financial stability of the utility system.

Status:
Unresolved.

Finding 2024-5:

Criteria:
Management is responsible for complying with the Duties of Treasurer (LRS 33:425).

Condition & Cause:
The Town was not producing financial statements monthly for the Board of Alderman to review at meetings. The Town was unable to produce financial statements due to utilizing the QuickBooks accounting software.

Effect:
The Town was not in compliance with the Duties of Treasurer.

Recommendation:
We recommend the Town produce monthly financial statements and present the statement to the Board at regular monthly meetings.

Management Corrective Action:
The Town of Abita Springs acknowledges the importance of timely and accurate financial reporting. In February 2025, the Town engaged an independent CPA firm to assist with the compilation and presentation of monthly financial reports to the Board of Aldermen. As a result, monthly financial reports began being presented in May 2025, starting with the report for January 2025. The Town anticipates being fully current with all 2025 monthly financial reports by August 2025. This initiative reflects our commitment to strengthening financial oversight and ensuring timely financial transparency moving forward.

***Status*:**
Resolved.

June 26, 2026

Griffin & Furman, LLC
205 E. Lockwood St.
Covington, LA 70433

Re: Fiscal Year 2025 Audit Schedule of Findings

Dear Mr. Furman,

In response to the above referenced Schedule of Findings, the Town of Abita Springs, Louisiana acknowledges the findings and agrees to take the following corrective actions.

Finding 2025-1:

Criteria:
Management is responsible for complying with the Louisiana Local Government Budget Act (LRS 39:1301 – 1315). The Local Government Budget Act requires the Town to adopt its annual operating budget prior to the beginning of the fiscal year. In addition, the Act requires budgetary monitoring and amendment when actual revenues and other sources, or projected revenues and other sources, within a fund are failing to meet budgeted revenues and other sources by five percent or more.

Condition & Cause:
The Town did not adopt its Fiscal Year 2025 operating budget before the beginning of the fiscal year, as required by the Louisiana Local Government Budget Act. The proposed Fiscal Year 2025 budget was introduced at the December 3, 2024 regular meeting; however, action on the budget was deferred at the December 17, 2024 meeting. The Fiscal Year 2025 budget was subsequently introduced again on April 1, 2025, discussed at a special meeting on April 9, 2025, and formally adopted by the Board of Aldermen on May 20, 2025.

In addition, the Town's final amended budget did not adequately reflect actual or projected General Fund revenues on the cash basis of accounting, which is the basis on which the Town's budget was adopted. Actual General Fund revenues on the budgetary basis were less than final budgeted revenues by $151,762, or 7.07%, which exceeded the five percent threshold requiring budget amendment under the Louisiana Local Government Budget Act.

The delay in adopting the Fiscal Year 2025 operating budget was caused by the Board's decision to defer adoption until additional financial and compliance-related matters were addressed, including concerns regarding the accuracy and completeness of financial information, the need for assistance from an accountant in preparing financial reports, budgetary categories that were projected to exceed appropriated amounts in the prior fiscal year, and the desire to receive additional training and clarification from the Louisiana Legislative Auditor regarding budgetary and governance requirements.

The General Fund budget variance was caused by the Town's budget amendment process not adequately accounting for revenues that were budgeted but not received during the fiscal year, primarily grant-related revenues. As a result, the Town operated for a portion of Fiscal Year 2025 without an adopted budget in place and did not amend the General Fund budget to address a revenue shortfall exceeding the statutory threshold.

Effect:
The Town was not in compliance with the Louisiana Local Government Budget Act. In addition, budgetary information available to management, the Board of Aldermen, and the public did not accurately reflect expected General Fund revenues on the Town's budgetary basis, which reduced the effectiveness of budgetary monitoring and oversight.

Recommendation:
We recommend that the Town implement procedures to ensure that the annual operating budget is adopted prior to the beginning of each fiscal year in accordance with the Louisiana Local Government Budget Act. These procedures should include establishing a formal budget calendar with internal deadlines for preparation, review, public notice, public hearing, introduction, and final adoption of the budget. The budget calendar should allow sufficient time for management, the Board of Aldermen, and any outside accounting assistance to review available financial information and resolve questions before the statutory deadline.

We also recommend that management strengthen budget monitoring procedures throughout the year to ensure that actual and projected revenues, expenditures, transfers, and fund allocations are compared to the adopted and amended budgets on the same basis of accounting used to adopt the budget. Budget amendments should be presented to and adopted by the Board of Aldermen before year-end when actual or projected revenues and other sources are failing to meet budgeted amounts by five percent or more, or when actual or projected expenditures and other uses exceed budgeted amounts by five percent or more.

In particular, management should review budgeted grant revenues and other nonrecurring revenue sources throughout the year to determine whether amounts are expected to be received before year-end. If projected collections differ materially from budgeted amounts, management should present a budget amendment to the Board of Aldermen in accordance with the Louisiana Local Government Budget Act.

Management Corrective Action:
The Town has implemented procedures to ensure future budgets are adopted timely, monitored throughout the year, and amended as necessary to comply with the Louisiana Government Budget Act.

<u>Finding 2025-2:</u>

Criteria:
Section 18 of Bond Ordinance No. 482 (DEQ bonds) requires the Town to have revenues after paying all reasonable and necessary expenses of operating and maintaining the System, at least equal to 125% of the largest amount of principal and interest maturing on the Prior Lien Bonds and the Bonds in any future Bond Year and on any Additional Parity Bonds hereafter issued as provided herein.

Condition & Cause:
For the year ended December 31, 2025, the Town did not meet the debt service coverage ratio requirement contained in Section 18 of Bond Ordinance No. 482. The ordinance requires net revenues of the utility system to be at least 125% of the maximum annual debt service requirement. The Town achieved a debt service coverage ratio of 41% for the year ended December 31, 2025.

Effect:
The Town is not in compliance Section 18 of Bond Ordinance No. 482.

Recommendation:
We recommend the Town take action to ensure compliance with the Bond Ordinance. Actions could include revising utility rates or funding the shortfall with other lawfully available sources of funding. If other sources of funding are utilized, they should be included in the utility fund budget in accordance with the provisions of the Bond Ordinance.

Management Corrective Action:
The Town will evaluate utility rates and other legally available funding sources to improve debt service coverage and achieve compliance with the Bond Ordinance requirements.

Sincerely,

Daniel Curits
Mayor

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TOWN OF ABITA SPRINGS, LOUISIANA

Statewide Agreed-Upon Procedures

For the Year Ending December 31, 2025

TOWN OF ABITA SPRINGS, LOUISIANA

Table of Contents

GRIFFIN & FURMAN LLC
CERTIFIED PUBLIC ACCOUNTANTS

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Independent Accountant's Report
On Applying Agreed-Upon Procedures

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

To the Honorable Mayor, Board of Aldermen and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2025 through December 31, 2025. Town of Abita Springs, Louisiana's management is responsible for those C/C areas identified in the SAUPs.

Town of Abita Springs, Louisiana has agreed to and acknowledged that the procedures performed are appropriate` to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUP's for the fiscal period January 1, 2025 through December 31, 2025. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

Written Policies and Procedures

A. Obtain and inspect the Town's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the Town's operations:

i. ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.

ii. ***Purchasing****, including (1) how purchases are initiated, (2) how vendors are added to the vendor list, (3) the preparation and approval process of purchase requisitions and purchase orders, (4) controls to ensure compliance with the Public Bid Law, and (5) documentation required to be maintained for all bids and price quotes.*

iii. ***Disbursements**, including processing, reviewing, and approving.*

iv. ***Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).*

v. ***Payroll/Personnel**, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee rates of pay or approval and maintenance of pay rate schedules.*

vi. ***Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.*

vii. ***Travel and Expense Reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.*

viii. ***Credit Cards (and debit cards, fuel cards, purchase cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).*

ix. ***Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the Town's ethics policy.*

x. ***Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.*

xi. ***Information Technology Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.*

xii. ***Prevention of Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.*

***Results:** Procedures performed without exception.*

Board or Finance Committee

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

i. Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

ii. For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget- to-actual, at a minimum, on all special revenue funds. Alternatively, for those entities reporting on the not-for-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the Town's collections during the fiscal period.

iii. For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.

iv. Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.

Results: *Procedures performed without exception.*

Bank Reconciliations

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

i. Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged);

ii. Bank reconciliations include written evidence that a member of management or a board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation within 1 month of the date the reconciliation was prepared (e.g., initialed and dated or electronically logged);

iii. Management has documentation reflecting it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Results: *Procedures performed without exception.*

Collections (excluding electronic funds transfers)

A. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).

B. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (e.g., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if there are no written policies or procedures, then inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that

   i. Employees responsible for cash collections do not share cash drawers/registers;

   ii. Each employee responsible for collecting cash is not also responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit;

   iii. Each employee responsible for collecting cash is not also responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit; and

   iv. The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, is (are) not also responsible for collecting cash, unless another employee/official verifies the reconciliation.

C. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe that the bond or insurance policy for theft was in force during the fiscal period.

D. Randomly select two deposit dates for each of the 5 bank accounts selected for Bank Reconciliations procedure #3A (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternatively, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:

   i. Observe that receipts are sequentially pre-numbered.

   ii. Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.

   iii. Trace the deposit slip total to the actual deposit per the bank statement.

iv. Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than $100 and the cash is stored securely in a locked safe or drawer).

v. Trace the actual deposit per the bank statement to the general ledger.

Results: *Procedures performed without exception.*

Non-Payroll Disbursements (excluding card purchases, travel reimbursements, and petty cash purchases)

A. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).

B. For each location selected under procedure #5A above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, then inquire of employees about their job duties), and observe that job duties are properly segregated such that

i. At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order or making the purchase;

ii. At least two employees are involved in processing and approving payments to vendors;

iii. The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files;

iv. Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments; and

v. Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.

C. For each location selected under procedure #5A above, obtain the Town's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction, and

i. Observe whether the disbursement, whether by paper or electronic means, matched the related original itemized invoice and supporting documentation indicates that deliverables included on the invoice were received by the Town, and

ii. Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under procedure #5B above, as applicable.

D. Using the Town's main operating account and the month selected in Bank Reconciliations procedure #3A, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g., sign checks) per the Town's policy, and (b) approved by the required number of authorized signers per the Town's policy. Note: If no electronic payments were made from the main operating account during the month selected the practitioner should select an alternative month and/or account for testing that does include electronic disbursements.

Results: *Procedures performed without exception.*

Credit Cards/Debit Cards/Fuel Cards/Purchase Cards (Cards)

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

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

i. Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved) by someone other than the authorized card holder (those instances requiring such approval that may constrain the legal authority of certain public officials, such as the mayor of a Lawrason Act municipality, should not be reported); and

ii. Observe that finance charges and late fees were not assessed on the selected statements.

C. Using the monthly statements or combined statements selected under procedure #6B above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (e.g., each card should have 10 transactions subject to inspection). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and observe whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

D. Using the list of terminated employees obtained in Payroll and Personnel procedure #9C identify those individuals who had access to cards and randomly select 5 terminated employees (or all terminated employees with card access if less than 5) from this population. Observe evidence that the cards have been deactivated for these terminated employees. In cases where a card is shared by multiple users, obtain evidence that the terminated employees' authorization has been removed.

Results: *Procedures performed without exception.*

Travel and Travel-Related Expense Reimbursements (excluding card transactions)

A. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements and obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected

i. If reimbursed using a per diem, observe that the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov);

ii. If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased;

iii. Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by Written Policies and Procedures procedure #1A(vii); and

iv. Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Results: *Procedures performed without exception.*

Contracts

A. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternatively, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and

i. Observe whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law;

ii. Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter);

iii. If the contract was amended (e.g., change order), observe that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, the documented approval); and

iv. Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

Results: *Procedures performed without exception. There were no amended contracts during the fiscal period.*

Payroll and Personnel

A. Obtain a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

B. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under procedure #9A above, obtain attendance records and leave documentation for the pay period, and

   i. Observe that all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory);

   ii. Observe whether supervisors approved the attendance and leave of the selected employees or officials;

   iii. Observe that any leave accrued or taken during the pay period is reflected in the Town's cumulative leave records; and

   iv. Observe the rate paid to the employees or officials agrees to the authorized salary/pay rate found within the personnel file.

C. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials and obtain related documentation of the hours and pay rates used in management's termination payment calculations and the Town's policy on termination payments. Agree the hours to the employee's or official's cumulative leave records, agree the pay rates to the employee's or official's authorized pay rates in the employee's or official's personnel files, and agree the termination payment to Town policy.

D. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

   Results: *Procedures performed without exception.*

Ethics

A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A obtain ethics documentation from management, and

   i. Observe whether the documentation demonstrates that each employee/official completed one hour of ethics training during the calendar year as required by R.S. 42:1170; and

   ii. Observe whether the Town maintains documentation which demonstrates that each employee and official were notified of any changes to the Town's ethics policy during the fiscal period, as applicable.

B. Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170.

Results: *Procedures performed without exception. There were no changes to the Town's ethics policy during the fiscal period.*

Debt Service

A. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each debt instrument issued as required by Article VII, Section 8 of the Louisiana Constitution.

B. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

Results: *Procedure B performed without exception. Procedure A is not applicable as the Town did not issue any bonds/notes or other debt instruments during the fiscal period.*

Fraud Notice

A. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the Town reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the Town is domiciled as required by R.S. 24:523.

B. Observe that the Town has posted, on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

Results: *There were no misappropriations of public funds and assets during the fiscal period. Procedure B performed without exception.*

Information Technology Disaster Recovery/Business Continuity

A. Perform the following procedures, verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."

i. Obtain and inspect the Town's most recent documentation that it has backed up its critical data (if there is no written documentation, then inquire of personnel responsible for backing up critical data) and observe evidence that such backup (a) occurred within the past week, (b) was not stored on the government's local server or network, and (c) was encrypted.

ii. Obtain and inspect the Town's most recent documentation that it has tested/verified that its backups can be restored (if there is no written documentation, then inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.

iii. Obtain a listing of the Town's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

B. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in procedure #9C. Observe evidence that the selected terminated employees have been removed or disabled from the network.

C. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain cybersecurity training documentation from management, and observe that the documentation demonstrates that the following employees/officials with access to the agency's information technology assets have completed cybersecurity training as required by R.S. 42:1267. The requirements are as follows:

- Hired before June 9, 2020 - completed the training; and
- Hired on or after June 9, 2020 - completed the training within 30 days of initial service or employment.

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

Prevention of Sexual Harassment

A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain sexual harassment training documentation from management, and observe that the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year as required by R.S. 42:343.

B. Observe that the Town has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the Town's premises if the Town does not have a website).

C. Obtain the Town's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe that the report includes the applicable requirements of R.S. 42:344:

i. Number and percentage of public servants in the agency who have completed the training requirements;

ii. Number of sexual harassment complaints received by the agency;

iii. Number of complaints which resulted in a finding that sexual harassment occurred;

iv. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and

v. Amount of time it took to resolve each complaint.

Results: *Procedures performed without exception.*

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

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

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

Griffin & Furman, LLC

Covington, Louisiana

June 26, 2026

Schedule of Findings

For the Year Ended December 31, 2025

Not applicable.