

**Town of Haughton
Haughton, Louisiana
Financial Statement with Auditors' Report
As of and For the Year Ended December 31, 2021**

Town of Haughton
Haughton, Louisiana

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additional analysis and is also not a required part of the basic financial statements. The information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements as a whole. As disclosed in Note 1 to the financial statements, the Town of Haughton prepares its financial statements in accordance with accounting principles generally accepted in the United States of America. The other supplementary information schedule, Justice System Funding Schedules, shown on pages 69 – 70, is presented for the purpose of additional analysis and is not a required part of the basic financial statements. This schedules are presented to satisfy the requirements of Act 87 of the 2020 Regular Legislative Session (R.S. 24:515.2) and must be presented on the cash basis of accounting which differs significantly from those principles used to present financial statements in accordance with accounting principles generally accepted in the United States of America. The 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion the Justice System Funding Schedules, shown on pages 69 – 70, are fairly stated in all material respects, in relation to the 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 29, 2022, on our consideration of the Town of Haughton, 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 Haughton, 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 the Town of Haughton, Louisiana's internal control over financial reporting and compliance.



Cook & Morehart
Certified Public Accountants
June 29, 2022

TOWN OF HAUGHTON

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Town of Haughton, Louisiana, we offer the readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town of Haughton as of and for the year ended December 31, 2021. We encourage readers to consider the information presented here in conjunction with the Town's basic financial statements and supplementary information provided in this report in assessing the efficiency and effectiveness of our stewardship of public resources.

FINANCIAL HIGHLIGHTS

The Town of Haughton's net position of our governmental activities increased by \$1,367,420 or 40%.

The Town of Haughton's net position of our business-type activities increased by \$257,567 or 4%.

In the Town's governmental activities, total general and program revenues were \$4,406,815 in 2021 compared to \$3,096,355 in 2020. Total expenses, excluding depreciation, totaled \$2,802,825 for the year ended December 31, 2021 compared to \$3,242,432 for 2020.

In the Town's business-type activities, total general and program revenues decreased by approximately \$339,417, while total expenses increased by approximately \$403,157.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements include three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains additional required supplementary information (budgetary schedules) and other supplementary information in addition to the basic financial statements. These components are described below:

Basic Financial Statements

The basic financial statements include two kinds of financial statements that present different views of the Town – the **Government-wide Financial Statements** and the **Fund Financial Statements**. These financial statements also include the **Notes to the Financial Statements** that explain some of the information in the financial statements and provide additional detail.

Government-wide Financial Statements

The government-wide financial statements provide a broad view of the Town's operations in a manner similar to a private-sector business. The statements provide both short-term and long-term information about the Town's financial position, which assists users in assessing the Town's economic condition at the end of the year. These statements are prepared using the economic resources measurement focus and the accrual basis of accounting similar to methods used by most businesses. These statements report all revenues and expenses connected with

the year even if cash has not been received or paid and include all assets of the Town as well as all deferred outflows of resources, liabilities (including long-term debt), and deferred inflows of resources. Additionally, certain eliminations have occurred as prescribed by GASB 34 in regards to interfund activity, payables, and receivables. The government-wide financial statements include two statements:

- The *Statement of Net Position* presents all of the Town's assets, deferred outflows of resources, deferred inflows of resource, liabilities, and net position. Over time, increases or decreases in the Town's net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.
- The *Statement of Activities* presents information showing how the Town's net position changed during the most recent year using the full accrual basis of accounting. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Therefore, some revenues and some expenses that are reported in this statement will not result in cash flows until future years. This statement also presents a comparison between direct expenses and program revenues for each function of the Town.

These two statements report the Town's net position and changes in them. The Town's net position – the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources – can be thought of as one way to measure the Town's financial health, or financial position. Over time, increases or decreases in the Town's net position are one indicator of whether its financial health is improving or deteriorating. However, you will need to consider other non-financial factors such as changes in the Town's property tax base, to assess the overall health of the Town.

Both of the above financial statements have separate sections for the two different types of Town activities. These activities are:

Governmental Activities – The activities in this section are mostly supported by taxes and intergovernmental revenues (grants). Most services normally associated with the Town fall into this category, including general government, public safety, and streets and drainage.

Business-type Activities – These functions are normally intended to recover all or a significant portion of their costs through user fees and charges to external users of goods and services. The business-type activities of the Town consist of the provision of water, sewer, and sanitation services.

The government-wide financial statements can be found immediately following this discussion and analysis.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The fund financial statements focus on individual parts of the Town government, reporting the Town's operations in more detail than the government-wide statements. The funds of the Town can be divided into two categories. It is important to note that these fund categories use different accounting approaches and should be interpreted differently. The two categories of funds are:

- *Governmental Funds* – Most of the basic services provided by the Town are financed through governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, the fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources at the end of the year. Such information may be useful in evaluating the Town's near-term financing requirements. This approach is known as using the flow of financial resources measurement focus and the modified accrual basis of accounting. These statements provide a detailed short-term view of the Town's finances and assists in determining whether there will be adequate financial resources available to meet the current needs of the Town.

Because the focus of the governmental funds financial statements is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, users may better understand the long-term impact of the Town's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and the governmental activities. These reconciliations are presented on the page immediately following each governmental funds financial statement. The Town's general fund is considered a major fund for presentation purposes.

The basic governmental funds financial statements can be found immediately following the government-wide financial statements.

- *Proprietary Funds* – These funds are used to show activities that operate more like those of commercial enterprises. Because these funds charge fees for services provided to outside customers, including local governments, they are known as enterprise funds. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. Like the government-wide financial statements, proprietary fund statements use the accrual basis of accounting. There is no reconciliation needed between the government-wide financial statements for business-type activities and the proprietary fund financial statements.

The Town has three enterprise funds, the Water Fund, the Sewer Fund, and the Sanitation Fund, each of which is considered a major proprietary fund for presentation purposes.

The basic proprietary fund financial statements can be found immediately following the governmental fund financial statements.

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found immediately following the funds financial statements.

Required Supplementary Information

The basic financial statements are followed by a section of required supplementary information. This section includes a budgetary comparison schedule for the General Fund, as presented in the governmental fund financial statements, as well as supplementary schedules with regards to pensions. Annual budgets are prepared using the cash basis of accounting. Following the required supplementary information is supplementary information that is provided to show additional details.

FINANCIAL ANALYSIS OF GOVERNMENT-WIDE ACTIVITIES

Net Position

Net position may serve over time as a useful indicator of the Town's financial position. The Town's combined net position (governmental and business-type activities) totaled \$10,496,064 and \$8,871,077 as of December 31, 2021 and 2020, respectively, an increase of \$1,624,987 or 18%.

As of December 31, 2021, \$7,402,406 or 71% of the Town's net position consists of investment in capital assets such as land, buildings, equipment, and water and sewer plant and improvements, less any related debt used to acquire those assets that is still outstanding, compared to \$8,136,762 or 92% of the Town's net assets as of the close of the prior year. The Town uses these capital assets to provide services to the citizens of Haughton; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The General Fund is the chief operating fund for the Town. Unassigned fund balance was \$1,324,635 at the end of the current fiscal year, compared to \$530,276 at December 31, 2020.

Proprietary Funds

The Town's proprietary funds provide the same type of information as the government-wide financial statements, but in more detail. The proprietary fund financial statements provide separate information for the water, sewer, and sanitation operations, which are considered to be major funds of the Town. The Town's proprietary funds consist of enterprise funds which report the same functions presented as business-type activities in the government-wide financial statements.

At the end of the current fiscal year, the Town's proprietary funds reported combined ending net position of \$7,118,074, an increase of \$257,567 in comparison with the prior year's ending net position of \$6,860,507. The Water Fund had an increase in net position of \$8,936, the Sewer Fund had an increase in net position of \$230,697, and the Sanitation Fund had an increase in net position of \$17,934. \$4,535,655 represents investment in capital assets net of accumulated depreciation and related outstanding debt. A total of \$204,804 is reported as restricted for debt service, with a balance of \$2,377,615 classified as unrestricted.

GENERAL FUND BUDGETARY HIGHLIGHTS

Formal budgetary integration is employed as a management control device during the fiscal year. The budget policy of the Town complies with state law, as amended, and as set forth in Louisiana Revised Statutes Title 39, Chapter 9, Louisiana Local Government Budget Act (LSA – R.S. 39:1301 et seq.).

The Town's General Fund budget was amended one time during 2021.

The actual revenues were \$323,267 over the budgeted amounts and the actual expenditures were \$11,670 less than the budgeted amounts.

DEBT ADMINISTRATION

At the end of 2021 the Town had \$9,602,309 in long-term liabilities including utility revenue bonds and net pension liability, as described below:

Outstanding Debt At Year End

	Governmental Activities		Business-Type Activities		Totals	
	2021	2020	2021	2020	2021	2020
Net Pension Liability	\$ 1,848,850	\$ 3,480,092	\$ 465,385	\$ 722,578	\$ 2,314,235	\$ 4,202,670
Compensated Absences	38,122	41,346			38,122	41,346
Sewer Revenue Bonds			7,249,952	5,474,872	7,249,952	5,474,872
	<u>\$ 1,886,972</u>	<u>\$ 3,521,438</u>	<u>\$ 7,715,337</u>	<u>\$ 6,197,450</u>	<u>\$ 9,602,309</u>	<u>\$ 9,718,888</u>

State law restricts the amount of debt that the Town of Haughton may issue. The aggregate principal amount of debt may not exceed 10% of the assessed valuation for property tax purposes all real and personal property located within the parish. The Town of Haughton's total debt outstanding at year-end was well below this limitation.

More detailed information about the debt is presented in Note 15 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The following economic factors were considered when the budget for the fiscal year ended December 31, 2022 was prepared:

- Operating revenues are expected to remain consistent with the prior year.
- Operating expenditures are expected to remain consistent with the prior year.

It is anticipated that management will consider and monitor the economic uncertainties of COVID-19 and the impact on available financial resources.

REQUESTS FOR INFORMATION

The financial report is designed to provide a general overview of the finances of the Town and seeks to demonstrate the Town's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Town of Haughton, P.O. Box 729, Haughton, Louisiana 71037 or by calling (318) 949-9401.

Town of Haughton
Haughton, Louisiana
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
December 31, 2021

Fund balances - total governmental funds	\$ 2,938,517
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 funds.	2,866,751
The nonallocation method of accounting for prepayments is used in the fund statements, since the prepayment does not provide expendable financial resources.	14,549
Other long-term assets and other amounts are not available to pay for current-period expenditures and therefore are unavailable in the funds. Deferred outflows - pension related	615,193
Long-term liabilities and other amounts, including compensated absences payable and net pension liability, are not due and payable in the current period and therefore are not reported in the funds. Net pension liability Accrued leave Deferred inflows - pension related	<u>(1,848,850)</u> (38,122) <u>(1,170,048)</u>
Net position of governmental activities	<u><u>\$ 3,377,990</u></u>

The accompanying notes are an integral part of this statement.

Town of Haughton
Haughton, Louisiana
Notes to Financial Statements
December 31, 2021

INTRODUCTION

The Town of Haughton is incorporated under the provisions of the Lawrason Act. The Town operates under a Mayor–Board of Aldermen form of government.

(1) Summary of Significant Accounting Policies

The Town of Haughton's financial statements are prepared in conformity with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established in GAAP and used by the Town of Haughton are discussed below.

A. Reporting Entity

As the municipal governing authority, for reporting purposes, the Town of Haughton is considered a separate financial reporting entity. The financial reporting entity consists of (a) the primary government (the Town of Haughton), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which nature and significance of their relationship with the Town of Haughton are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The Governmental Accounting Standards Board (GASB), established criteria for determining which component units should be considered part of the Town of Haughton for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. Appointing a voting majority of an organization's governing body, and
 - a. The ability of the Town to impose its will on that organization and/or
 - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the Town.
2. Organizations for which the Town does not appoint a voting majority but are fiscally dependent on the Town.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

In addition, the GASB states that a legally separate, tax-exempt organization should be reported as a component unit of a reporting entity if *all* of the following criteria are met:

1. The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents.

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Town of Haughton
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2. The primary government is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization.
3. The economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government.

In addition, other organizations should be evaluated as potential component units if they are closely related to, or financially integrated with, the primary government.

There were no entities that were determined to be component units of the Town of Haughton.

B. Basic Financial Statements – Government-Wide Statements

The Town of Haughton's basic financial statements include both government-wide (reporting the funds maintained by the Town of Haughton as a whole) and fund financial statements (reporting the Town of Haughton's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The Town's General fund is classified as governmental activities. The Town's water, sewer, and sanitation services are classified as business-type activities.

In the government-wide Statement of Net Position, both the governmental activities and business-type activities columns are presented on a consolidated basis by column and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables, as well as long-term debt and obligations. The effects of interfund activity have been eliminated from the government-wide financial statements. The Town of Haughton's net position is reported in three parts – net investment in capital assets, restricted, and unrestricted net position.

The government-wide Statement of Activities reports both the gross and net cost of each of the Town of Haughton's functions. The functions are also supported by general government revenues (property, sales and use taxes, certain intergovernmental revenues, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating, and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, including non-employer contributions to cost-sharing pension plans, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary fund's principal ongoing operations of providing water, sewer, and sanitation services. Non-operating revenues consist of ad valorem taxes, interest income, and other miscellaneous revenues.

The net costs (by function) are normally covered by general revenue (property, sales and use taxes, certain intergovernmental revenues, interest income, etc.).

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December 31, 2021
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This government-wide focus is more on the sustainability of the Town of Haughton as an entity and the change in the Town of Haughton's net position resulting from the current year's activities.

C. Basic Financial Statements – Fund Financial Statements

The financial transactions of the Town of Haughton are recorded in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The following fund types are used by the Town of Haughton:

1. Governmental Funds – the focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental fund of the Town of Haughton:
 - a. General fund is the general operating fund of the Town of Haughton. It is used to account for all financial resources except those required to be accounted for in another fund.
 - b. Capital project funds are used to account for financial resources that are restricted, committed, or assigned to expenditure for capital outlays.
2. Proprietary Funds – the focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The following is a description of the proprietary funds of the Town:
 - a. Enterprise funds are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of the net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges, or (c) establishes fees and charges based on a pricing policy designed to recover similar costs.

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Nonmajor funds by category are summarized into a single column. GASB sets forth minimum criteria (percentage of the assets, liabilities, revenues, or expenditures/expenses of fund category) for the determination of major funds.

The following major funds are presented in the fund financial statements:

General Fund – accounts for all financial resources except those required to be accounted for in another fund.

American Rescue Plan Fund - accounts for proceeds from the American Rescue Plan Act (ARPA) funds received in 2021.

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December 31, 2021
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Water fund – accounts for the provision of water services to the residents of the Town.

Sewer fund – accounts for the provision of sewer services to the residents of the Town.

Sanitation fund - accounts for the provision of sanitation services to the residents of the Town.

D. Basis of Accounting

Basis of accounting refers to the point at which revenues or expenditures are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

1. Accrual:

Both governmental and business-type activities in the government-wide financial statements and the proprietary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

2. Modified Accrual:

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under modified accrual basis of accounting, revenues are recorded when susceptible to accrual: i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

E. Budget and Budgetary Accounting

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

1. The Mayor prepares a proposed budget and submits same to Board of Aldermen no later than fifteen days prior to the beginning of each fiscal year.
2. A summary of the proposed budget is published and the public notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
3. A public hearing is held on the proposed budget after publication of the call for the hearing.
4. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of an ordinance prior to the commencement of the fiscal year for which the budget is being adopted.

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December 31, 2021
(Continued)

5. The budget ordinance is structured such that revenues are budgeted by source and appropriations are budgeted by department and by principal object of expenditure. The Board of Aldermen may revise or amend the budget at its discretion during legally convened sessions. Management may amend the budget only below the department level.
6. All budgetary appropriations lapse at the end of each fiscal year.
7. Budgets for all funds are adopted on a cash basis. Budgeted amounts in the accompanying statements are as originally adopted, or as amended by the Board of Aldermen. There was one amendment to the budget during the year.

F. Cash, Cash Equivalents, and Investments

Cash includes amounts in petty cash, demand deposits, interest bearing demand deposits, and time deposits. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. 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 or any other state of the United States, or under the laws of the United States.

Investments are limited by R.S. 33:2955 and the Town's investment policy. If the original maturities of investments exceed 90 days, they are classified as investments; however, if the original maturities are 90 days or less, they are classified as cash equivalents.

G. Capital Assets

Capital assets purchased or acquired with an original cost of \$2,500 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at acquisition value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings	20–40 years
Equipment	5–15 years
Infrastructure	20–50 years
Land improvements	20 years
Building improvements	10–30 years
Water, sewer, and drainage systems	15–40 years

GASB requires the Town to report and depreciate new infrastructure assets effective January 1, 2004. Infrastructure assets include roads, bridges, traffic signals, etc. These infrastructure assets are likely to be the largest asset class of the Town. Neither their historical cost nor related depreciation has historically been reported in the financial statements. The retroactive reporting of infrastructure is not required.

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Notes to Financial Statements
December 31, 2021
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H. Revenues

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied by the Town in September or October and are actually billed to the taxpayers in November. Billed taxes become delinquent on January 1 of the following year. Revenues from ad valorem taxes are budgeted in the year billed. The Town bills and collects its own property taxes, using the assessed values determined by the tax assessor of Bossier Parish. Sales tax revenues are recorded in the period in which the underlying exchange has occurred. Fines, forfeitures, licenses, and permits are recognized in the period they are collected. Interest income on demand and time deposits is recorded when earned. Federal and state grants are recorded when the Town is entitled to the funds.

I. Net Position

Net Position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources. Net investment in capital assets, net of related debt, consist of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets. Restricted net position consists of assets that are restricted by limitations imposed on their use either through constitutional provisions or enabling legislation adopted by the Town or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. All other net position is reported as unrestricted net position. When an expense is incurred that can be paid using either restricted or unrestricted resources (net position), the Town's policy is to first apply the expense toward restricted resources and then toward unrestricted resources.

J. Sales Taxes

The General Fund accounts for the collection of a two and one-half cent sales and use tax for the following purposes:

One cent sales tax issued in 1980 to be used for any lawful purpose of the Town, and the avails or proceeds of the tax to be subject to funding into negotiable bonds of the Town for any municipal purpose.

One cent sales tax issued in 1987 to be used for any lawful purpose of the Town, including constructing, acquiring, extending, and/or improving public works or capital improvements for Town including necessary sites, equipment or furnishings and for the purpose of paying any bonds or debt obligation the Town has issued for such purpose.

A half-cent sales tax issued in 1990 to be used for the purpose of acquiring, constructing, improving, maintaining, purchasing and/or operating fire protection facilities and equipment in the Town, including all related payroll costs, the cost of obtaining water for fire protection purposes, and the cost of hydrant rentals and services, and authorized to fund the proceeds of the tax into bonds to pay the cost of acquiring, constructing, improving and or purchasing fire protection facilities and equipment.

The City of Bossier City, Louisiana collects and distributes to the Town it's two and one-half cent sales and use tax. The City of Bossier City, Louisiana charges a collection fee of 1% of the sales tax collected for these services.

(Continued)

Town of Haughton
Haughton, Louisiana
Notes to Financial Statements
December 31, 2021
(Continued)

K. Compensated Absences

The Town's policy allows annual leave based upon years of service. Unused leave balances at the employee's anniversary date are forfeited. Unused annual leave accumulated by an employee at the time of termination shall be paid in a lump sum with the employee's final pay.

The Town's policy allows sick leave based upon time worked. Employees may carryover unused sick leave, but will not be paid for unused sick leave upon separation from employment.

L. Interfund Activity

Interfund activity is reported as either loans, reimbursements, or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances." Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. Transfers between governmental funds are netted as part of the reconciliation to the government-wide financial statements.

M. Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets, deferred outflows of resources, liabilities, deferred inflows of resources, the disclosure of contingent assets and liabilities, and reported revenues and expenses. Actual results could differ from those estimates.

N. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities in the Statement of Net Position.

O. Bad Debts

Uncollectible amounts due for ad valorem taxes, customer's utility receivables, and special assessments are recognized as bad debts through the establishment of an allowance account at the time information becomes available which would indicate the uncollectibility of the particular receivable. There is no allowance reflected in the accompanying financial statements. Accounts receivable for the water, sewer, and sanitation funds are shown net of an allowance of \$46,310, \$54,341, and \$20,728, respectively.

P. Capitalized Interest

The Town capitalizes net interest costs and interest earned as part of the cost of constructing various water and sewer projects when material.

(Continued)

Town of Haughton
Haughton, Louisiana
Notes to Financial Statements
December 31, 2021
(Continued)

Q. Statement of Cash Flows

For the purposes of the Statement of Cash Flows, the Enterprise Fund considers all highly liquid investments (including restricted assets) with a maturity of less than three months when purchased to be cash equivalents.

R. Postretirement Benefits

The Town provides no postretirement benefits to its employees.

S. Fund Balance

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

1. Nonspendable - amounts that cannot be spent either because they are not in spendable form or because they are legally or contractually required to be maintained intact.
2. Restricted – amounts that can be spent only for specific purpose due to constraints placed on the use of resources that are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.
3. Committed – amounts that can be used only for the specific purpose as a result of constraints imposed by the Town Council (the Town's highest level of decision making authority). Committed amounts cannot be used for any other purpose unless the Town removes those constraints by taking the same type of action (i.e. legislation, resolution, or ordinance).
4. Assigned – amounts that are constrained by the Town's intent to be used for specific purposes, but are neither restricted nor committed.
5. Unassigned – all amounts not included in other spendable classifications.

The Town's policy is to apply expenditures against restricted fund balance and then to other, less-restricted classifications – committed and then assigned fund balances before using unassigned fund balances.

The calculation of fund balance amounts begins with the determination of nonspendable fund balances. Then restricted fund balances for specific purposes are determined (not including non-spendable amounts). Then any remaining fund balance amounts for the non-general funds are classified as assigned fund balance. It is possible for the non-general funds to have negative unassigned fund balance when non-spendable amounts plus the restricted fund balances for specific purpose amounts exceeds the positive fund balance for the non-general fund.

(Continued)

Town of Haughton
Haughton, Louisiana
Notes to Financial Statements
December 31, 2021
(Continued)

Actuarial Methods and Assumptions

The net pension liability was measured as the portion of the present value of projected benefit payments to be provided through the pension plan to current active and inactive employees that is attributed to those employees' past periods of service, less the amount of the pension plan's fiduciary net position. A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2021 are as follows:

Valuation Date	June 30, 2021
Actuarial Cost Method	Entry Age Normal Cost
Actuarial Assumptions:	
Investment Rate of Return	6.85%, decreased from 6.95% in 2020
Inflation Rate	2.5%
Salary increases, including inflation and merit increases:	
1 to 4 years of service	6.4%
More than 4 years of service	4.5%
Annuitant and beneficiary mortality	PubG-2010(B) Healthy Retiree table set equal to 120% for males and females, each adjusted using their respective male and female MP2018 scales.
Employee mortality	PubG-2010(B) Healthy Retiree table set equal to 120% for males and females, each adjusted using their respective male and female MP2018 scales.
Disabled lives mortality	PubNS-2010(B) Disabled Retiree table set equal to 120% for males and females with full generational MP2018 scale.
Expected Remaining Service Lives	3 years

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Examples include assumptions about future employment mortality and future salary increases. Actuarially determined amounts regarding the net pension liability are subject to continual revision as actual results are compared to past expectations, and new estimates are made about the future. The actuarial assumptions used in the June 30, 2020 valuation was based on the results of an experience study, for the period July 1, 2013 to June 30, 2018. The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2009 through June 30, 2014. The required Schedules of Employers' Net pension Liability located in the required supplementary information following the notes to the Financial Statements present multi-year trend information regarding whether the plan fiduciary net positions are increasing or decreasing over time relative to the total pension liability. The Total Pension Liability as of June 30, 2021 is based on actuarial valuations for the same period, updates using generally accepted actuarial principles.

The long term expected rate of return on pension plan investments was determined using a building block method in which best estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long term expected rate of return

(Continued)

Town of Haughton
Haughton, Louisiana
Notes to Financial Statements
December 31, 2021
(Continued)

Cost-of-Living Adjustments The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost-of-living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees.

The mortality rate assumption used was set based upon an experience study performed by the prior actuary on plan data for the period of July 1, 2014 through June 30, 2019, and review of similar law enforcement mortality. A change was made full generational mortality which combines the use of a base mortality table with appropriate mortality improvement scales. In order to set the base mortality table, actual plan mortality experience was assigned a credibility weighting and combined with a standard table to produce current levels of mortality.

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

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-Term Expected Portfolio Real Rate of Return</u>
Equity	55.50%	3.47%
Fixed income	30.50%	0.59%
Alternatives	14.00%	1.01%
Other	0%	0.00%
Totals	<u>100%</u>	<u>5.08%</u>
Inflation		<u>2.22%</u>
Expected Arithmetic Nominal Return		<u>7.30%</u>

Sensitivity to Changes in Discount Rate

The following presents the net pension liability of the participating employers calculated using the discount rate of 6.75%, as well as what the employers' net pension liability would be if it were calculated using a discount rate that is one percentage point lower 5.75% or one percentage point higher 7.75% than the current rate as of June 30, 2021:

	<u>Changes in Discount Rate</u>		
	<u>1% Decrease 5.75%</u>	<u>Current Discount Rate 6.75%</u>	<u>1% Increase 7.75%</u>
Net Pension Liability	\$1,531,924	\$ 878,980	\$333,993

(Continued)

Town of Haughton
Haughton, Louisiana
Notes to Financial Statements
December 31, 2021
(Continued)

STATE OF LOUISIANA FIREFIGHTERS' RETIREMENT SYSTEM

The Town participates in the State of Louisiana Firefighters' Retirement System (System), a cost-sharing multiple-employer defined benefit pension plan established by Act 434 of 1979 to provide retirement, disability and survivor benefits to firefighters in Louisiana.

Plan Description

Benefit provisions are authorized within Act 434 of 1979 and amended by LRS 11:2251-11:2272. The following is a brief description of the plan and its benefits and is provided for general information purposes only. Participants should refer to the appropriate statutes for more complete information.

Eligibility Requirements

Any person who becomes an employee as defined in RS 11:2252 on and after January 1, 1980 shall become a member as a condition of employment. Membership in the System is a condition of employment for any full-time firefighters who earn at least \$375 per month and are employed by any municipality, parish, or fire protection district of the State of Louisiana in addition to employees of the Firefighters' Retirement System.

No person who has attained age fifty or over shall become a member of the System, unless the person becomes a member by reason of a merger or unless the System received an application for membership before the applicant attained the age of fifty. No person who has not attained the age of eighteen years shall become a member of the System.

Any person who has retired from service under any retirement system or pension fund maintained basically for public officers and employees of the state, its agencies or political subdivisions, and who is receiving retirement benefits therefrom may become a member of this System, provided the person meets all other requirements for membership. Service credit from the retirement system or pension plan from which the member is retired shall not be used for reciprocal recognition of service with this System, or for any other purpose in order to attain eligibility or increase the amount of service credit in this System.

Retirement Benefits

Employees with 20 or more years of service who have attained age 50, or employees who have 12 years of service who have attained age 55, or 25 years or service at any age are entitled to annual pension benefits equal to 3.333% of their average final compensation based on the 36 consecutive months of highest pay multiplied by their total years of service, not to exceed 100%. Employees may elect to receive their pension benefits in the form of a joint and survivor annuity.

If employees terminate before rendering 12 years of service, they forfeit the right to receive the portion of their accumulated plan benefits attributable to their employer's contributions.

Benefits are payable over the employees' lives in the form of a monthly annuity. An employee may elect an unreduced benefit or any of seven options at retirement.

See R.S. 11:2256(A) for additional details on retirement benefits.

(Continued)

Town of Haughton
Haughton, Louisiana
Notes to Financial Statements
December 31, 2021
(Continued)

Disability Benefits

A member who acquires a disability, and who files for disability benefits while in service, and who upon medical examination and certification as provided for in Title 11, is found to have a total disability solely as the result of injuries sustained in the performance of his official duties, or for any cause, provided the member has at least five years of creditable service and provided that the disability was incurred while the member was an active contributing member in active service, shall be entitled to disability benefits under the provisions of R.S. 11:2258(B).

Death Benefits

Benefits shall be payable to the surviving eligible spouse or designated beneficiary of a deceased member as specified in R.S. 11:2256(B) and (C).

Deferred Retirement Option Plan

After completing 20 years of creditable service and age 50 or 25 years at any age, a member may elect to participate in the deferred retirement option plan (DROP) for up to 36 months. Upon commencement of participation in the deferred retirement option plan, employer and employee contributions to the System cease.

The monthly retirement benefit that would have been payable is paid into the deferred retirement option plan account. Upon termination of employment, a participant in the program has several options to receive their DROP benefit. A member may (1) elect to roll over all or a portion of their DROP balance into another eligible qualified plan, (2) receive a lump-sum payment from the account, (3) receive single withdrawals at the discretion of the member, (4) receive monthly or annual withdrawals, or (5) receive an annuity based on the deferred retirement option plan account balance. These withdrawals are in addition to his regular monthly benefit.

If employment is not terminated at the end of the 36 months, the participant resumes regular contributions to the System. No payments may be made from the deferred retirement option plan account until the participant retires.

Initial Benefit Option Plan

Effective June 16, 1999, members eligible to retire and who do not choose to participate in DROP may elect to receive, at the time of retirement, an initial benefit option (IBO) in an amount up to 36 months of benefits, with an actuarial reduction of their future benefits. Such amounts may be withdrawn or remain in the IBO account earning interest at the same rate as the DROP account.

Cost of Living Adjustments (COLAs)

Under the provisions of R.S. 11:246 and 11:2260(A)(7), the board of trustees is authorized to grant retired members and widows of members who have retired an annual cost of living increase of up to 3% of their current benefit, and all retired members and widows who are 65 years of age and older a 2% cost of living increase in their original benefit.

Contributions

Contribution requirements for employers, non-employer contributing entities, and employees are established and may be amended in accordance with Title 11 and Title 22 of the Louisiana Revised Statutes.

(Continued)

Town of Haughton
Haughton, Louisiana
Notes to Financial Statements
December 31, 2021
(Continued)

Employer and Employee Contributions

According to State statute, employer contributions are actuarially determined each year. For the year ended June 30, 2021, employer and employee contributions for members above the poverty line were 32.25% and 10.0%, respectively. The employer and employee contribution rates for those members below the poverty line were 34.25% and 8.0%, respectively. The Town's contributions to the System for the years ended December 31, 2021, 2020, and 2019 were \$174,707, \$164,655, and \$143,331, respectively. Included in contributions for the year ended December 31, 2021, are contributions for the month of December 2021 totaling \$16,351 which were paid subsequent to December 31, 2021.

Non-employer contributions

The System also receives insurance premium tax monies as additional employer contributions. The tax is considered support from a non-contributing entity and appropriated by the legislature each year based on an actuarial study. Non-employer contributions are recognized as revenue during the year ended June 30, 2021 and were excluded from pension expense. Non-employer contributions received by the System and attributable to the Town during the year ended December 31, 2021 were \$61,100.

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

At December 31, 2021, the Town reported a liability of \$757,945 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liability was based on the historical employer contributions. The employer's proportion was determined on a basis that is consistent with the manner in which contributions to the pension plan are determined. The allocation percentages were used in calculating each employer's proportionate share of the pension amounts.

The allocation method used in determining each employer's proportion was based on the combined contributions to the System during the year ended June 30, 2021 as compared to the total of all combined contributions to the System during the fiscal year ended June 30, 2021. At June 30, 2021, the Town's proportion was .2138760%, which was a decrease of .0043070% from its proportion measured as of June 30, 2020.

For the year ended December 31, 2021, the Town recognized pension expense of \$109,323, plus employer's amortization of change in proportionate share and the difference between employer contributions and proportionate share of contributions, \$1,813.

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

(Continued)

Town of Haughton
Haughton, Louisiana
Notes to Financial Statements
December 31, 2021
(Continued)

Fiscal 2021. For the fiscal year ended June 30, 2020, the Board of Trustees elected to set the System's assumed rate of return at 7.15% for Fiscal 2020. The actuarial valuation interest rates selected by the board, which were within the reasonable range, were 6.90% and 7.00% for fiscal years 2020 and 2019, respectively.

The remaining actuarial assumptions utilized for this report are based on the results of an actuarial experience study completed September 24, 2020, for the period July 1, 2014 – June 30, 2019, unless otherwise specified in this report. Additional details are given in the actuary's complete 2020 Experience Report for the period July 1, 2014 – June 30, 2019 which can be obtained from the Firefighters' Retirement System website at www.ffret.com under the Finance tab, Actuarial Valuations section. A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2021, are as follows:

Valuation Date	June 30, 2021
Actuarial Cost Method	Entry Age Normal Cost
Estimated Remaining Service Life	7 years closed period
Investment Rate of Return	6.90% per annum (net of investment expenses, including inflation) (decreased from 7.00% in 2020)
Inflation Rate	2.50% per annum
Salary increases	14.10% in the first two years of service and 5.20% with 3 or more years of service; includes inflation and merit increases
Cost of Living Adjustments	For the purpose of determining the present value of benefits, COLAs were deemed not to be substantively automatic and only those previously granted were included.

For the June 30, 2021 valuation, assumptions for mortality rates were based on the following:

- For active members, mortality was set equal to the Pub-2010 Public Retirement Plans Mortality Table for Safety Below-Median Employees.
- For annuitants and beneficiaries, mortality was set equal to the Pub-2010 Public Retirement Plans Mortality Table for Safety Below-Median Healthy Retirees.
- For disabled retirees, mortality was set equal to the Pub-2010 Public Retirement Plans Mortality Table for Safety Disabled Retirees.
- In all cases the base table was multiplied by 105% for males and 115% for females, each with full generational projection using the appropriate MP-2019 scale.

(Continued)

Town of Haughton
Haughton, Louisiana
Notes to Financial Statements
December 31, 2020
(Continued)

The long-term expected real rate of return is an important input into the actuary's determination of the reasonable range for the discount rate which is used in determining the total pension liability. The actuary's method incorporates information from multiple consultants and investments firms regarding future expected rates of return, variances, and correlation coefficients for each asset class. The change integrates data from multiple sources to produce average values thereby reducing reliance on a single data source.

The June 30, 2021, estimated long-term expected rate of return on pension plan investments was determined by the System's actuary using the System's target asset allocation as of January 2021 and the G.S. Curran & Company Consultant Average study for 2021. The Consultant Average Study included projected nominal rates of return, standard deviations of returns, and correlations of returns for a list of common asset classes collected from a number of investment consultants and investment management firms. Each consultant's response included nominal expected long term rates of return. In order to arrive at long-term expected arithmetic real rates of return, the actuary normalized the data received from the consultant's responses in the following ways. Where nominal returns received were arithmetic, the actuary simply reduced the return assumption by the long-term inflation assumption. Where nominal returns were geometric, the actuary converted the return to arithmetic by adjusting for the long-term standard deviation and then reduced the assumption by the long-term inflation assumption. Using the target asset allocation for the System and the average values for expected real rates of return, standard deviation of returns, and correlation of returns, an arithmetic expected nominal rate of return and standard deviation for the portfolio was determined. Subsequent to the actuary's calculation of the long term expected real rate of return in January 2021, the Board voted to amend the target asset allocation. These changes include an increase to target weight in public equity, a decrease in the target weight in fixed income, and the inclusion of a target weight in private real assets. The changes to the target asset allocation are reflected in the table below. The System's long-term assumed rate of inflation of 2.50% was used in this process for the fiscal year ended June 30, 2021. Best estimates of arithmetic real rates of return for each major class included in the System's target asset allocation as of June 30, 2021, are summarized in the following tables:

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-Term Expected Real Rates of Return</u>
Fixed income		
U.S. Core Fixed Income	18.00%	.97%
U.S. TIPS	3.00%	.40%
Emerging Market Debt	5.00%	2.75%
Equity		
US Equity	27.50%	5.86%
Non-US Equity	11.50%	6.44%
Global Equity	10.00%	6.40%
Emerging Market Equity	7.00%	8.64%
Multi-Asset Strategies		
Global Tactical Asset Allocation	0.00%	4.17%
Risk Parity	0.00%	4.17%
Alternatives		
Real Estate	6.00%	5.31%
Real Assets	3.00%	0.00%
Private Equity	9.00%	9.53%
Totals	<u>100%</u>	

(Continued)

Town of Haughton
Haughton, Louisiana
Notes to Financial Statements
December 31, 2021
(Continued)

CONTRIBUTIONS - PROPORTIONATE SHARE

Differences between contributions remitted to the System and the employer's proportionate share are recognized in pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with a pension through the pension plan. The resulting deferred inflow/outflow and amortization is not reflected in the schedule of employer amounts due to differences that could arise between contributions reported by the System and contributions reported by the participating employer.

Plan Fiduciary Net Position

Plan fiduciary net position is a significant component of the System's collective net pension liability. The System's plan fiduciary net position was determined using the accrual basis of accounting. The System's assets, liabilities, revenues and expenses were recorded with the use of estimates and assumptions in conformity with accounting principles generally accepted in the United States of America. Such estimates primarily related to unsettled transactions and events as of the date of the financial statements and estimates over the determination of the fair market value of the System's investments. Accordingly, actual results may differ from estimated amounts. The Plan's fiduciary net position has been determined on the same basis as that used by the plan. Detailed information about the fiduciary net position is available in a stand-alone audit report on their financial statements for the year ended June 30, 2021. Access to these reports can be found on the Louisiana Legislative Auditor's website, www.la.la.gov.

Retirement System Audit Report

Firefighters' Retirement System issued a stand-alone audit report on its financial statements for the year ended June 30, 2021. Access to the audit report can be found on the System's website: www.ffret.com or on the Office of Louisiana Legislative Auditor's official website: www.la.la.gov.

(17) Leases

For the year ended December 31, 2021, the Town had two operating leases for property utilized by the Town. Lease payments on these leases for the year ended December 31, 2021 totaled \$1,200. If the Town abandons the property, or does not use said property, for use of water production or water storage, the lease automatically expires and reverts to owner after a period of 2 years. Both leases are for 99 years, with future maturities of \$1,200 per year through 2101, and \$600 per year for 2102 through 2106.

The Town also entered into two leases for equipment to be utilized by the Town. Lease payments on the leases for the year ended December 31, 2021 were \$3,642. Future minimum lease payments under these leases are as follows:

Year Ending
December 31,

2022

\$ 1,499

(Continued)

Town of Haughton
Haughton, Louisiana
Notes to Financial Statements
December 31, 2021
(Continued)

(18) Commitments

The Town signed an engineering and two construction contracts for sewer system upgrades in the amount of \$6,467,472. As of December 31, 2021, the town has incurred \$2,861,878 under these contracts. The remaining \$3,605,594, will be incurred in the subsequent year. Funding for these projects is to be provided by the series 2022 Revenue Bonds.

The Town has an engineering contract for drainage improvements in the amount of \$342,825. As of December 31, 2021, the town has incurred \$183,230 under this contract. The remaining \$159,595 will be incurred in the subsequent year.

(19) Subsequent Events

In 2022, The Town awarded a contract for lift station improvements in the amount of \$73,074. This is expected to be funded by the American Rescue Plan funds received.

In April 2022, the Town issued \$6,849,000 of Sewer Revenue Bonds Series 2022, of which, approximately \$3,909,000 is to be used to pay a portion of the costs of constructing and acquiring improvements, renovations and replacements to the sewerage collection and disposal system, and approximately \$2,940,000 to refund the Town's outstanding Sales Tax Bonds, series 2016.

Subsequent events have been evaluated through June 29, 2022, the date the financial statements were available to be issued.

(20) Uncertainty

As a result of the COVID-19 Coronavirus, economic uncertainties have arisen which are likely to negatively impact financial resources. While the duration on the economic impact is expected to be temporary, there is considerable uncertainty around the duration. The related financial impact and duration cannot be reasonably estimated at this time.

Town of Haughton
Haughton, Louisiana
Notes to Required Supplementary Information
December 31, 2021

The Town's budget is adopted on a cash basis for all funds. There was one amendment to the 2021 budget. Budget comparison statements included in the accompanying financial statements include the original and adopted budgets and all amendments. The schedule below reconciles excess (deficiency) of revenues and other sources over expenditures and other uses on the budget basis with GAAP basis:

	<u>General Fund</u>
Excess of revenues and other sources over expenditures and other uses (budget basis)	\$ 929,738
Adjustments:	
Revenue accruals – net	42,996
Expenditure accruals – net	<u>(42,068)</u>
Excess of revenues and other sources over expenditures and other uses (GAAP) basis	<u>\$ 930,666</u>

Town of Haughton
Haughton, Louisiana
Schedule of Compensation Paid to Board Members
For the Year Ended December 31, 2021

Mayor Kim Gaspard	\$ 50,000
Town Council:	
Carlton Anderson	6,000
Buck McGee	7,200
Doug Adams	6,000
Colby Isom	6,000
Phillip Smith	<u>6,000</u>
	<u>\$ 81,200</u>

Town of Haughton
Haughton, Louisiana
Schedule of Compensation, Benefits, and Other Payments to Agency Head
For the Year Ended December 31, 2021

Agency Head: Kim Gaspard, Mayor

Purpose	Amount
Salary	\$ 50,000
Per Diem	430

Town of Haughton
Haughton, Louisiana
Other Supplementary Information
Justice System Funding Schedule
Receiving Schedule - General Fund
As Required by Act 87 of the 2020 Regular Legislative Session
For the Year Ended December 31, 2021

Cash Basis Presentation	January 2021 - June 2021	July 2021 - December 2021
Receipts From:		
Louisiana Department of Public Safety - Criminal Court Cost/Fees	\$ 275	\$ 413
Bossier Parish Sheriff - Criminal Fines - Other	810	1,520
District Attorney for the Twenty-Sixth Judicial District - asset forfeiture/sle	469	9,088
Restitution	2,374	
Subtotal Receipts	3,928	11,021
Ending Balance of Amounts Assessed but Not Received	-	-

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Town of Haughton'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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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



Cook & Morehart
Certified Public Accountants
June 29, 2022

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.

A handwritten signature in black ink, appearing to read "Cook & Morehart", with a stylized flourish extending from the end.

Cook & Morehart
Certified Public Accountants
June 29, 2022

Town of Haughton
Haughton, Louisiana
Summary Schedule of Prior Year Audit Findings
Schedule For Louisiana Legislative Auditor
December 31, 2021

There were two findings for the prior year audit period ended December 31, 2020, as described in the accompanying Summary Schedule of Prior Audit Findings.

Summary Schedule of Current Year Audit Findings
Schedule For Louisiana Legislative Auditor
December 31, 2021

Summary Schedule of Current Year Audit Findings

There are no findings for the current year audit for the year ended December 31, 2021.

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

e) Amount of time it took to resolve each complaint.

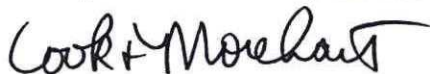
Exception: The Town did not complete the required report by the February 1, for the current fiscal period.

Management's Response: The Town will complete the required report by the required deadline in the future.

We were engaged by Town of Haughton, 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 Town of Haughton, 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.



Cook & Morehart
Certified Public Accountants
June 29, 2022