

TOWN OF HAUGHTON, LOUISIANA

Combined Balance Sheet - All Fund Types and Account Groups
December 31, 1996

	Governmental Fund Types			Proprietary Fund Type	Account Groups		Totals (Memorandum Only)	
	General	Debt Service	Capital Projects		General Fixed Assets	General Long-term Debt	1996	1995
ASSETS								
Cash and cash equivalents	\$ 10,048	\$	\$ 1	\$ 602,701	\$	\$ 612,750	\$ 587,353	
Investments, at cost	715,289	107,776		5,605		828,670	592,160	
Receivables (net where applicable, of allowances for uncollectibles):								
Taxes	7,027	13,303						
Accounts				49,730		20,330	12,165	
Interest	659			2,733		49,730	88,287	
Prepaid expenses	10,970			5,014		3,392	2,180	
Due from other funds				1,593		15,984	6,544	
Restricted assets:						1,593	2,667	
Cash and cash equivalents				61,079		61,079	54,276	
Investments, at cost		27,527		54,253		81,780	78,046	
Property, plant and equipment (net of accumulated depreciation)				2,261,844	1,105,848	3,367,692	3,416,555	
Amount available in Debt Service Funds					148,606	148,606	127,139	
Amount to be provided for retirement of general long-term debt								
Total assets	\$ 743,993	\$ 148,606	\$ 1	\$ 3,044,552	\$ 1,105,848	319,394	359,861	
						\$ 5,511,000	\$ 5,327,233	

TOWN OF HAUGHTON, LOUISIANA

Notes to Financial Statements
December 31, 1996

1. Summary of Significant Accounting Policies (Continued)

D. Budgets and Budgetary Accounting - (Continued)

3. A public hearing is held on the proposed budget at least ten days 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.
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. The 1995 budget was amended February 14, 1995, to reflect the additional cost of a police car and radios for the police department. The 1996 budget was also amended March 12, 1996, to reflect the additional cost of Christmas decorations for the town. The budgets were amended in accordance with the Louisiana statutes.
6. The Town utilizes formal budgetary integration as a management control device for all funds.

E. Investments - All investments are interest bearing deposits with original maturity dates in excess of three months and are stated at cost which approximates market value. The Town's investments comply with Louisiana Statutes (LSA-R533.2955).

F. Inventories - Inventory of supplies in the Proprietary Fund is not material and is charged to operations as purchased.

G. Bad Debts - Uncollectible amounts due for the customers' utility and ad valorem taxes receivables are recognized as bad debts through the establishment of an allowance account at the time information becomes available which would indicate the uncollectibility of the particular receivable. No provision for customers' utility receivables have been deemed necessary. The allowance for uncollectible ad valorem taxes was \$3,973 and \$5,228 at December 31, 1996 and 1995, respectively.

H. Property, Plant, and Equipment -

General Fixed Assets Account Group

Fixed assets in governmental fund type operations are accounted for in the General Fixed Assets Account Group, rather than in governmental funds. Public domain ("infrastructure") general fixed assets, including roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems are not capitalized along with other general fixed assets. No depreciation has been provided on such assets.

TOWN OF HAUGHTON, LOUISIANA

Notes to Financial Statements
December 31, 1996

1. Summary of Significant Accounting Policies (Continued)

General Fixed Assets and General Long-term Debt Account Groups (Continued)

General Long-term Debt - The General Long-term Debt Account Group is used to account for long-term liabilities to be financed from government funds.

C. Basis of Accounting - The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund-type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

The modified accrual basis of accounting is used by all governmental fund types. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The government considers property taxes available if they are collected within 60 days after year end. A one-year availability period is used for revenue recognition for all other governmental revenues. Expenditures are recorded when the related fund liability is incurred.

Those revenues susceptible to accrual are property taxes, franchise taxes, interest revenue and charges for services. Fines, permit and license revenues are not susceptible to accrual because generally they are not measurable until received in cash.

The accrual basis of accounting is utilized by the proprietary fund type. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

The preparation of financial statements generally requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

D. Budgets 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 the 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.

TOWN OF HAUGHTON, LOUISIANA

Notes to Financial Statements
December 31, 1996

The Town of Haughton was incorporated April 29, 1920, under the provisions of the Lawrason Act. The Town operates under the Mayor-Board of Aldermen form of government.

1. Summary of Significant Accounting Policies

The accounting and reporting policies of the Town of Haughton conform to generally accepted accounting principles as applicable to governments. Such accounting and reporting procedures also conform to the requirements of Louisiana revised statues 24:517 and to the guides set forth in the "Louisiana Municipal Audit and Accounting Guide."

The following is a summary of certain significant accounting policies:

- A. **Reporting Entity** - This report includes all funds and account groups which are controlled by or dependent on the Town's Executive and Legislative Branches (the Mayor and Board of Aldermen). Control by or dependence on the Town was determined on the basis of budget adoption, taxing authority, authority to issue debt, election or appointment of governing body, and other general oversight responsibility.
- B. **Fund Accounting** - The accounts of the Town are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The following funds and group of accounts are used by the Town:

Governmental Funds

General Fund - The General Fund is the general operating fund of the Town. All financial resources, except those required to be accounted for in another fund, are accounted for in the General Fund.

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

Capital Projects Fund - The Capital Projects Fund accounts for all financial resources used for the acquisition or construction of major capital facilities.

Proprietary Funds

Enterprise Funds - The Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis are financed through user charges.

General Fixed Assets and General Long-term Debt Account Groups

General Fixed Assets - The General Fixed Assets Account Group is used to account for fixed assets used in governmental fund type operations for control purposes. All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated fixed assets are valued at their estimated fair value on the date of donation. No depreciation is recorded on general fixed assets.

TOWN OF HAUGHTON, LOUISIANA

Combined Statement of Revenues, Expenses, and
Changes in Retained Earnings - Proprietary Fund
Year Ended December 31, 1996
With Comparative Totals for Year Ended December 31, 1995

	Enterprise Funds	
	1996	1995
Operating revenues:		
Metered water sales	\$ 188,102	\$ 190,847
Installation charges	4,452	2,345
Sewerage service charges	123,610	114,975
Solid waste disposal service charges	83,493	83,296
Miscellaneous revenues	19,890	16,508
Total operating revenues	419,547	407,971
Operating expenses:		
Personal services	120,382	102,967
Supplies	32,626	43,824
Utilities	19,683	18,361
Repairs and maintenance	33,432	17,416
Contractual services	73,510	68,137
Miscellaneous	31,831	29,853
Depreciation	119,795	119,984
Total operating expenses	431,259	400,542
Operating income (loss)	(11,712)	7,429
Nonoperating revenues:		
Interest income	15,491	14,356
Bond interest expense	(18,548)	(20,399)
Grant revenue	-	40,000
Total nonoperating revenues	(3,057)	33,957
Income (loss) before operating transfers	(14,769)	41,386
Other financing sources (uses):		
Operating transfers in	6,144	5,290
Operating transfers out	(3,250)	(3,250)
Total other financing sources (uses)	2,894	2,040
Net income (loss)	(11,875)	43,426
Amount charged to contribution accounts - depreciation on fixed assets	82,989	82,989
Retained earnings at beginning of year	1,086,334	959,919
Retained earnings at end of year	\$ 1,157,448	\$ 1,086,334

See accompanying notes to financial statements.

TOWN OF HAUGHTON, LOUISIANA

Combined Statement of Revenues, Expenditures, and Changes
in Fund Balances - Budget (GAAP Basis) and Actual - All Governmental Fund Types
Year Ended December 31, 1996

	General Fund		
	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Taxes	\$ 290,000	\$ 402,648	\$ 112,648
Licenses and permits	75,000	98,419	23,419
Intergovernmental	16,900	33,748	16,848
Fines and forfeits	60,000	120,838	60,838
Interest	8,500	17,595	9,095
Miscellaneous	5,000	31,629	26,629
Total revenues	<u>455,400</u>	<u>704,877</u>	<u>249,477</u>
Expenditures:			
Current:			
General government	119,817	119,083	734
Public safety:			
Police	128,665	162,796	(34,131)
Fire	70,884	70,821	63
Streets and drainage	48,000	34,348	13,652
Capital outlays	32,000	45,314	(13,314)
Debt service:			
Principal retirements			
Interest and fiscal charges			
Total expenditures	<u>399,366</u>	<u>432,362</u>	<u>(32,996)</u>
Excess of revenues over expenditures	<u>56,034</u>	<u>272,515</u>	<u>216,481</u>
Other financing sources (uses):			
Operating transfers in	3,250	3,250	-
Operating transfers out	(45,930)	(43,142)	2,788
Total other financing sources (uses)	<u>(42,680)</u>	<u>(39,892)</u>	<u>2,788</u>
Excess of revenues over expenditures and other financing sources (uses)	<u>13,354</u>	<u>232,623</u>	<u>219,269</u>
Fund balance at beginning of year	498,658	498,658	-
Fund balance at end of year	<u>\$ 512,012</u>	<u>\$ 731,281</u>	<u>\$ 219,269</u>

See accompanying notes to financial statements.



SMITH PUGH RABINOWITZ L.L.P. CERTIFIED PUBLIC ACCOUNTANTS

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April 25, 1997

The Honorable Todd A. Hopkins, Mayor
and the Members of the Board of Aldermen of
The Town of Oil City, Louisiana

In planning and performing our audit of the general purpose financial statements of the Town of Oil City, Louisiana, for the year ended December 31, 1996, we considered the Town's internal control structure to determine our auditing procedures for the purpose of expressing an opinion on the general purpose financial statements and not to provide assurance on the internal control structure.

However, during our audit we became aware of a matter that is an opportunity for strengthening internal controls and operating efficiency. This letter does not affect our reports dated April 25, 1997, on the general purpose financial statements of the Town of Oil City, Louisiana.

Pledged Deposits

We also noted during our audit that the amount of pledged deposits was not adequate to cover the total amount on deposits that exceeded FDIC insurance with Bank One at December 31, 1996.

We recommend that the Town evaluate total deposits at the end of each month to determine if there are adequate pledged deposits.

We will review the status of these comments during our next audit engagement. We have already discussed these comments and suggestions with various Town officials, and we will be pleased to discuss them in further detail at your convenience.

Sincerely,

Smith Pugh Rabinowitz LLP
Certified Public Accountants

TOWN OF HAUGHTON, LOUISIANA

Combined Balance Sheet - All Fund Types and Account Groups
December 31, 1996

	Governmental Fund Types			Proprietary Fund Type	Account Groups		Totals (Memorandum Only)	
	General	Debt Service	Capital Projects		General Fixed Assets	General Long-term Debt	1996	1995
LIABILITIES								
Accounts payable	\$ 9,363	\$ -		\$ 11,459	\$ -	\$ -	\$ 20,822	\$ 82,652
Accrued expenses	1,757						1,757	2,020
Due to other funds	1,592		1				1,593	2,667
Payable from restricted assets:								
Current portion of bonds payable				11,706		20,000	31,706	30,201
Deposits				57,785			57,785	54,575
General obligation bonds payable					80,000		80,000	85,000
Revenue bonds payable				291,376	368,000		659,376	687,531
Total liabilities	<u>12,712</u>	<u>-</u>	<u>1</u>	<u>372,326</u>	<u>-</u>	<u>468,000</u>	<u>853,039</u>	<u>944,646</u>
FUND EQUITY								
Contributed capital				1,514,778			1,514,778	1,597,768
Investment in general fixed assets					1,105,848		1,105,848	1,072,687
Retained earnings:								
Reserved				10,000			10,000	10,000
Unreserved				1,147,448			1,147,448	1,076,334
Fund balances:								
Reserved for debt service		148,606					148,606	127,140
Unreserved - undesignated	731,281						731,281	498,658
Total retained earnings/fund balances	<u>731,281</u>	<u>148,606</u>	<u>-</u>	<u>1,157,448</u>	<u>-</u>	<u>-</u>	<u>2,037,335</u>	<u>1,712,132</u>
Total fund equity	<u>731,281</u>	<u>148,606</u>	<u>-</u>	<u>2,672,226</u>	<u>1,105,848</u>	<u>-</u>	<u>4,657,961</u>	<u>4,382,587</u>
Total liabilities and fund equity	<u>\$ 743,993</u>	<u>\$ 148,606</u>	<u>\$ 1</u>	<u>\$ 3,044,552</u>	<u>\$ 1,105,848</u>	<u>\$ 468,000</u>	<u>\$ 5,511,000</u>	<u>\$ 5,327,233</u>

See accompanying notes to financial statements.

TOWN OF HAUGHTON, LOUISIANA

Combined Statement of Cash Flows - Proprietary Fund
 Year Ended December 31, 1996
With Comparative Totals for Year Ended December 31, 1995

	Enterprise Funds	
	1996	1995
Cash flows from operating activities:		
Operating income (loss)	\$ (11,712)	\$ 7,429
Adjustments to reconcile operating loss to net cash provided operating activities:		
Depreciation	122,553	119,984
(Increase) decrease in accounts receivable	(4,497)	21,957
(Increase) decrease in prepaid expenses	(5,014)	5,092
Increase (decrease) in accounts payable	(28,424)	26,638
Increase in customers' deposits	3,210	4,345
Total adjustments	87,828	178,016
Net cash provided by operating activities	76,116	185,445
Cash flows from capital and related financing activities:		
Principal payments	(12,650)	(11,049)
Interest paid	(18,548)	(21,102)
Grant revenue received	-	40,000
Net cash used for capital and related financing activities	(31,198)	7,849
Cash flows from noncapital financing activities:		
Operating transfers in (out)	4,936	(2,451)
Net cash provided (used) by noncapital financing	4,936	(2,451)
Cash flows from investing activities:		
Interest income received	14,615	14,332
Payments for investments	(39,924)	(34,814)
Net cash provided by investing activities	(25,309)	(20,482)
Net Increase in Cash and Cash Equivalents	24,545	170,361
Cash and cash equivalents at beginning of year (including \$54,276 in restricted cash in 1995)	639,235	468,874
Cash and cash equivalents at end of year (including \$61,079 in restricted cash in 1996)	\$ 663,780	\$ 639,235

See accompanying notes to financial statements.

COMBINED FINANCIAL STATEMENTS - OVERVIEW



SMITH PUGH RABINOWITZ L.L.P. CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

The Honorable Billy Maxey, Mayor
and the Members of the Board of Aldermen of
The Town of Haughton, Louisiana

We have audited the accompanying general purpose financial statements of the Town of Haughton, Louisiana, as of and for the year ended December 31, 1996, as listed in the table of contents. These general purpose financial statements are the responsibility of the Town of Haughton, Louisiana's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

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

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Town of Haughton, Louisiana, as of December 31, 1996, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued a report dated April 8, 1997, on our consideration of the Town of Haughton, Louisiana's internal control structure and a report dated April 8, 1997, on its compliance with laws and regulations.

Our audit was conducted for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The Schedule of Mayor's and Aldermen's Compensation and Reimbursed Expenses on page 17 is presented for the purpose of additional analysis and is not a required part of the general purpose financial statements of the Town of Haughton, Louisiana. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

Smith Pugh Rabinowitz LLP
Certified Public Accountants

April 8, 1997

TOWN OF HAUGHTON, LOUISIANA

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TOWN OF HAUGHTON, LOUISIANA

OFFICE OF THE
TOWN CLERK
1007 BROADWAY
HAUGHTON, LOUISIANA 70401
PHONE: 337-833-2261

Financial Statements

December 31, 1996

These financial statements were prepared by the Town of Haughton, Louisiana, and are subject to audit. The audit was conducted by the Louisiana State Auditor, and the audit report is attached hereto. The audit report contains the auditor's opinion on the financial statements and the auditor's findings. The auditor's opinion is that the financial statements are true and correct in all material aspects. The auditor's findings are that the financial statements are in accordance with the Louisiana State Auditor's standards. The auditor's report is dated December 31, 1996.

Approved: _____
Town Clerk

TOWN OF HAUGHTON, LOUISIANA

Combined Statement of Revenues, Expenditures, and Changes in Fund Balance - All Governmental Fund Types Year Ended December 31, 1996

	<u>Governmental Fund Types</u>			<u>Totals (Memorandum Only)</u>	
	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>1996</u>	<u>1995</u>
Revenues:					
Taxes	\$ 402,648	\$ 28,217	\$	\$ 430,865	\$ 338,325
Licenses and permits	98,419			98,419	83,921
Intergovernmental	33,748			33,748	61,557
Fines and forfeits	120,838			120,838	139,543
Federal and state grants					346,001
Interest	17,595	2,987		20,582	16,238
Miscellaneous	31,629	1,297		32,926	10,830
Total revenues	<u>704,877</u>	<u>32,501</u>	<u>-</u>	<u>737,378</u>	<u>996,415</u>
Expenditures:					
Current:					
General government	119,083			119,083	92,671
Public safety:					
Police	162,796			162,796	129,298
Fire	70,821			70,821	79,117
Streets and drainage	34,348			34,348	33,916
Grant expenditures					346,001
Capital outlays	45,314			45,314	133,337
Debt service:					
Principal retirement		19,000		19,000	19,000
Interest and fiscal charges		29,033		29,033	32,356
Total expenditures	<u>432,362</u>	<u>48,033</u>	<u>-</u>	<u>480,395</u>	<u>865,696</u>
Excess (deficiency) of revenues over expenditures	<u>272,515</u>	<u>(15,532)</u>	<u>-</u>	<u>256,983</u>	<u>130,719</u>
Other financing sources (uses):					
Operating transfers in	3,250	36,998		40,248	40,162
Operating transfers out	(43,142)			(43,142)	(42,202)
Total other financing sources (uses)	<u>(39,892)</u>	<u>36,998</u>	<u>-</u>	<u>(2,894)</u>	<u>(2,040)</u>
Excess of revenues over expenditures and other financing sources (uses)	<u>232,623</u>	<u>21,466</u>	<u>-</u>	<u>254,089</u>	<u>128,679</u>
Fund balance at beginning of year	<u>498,658</u>	<u>127,140</u>	<u>-</u>	<u>625,798</u>	<u>497,119</u>
Fund balance at end of year	<u>\$ 731,281</u>	<u>\$ 148,606</u>	<u>\$ -</u>	<u>\$ 879,887</u>	<u>\$ 625,798</u>

See accompanying notes to financial statements.

TOWN OF HAUGHTON, LOUISIANA

Notes to Financial Statements
December 31, 1996

3. Ad Valorem Taxes (Continued)

The Town levies taxes at the rate of 13.28 mills on the dollar of assessed valuation of property. Of the total millage levied, 4.59 mills is available for general purposes and 8.69 mills is dedicated for retirement of general obligation bonds. The assessed valuation of property was \$3,247,010 for the year ended December 31, 1996. Total taxes levied after adjustments were \$43,121.

4. Interfund Receivables, Payables

A summary of interfund receivables and payables is as follows:

	Interfund Receivable	Interfund Payable
General Fund	\$ -	\$ 1,592
Enterprise Funds	1,593	-
Capital Projects Fund	-	1
	\$ 1,593	\$ 1,593

5. Components of Restricted Assets

Restricted assets consisting of cash and cash equivalents and investments in interest bearing certificates of deposit maturing in more than three months at December 31, 1996, were as follows:

Debt Service Fund		
Sales Tax Bond Sinking Fund		\$ 5,171
Sales Tax Bond Reserve Fund		17,356
Current Bond Payment Due		5,000
Enterprise Fund		
Water Revenue Bonds		7,245
Water Revenue Bonds Sinking Fund		34,459
Water Revenue Bonds Reserve Fund		15,843
Customer Deposits		47,785
Contract Deposits		10,000
Total		\$ 142,859

6. Changes in General Fixed Assets

A summary of changes in general fixed assets is as follows:

	Balance December 31, 1995	Additions	Deletions	Balance December 31, 1996
Land	\$ 29,450	\$ -	\$ -	\$ 29,450
Buildings and improvements	629,501	3,914	-	633,415
Equipment	413,736	41,400	12,153	442,983
	\$ 1,072,687	\$ 45,314	\$ 12,153	\$ 1,105,848

Debt Service Fund			Capital Projects			Totals (Memorandum Only)		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$ 23,000	\$ 28,217	\$ 5,217	\$	\$	\$	\$ 313,000	\$ 430,865	\$ 117,865
						75,000	98,419	23,419
						16,900	33,748	16,848
						60,000	120,838	60,838
1,500	2,987	1,487				10,000	20,582	10,582
-	1,297	1,297				5,000	32,926	27,926
<u>24,500</u>	<u>32,501</u>	<u>8,001</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>479,900</u>	<u>737,378</u>	<u>257,478</u>
						119,817	119,083	734
						128,665	162,796	(34,131)
						70,884	70,821	63
						48,000	34,348	13,652
						32,000	45,314	(13,314)
19,000	19,000	-				19,000	19,000	-
<u>28,814</u>	<u>29,033</u>	<u>(219)</u>				<u>28,814</u>	<u>29,033</u>	<u>(219)</u>
<u>47,814</u>	<u>48,033</u>	<u>(219)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>447,180</u>	<u>480,395</u>	<u>(33,215)</u>
<u>(23,314)</u>	<u>(15,532)</u>	<u>7,782</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>32,720</u>	<u>256,983</u>	<u>224,263</u>
42,762	36,998	(5,764)				46,012	40,248	(5,764)
						(45,930)	(43,142)	2,788
<u>42,762</u>	<u>36,998</u>	<u>(5,764)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>82</u>	<u>(2,894)</u>	<u>(2,976)</u>
19,448	21,466	2,018	-	-	-	32,802	254,089	221,287
<u>127,140</u>	<u>127,140</u>	<u>-</u>	<u>1</u>	<u>1</u>	<u>-</u>	<u>625,798</u>	<u>625,798</u>	<u>-</u>
<u>\$ 146,588</u>	<u>\$ 148,606</u>	<u>\$ 2,018</u>	<u>\$ 1</u>	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ 658,600</u>	<u>\$ 879,887</u>	<u>\$ 221,287</u>



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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
BASED ON AN AUDIT OF GENERAL PURPOSE
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

The Honorable Billy Maxey, Mayor
and the Members of the Board of Aldermen of
The Town of Haughton, Louisiana

We have audited the general purpose financial statements of the Town of Haughton, Louisiana, as of and for the year ended December 31, 1996, and have issued our report thereon dated April 8, 1997.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

Compliance with laws, regulations, contracts, and grants applicable to the Town of Haughton, Louisiana is the responsibility of the Town of Haughton, Louisiana's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the Town of Haughton, Louisiana's compliance with certain provisions of laws, regulations, contracts, and grants. However, providing an opinion on overall compliance with such provisions was not an objective of our audit of the financial statements. Accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

This report is intended for the information of Management and the Board of Aldermen. However, this report is a matter of public record and its distribution is not limited.

Smith Pugh Rabinowitz LLP
Certified Public Accountants

April 8, 1997

TOWN OF HAUGHTON, LOUISIANA

Notes to Financial Statements
December 31, 1996

2. Cash and Cash Equivalents

At December 31, 1996, the carrying amount of the Town's deposits was \$1,583,528 and the bank balance was \$1,593,933. Of the total bank balance, \$100,000 was covered by federal depository insurance and \$870,000 was covered by a U.S. Treasury Note in the amount of \$870,000 held as collateral at the Federal Reserve Bank of New Orleans, and the Town's safekeeping bank agent, in the Town's name. The Town has a three-party safekeeping agreement between the Town, Bank One and the Federal Reserve Bank of New Orleans.

The carrying amount of the Town's deposits of each fund are comprised of the following:

	Cash and Cash Equivalent	Investments	Total
General Fund	\$ 9,798	\$ 715,289	\$ 725,087
Debt Service Fund	-	135,303	135,303
Enterprise Funds	663,280	59,858	723,138
	\$ 673,078	\$ 910,450	\$ 1,583,528

The Town's deposits are categorized to give an indication of the level of risk assumed by the Town at year end. Category 1 includes deposits that are insured or registered or for which the securities are held by the Town or its agent in the Town's name. Category 2 includes uninsured and unregistered deposits for which the securities are held by the counterparty's trust department or agent in the Town's name. Category 3 includes uninsured and unregistered deposits for which the securities are held by the counterparty, or by its trust department or agent but not in the Town's name.

Description	Category			Carrying Amount	Market Value
	1	2	3		
FDIC Insurance	\$ 100,000	\$ -	\$ -	\$ 100,000	\$ 100,000
U.S. Treasury Note	870,000	-	-	870,000	870,000
Uncollaterized	-	-	623,933	623,933	623,933
	\$ 970,000	\$ -	\$ 623,933	\$ 1,593,933	\$ 1,593,933

Investment pools are under the custody of the Town Clerk. Investing is performed in accordance with investment policies complying with State Statutes and the Town Charter. Pooled funds may be invested in: (1) direct obligations of the United States government to the payment of which the full faith and credit of the United States government is pledged, (2) certificates of deposit at savings and loan associations and federally insured banks when secured by acceptable collateral, and (3) savings accounts at savings and loan associations and banks, to the extent fully insured.

3. Ad Valorem Taxes

Taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied in November and are payable at December 31. The Town bills and collects its own property tax. Property tax revenues are recognized when levied to the extent that they result in current receivables.

TOWN OF HAUGHTON, LOUISIANA

Notes to Financial Statements
December 31, 1996

6. Changes in General Fixed Assets (Continued)

A summary of proprietary fund-type assets as of December 31, 1996, is as follows:

	Sewer Fund	Water Fund	Total
Land	\$	\$ 17,200	\$ 17,200
Buildings	5,666	4,812	10,478
Water system		1,786,370	1,786,370
Sewer system	1,816,155		1,816,155
Equipment	16,314	79,965	96,279
	1,838,135	1,888,347	3,726,482
Less accumulated depreciation	764,174	700,464	1,464,638
Property, plant and equipment - net	\$ 1,073,961	\$ 1,187,883	\$ 2,261,844

7. Changes in Long-term Debt

The following is a summary of bond transactions of the Town of Haughton for the year ended December 31, 1996:

	Proprietary Fund - Revenue	General Obligation	Revenue	Total
Bonds payable at January 1, 1996	\$ 315,732	\$ 90,000	\$ 397,000	\$ 802,732
Debt retired - serial bonds	(12,650)	(5,000)	(14,000)	(31,650)
Bond payable at December 31, 1996	\$ 303,082	\$ 85,000	\$ 383,000	\$ 771,082

Bonds payable at December 31, 1996, are comprised of the following issues:

General Obligation Bonds

\$125,000, 1986 public improvement serial bonds due in annual installments of \$5,000 to \$10,000 through March 1, 2006; interest at 8.00% to 12.00%, callable on or after March 1, 1997

\$ 85,000

Revenue Bonds

\$423,000, Sales Tax Refunding Bonds, Series 1994, due in annual installments of \$12,000 to \$34,000 through November 1, 2013; interest at 3.2% to 6.0%.

383,000

\$332,000 water revenue bonds, Series A and B, dated February 1, 1993, due in annual installments approximately \$28,473; including interest to yield 6.26%, maturing February 1, 2013.

303,082

Total Bonds Payable

\$ 771,082

TOWN OF HAUGHTON, LOUISIANA

Notes to Financial Statements
December 31, 1996

7. Changes in Long-term Debt (Continued)

The annual requirements to amortize all debt outstanding as of December 31, 1996, including interest payments at \$428,917 are as follows:

Year Ending December 31,	Sales Tax Refunding Bonds Series 1994	General Obligation Bonds 03/01/06	Proprietary Fund Series A & B	Total
1997	\$ 35,626	\$ 11,855	\$ 30,936	\$ 78,417
1998	36,026	16,250	35,661	87,937
1999	35,354	15,435	35,086	85,875
2000	35,650	14,610	34,486	84,746
2001	35,885	13,778	33,871	83,534
2002-2013	<u>426,773</u>	<u>47,140</u>	<u>310,918</u>	<u>784,831</u>
Totals	<u>\$ 605,314</u>	<u>\$ 119,068</u>	<u>\$ 480,958</u>	<u>\$1,205,340</u>

8. Sinking Fund Requirements

Under the terms of the Sales Tax Refunding Bonds, Series 1994, all proceeds derived from the levy and collection of the one percent (1%) sales tax are to be used in the following order or priority:

- A. The payment of all reasonable and necessary expenses of collection and administration of the tax.
- B. The establishment and maintenance of a Sales Tax Bond Sinking Fund - 1994 sufficient in amount to pay promptly and fully the principal of and the interest on the bonds as they become payable by transferring from the Sales Tax Fund to the Sinking Fund on or before the 20th day of each month, a sum equal to one-twelfth (1/12) of the principal and one-sixth (1/6) of the interest falling due on the next payment date.
- C. The establishment and maintenance of a Sales Tax Bond Reserve Fund - 1994 by transferring a lump sum of \$12,000 and, thereafter, monthly from the Sales Tax Fund to the Reserve Fund a sum at least equal to five percent (5%) of the amount required to be paid monthly in to the Sinking Fund, and to continue until such time as there has been accumulated in the Reserve Fund sums in an amount equal to the ten percent (10%) of the proceeds of the bonds (\$42,300) or the highest combined principal and interest requirements for any succeeding bond year (\$36,040). The money is to be retained solely for the purpose of paying the principal of and interest on bonds payable from the Sinking Fund as to which there would otherwise be default.
- D. All money remaining in the Sales Tax Fund on the 20th day of the month in excess of these requirements shall be considered surplus. Such surplus may be used by the Town for any of the purposes for which the imposition of the tax is authorized or for the purpose of retiring installments of principal of the bond in advance of their payment date.

Under the terms of the 1993 Series A and B water revenue bonds, the following funds are to be maintained with respect to the bonds.

TOWN OF HAUGHTON, LOUISIANA

Notes to Financial Statements
December 31, 1996

8. Sinking Fund Requirements (Continued)

- A. As provided in the Resolution, all income and revenues earned or derived from the operation of the System shall be deposited as the same may be collected in the Revenue Fund. Out of the funds on deposit in the Revenue Fund, after the reasonable and necessary expenses of operating and maintaining the System have been paid, monies are to be transferred to the Sinking Fund, the Reserve Fund and/or the Contingencies Fund as provided in the Resolution.
- B. The Sinking Fund is designed to achieve a proper matching of revenues and debt service on the bonds and any additional parity bonds within each Bond Year (ending February 1). Amounts transferred from the Revenue Fund and the Reserve Fund and deposited in the Sinking Fund will be applied to the next payment of principal or interest on the bonds following such transfer. The issuer is required by the Resolution to make monthly deposits into the Sinking Fund, the Reserve Fund and the Contingency Fund from the Net Revenues, no later than the 20th day of each month in the amount of \$2,972 for 1997. All amounts deposited in the Sinking Fund are expected to be deleted at least once a year on February 1 (the principal and interest payment date for the bonds), except for a reasonable carryover amount which will not exceed the greater of (i) one year's earnings on such funds, or (ii) 1/12 of the annual debt service on the bonds and any additional parity bonds payable therefrom.
- C. The Reserve Fund is maintained solely for the purpose of paying the principal of and the interest on bonds payable from the Sinking Fund as to which there would otherwise be default (except such amounts as may be payable to the United States of America as a rebate of arbitrage pursuant to Section 148(f) of the Code). A sum of \$10,000 deposited therein simultaneously with the delivery of the bonds and thereafter a monthly payment at least equal to five percent (5%) of the monthly Sinking Fund payment until an amount equal to the Reserve Fund requirement is accumulated therein.
- D. The Contingencies Fund is established to care for extensions, additions, improvements, renewals and replacements necessary to properly operate the System, by transferring from the System Fund on or before the 20th day of each month of each year a sum of \$148. Such payments into the Contingencies Fund are to continue over the life of the bonds. In addition to caring for extensions, additions, improvements, renewals and replacements necessary to properly operate the System, the money in the Contingencies Fund may also be used to pay the principal of and the interest bonds, including any additional pari passu bonds issued hereafter in the manner provided by the Resolution, for the payment of which there is not sufficient money in the Sinking Fund or Reserve Fund.

9. Retirement Commitments

Municipal Police Employees Retirement System of Louisiana (System)

A. Plan Description

All full-time police department employees engaged in law enforcement are required to participate in the System. Employees who retire at or after age 50 with at least 20 years of creditable service or at or after age 55 with at least 12 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 1/3 percent of their final-average salary for each year of creditable service. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

TOWN OF HAUGHTON, LOUISIANA

Notes to Financial Statements
December 31, 1996

9. Retirement Commitments (Continued)

Municipal Police Employees Retirement System of Louisiana (System) (Continued)

A. Plan Description (Continued)

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Police Employees Retirement System of Louisiana, 8401 United Plaza Boulevard, Baton Rouge, Louisiana 70809-2250, or by calling (504) 929-7411.

B. Funding Policy

Plan members are required by state statute to contribute 7.5 percent of their annual covered salary and the Town of Haughton is required to contribute at an actually determined rate. The current rate is 9.0 percent of annual covered payroll. The contribution requirements of plan members and the Town of Haughton are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Town of Haughton's required contributions to the System for the years ending December 31, 1996, 1995, and 1994, were \$6,852, \$6,634, and \$5,744, respectively. The amounts actually contributed by the town for the years ending December 31, 1996, 1995, and 1994, were \$7,861, \$6,824, and \$5,825, respectively.

10. Interfund Operating Transfers

Individual fund operating transfers for fiscal year 1996, were as follows:

	Transfer In	Transfer Out
General Fund	\$ 3,250	\$ 43,142
Debt Service Fund	36,998	-
Water Fund	3,072	1,625
Sewer Fund	3,072	1,625
Totals	\$ 46,392	\$ 46,392

11. Commitments and Contingencies

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 carries commercial insurance for all risks of loss, including workers' compensation and employee health and accident insurance. Settlements have not exceeded insurance coverage in any of the past three fiscal years.

The Town participates in certain federal and state assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. Any liability for reimbursement which may arise as the result of these audits is not believed to be material.

Litigation - The Town is the defendant in various lawsuits arising principally in normal course of operations. In the opinion of the administration, the outcome of these lawsuits will not have a material adverse effect on the accompanying combined financial statements and accordingly, no provision for losses has been recorded.

SUPPLEMENTARY INFORMATION

TOWN OF HAUGHTON, LOUISIANA

Schedule of Mayor's and Aldermen's Compensation and Reimbursed Expenses For the Year Ended December 31, 1996

	<u>Compensation</u>	<u>Reimbursed Expenses</u>	<u>Total</u>
Mayor Maxey	\$ 15,000.00	\$ 579.01	\$ 15,579.01
Alderman Hollis	3,600.00	150.00	3,750.00
Alderman Cole	3,900.00	200.00	4,100.00
Alderman Hicks	3,600.00	200.00	3,800.00
Alderman Anderson	3,600.00	200.00	3,800.00
Alderman Winnfield	<u>3,600.00</u>	<u>200.00</u>	<u>3,800.00</u>
Totals	<u>\$ 33,300.00</u>	<u>\$ 1,529.01</u>	<u>\$ 34,829.01</u>

OTHER REPORTS



SMITH PUGH RABINOWITZ L.L.P. CERTIFIED PUBLIC ACCOUNTANTS

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
STRUCTURE BASED ON AN AUDIT OF GENERAL PURPOSE FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

The Honorable Billy Maxey, Mayor
and the Members of the Board of Aldermen of
The Town of Haughton, Louisiana

We have audited the general purpose financial statements of the Town of Haughton, Louisiana, as of and for the year ended December 31, 1996, and have issued our report thereon dated April 8, 1997.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement.

The management of the Town of Haughton, Louisiana is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of general purpose financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

In planning and performing our audit of the general purpose financial statements of the Town of Haughton, Louisiana, for the year ended December 31, 1996, we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control structure and its operation that we consider to be material weaknesses as defined above.

This report is intended for the information of Management and the Board of Aldermen. However, this report is a matter of public report, and its distribution is not limited.

Smith Pugh Rabinowitz LLP
Certified Public Accountants

April 8, 1997

TOWN OF HAUGHTON, LOUISIANA

Notes to Financial Statements
December 31, 1996

1. Summary of Significant Accounting Policies (Continued)

H. Property, Plant, and Equipment - (Continued)

Water and Sewer System

Additions to the utility plant in service are recorded at cost or, if contributed property, at their estimated fair value at time of contribution. Repairs and maintenance are recorded as expenses; renewals and betterments are capitalized. The sale or disposal of fixed assets is recorded by removing cost and accumulated depreciation from the accounts and charging the resulting gain or loss to income.

Depreciation has been calculated on each class of depreciable property using the straight-line basis, with one-half year's depreciation calculated in the year of acquisition. The estimated service lives by asset type are as follows:

Building	15-40 Years
Water Reservation and Treatment Plant	10-40 Years
Transmission and Distribution System	10-40 Years
Equipment	3 & 10 Years

I. **Restricted Assets** - The Debt Service and Enterprise Funds, because of certain bond covenants, are required to establish and maintain prescribed amounts of resources (consisting of cash and temporary investments) that can be used only to service outstanding debt. The Enterprise Funds also restrict customer and vendor deposits.

J. **Compensated Absences** - No liability is recorded for nonvesting accumulations rights to receive vacation or sick pay benefits.

K. **Comparative Data** - Comparative totals for the prior year have been presented in the accompanying general purpose financial statements in order to provide an understanding of changes in the Town's financial position and operations. However, presentation of prior year amounts by fund type have not been presented in each of the statements since their inclusions would make the statements unduly complex and difficult to read.

L. **Total Columns on Combined Statements** - Total columns on the combined statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in cash flows in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

M. **Statements 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 three months or less to be cash equivalents.

N. **Refundable Deposits** - The Water Fund of the Town requires customers to place a deposit before service is rendered. These monies are considered restricted and are held until the customer discontinues service.

O. **Reclassification** - Certain 1995 amounts were reclassified to conform to 1996 presentation.