

TOWN OF HAUGHTON, LOUISIANA

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Financial Statements

December 31, 1995

PARISH CLERK OF COURT

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Legislative Auditor

TOWN OF HAUGHTON, LOUISIANA

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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, 1995, 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; Government Auditing Standards, issued by the Comptroller General of the United States; and the provisions of Office of Management and Budget (OMB) Circular A-128, Audits of State and Local Governments. Those standards and OMB Circular A-128 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, 1995, 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 May 2, 1996, on our consideration of the Town of Haughton, Louisiana's internal control structure and a report dated May 2, 1996, 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 21 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

May 2, 1996

COMBINED FINANCIAL STATEMENTS - OVERVIEW

TOWN OF HAUGHTON, LOUISIANA

Combined Balance Sheet - All Fund Types and Account Groups December 31, 1995

	Governmental Fund Types			Proprietary Fund Type	Account Groups		Totals (Memorandum Only)	
	General	Debt Service	Capital Projects		Enterprise	General Fixed Assets	General Long-term Debt	1995
ASSETS								
Cash and cash equivalents	\$ 2,392	\$	\$ 1	\$ 584,960	\$		\$ 587,353	\$ 427,956
Investments, at cost	493,321	93,234		5,605			592,160	462,921
Receivables (net where applicable, of allowances for uncollectibles):								
Taxes	4,205	7,960					12,165	15,809
Accounts			40,296	47,991			88,287	45,946
Interest	323			1,857			2,180	1,223
Water revenue bond								24,000
Other								92
Prepaid expenses	6,544						6,544	8,486
Due from other funds	(484)			3,151			2,667	7,045
Restricted assets:								
Cash and cash equivalents							54,276	50,904
Investments, at cost		25,946					78,046	74,790
Property, plant and equipment (net of accumulated depreciation)								
Amount available in Debt Service Funds				2,343,868	1,072,687		3,416,555	3,026,946
Amount to be provided for retirement of general long-term debt						127,139	127,139	114,349
Total assets	<u>\$ 506,301</u>	<u>\$ 127,140</u>	<u>\$ 40,297</u>	<u>\$ 3,093,808</u>	<u>\$ 1,072,687</u>	<u>\$ 487,000</u>	<u>359,861</u>	<u>391,651</u>
							<u>\$ 5,327,233</u>	<u>\$ 4,652,118</u>

TOWN OF HAUGHTON, LOUISIANA

Combined Balance Sheet - All Fund Types and Account Groups
December 31, 1995

	Governmental Fund Types			Proprietary Fund Type		Account Groups		Totals (Memorandum Only)	
	General	Debt Service	Capital Projects	Enterprise	General Fixed Assets	Long-term Debt	1995	1994	
LIABILITIES									
Accounts payable	\$ 5,623			\$ 39,883			\$ 82,652	\$ 26,611	
Accrued expenses	2,020						2,020	1,562	
Due to other funds			3,151	(484)			2,667	7,045	
Payable from restricted assets:									
Current portion of bonds payable				11,201		19,000	30,201	29,836	
Deposits				54,575			54,575	50,230	
General obligation bonds payable				304,531		85,000	85,000	90,000	
Revenue bonds payable				409,706		383,000	687,531	712,945	
Total liabilities	<u>7,643</u>	<u>-</u>	<u>40,297</u>	<u>409,706</u>	<u>-</u>	<u>487,000</u>	<u>944,646</u>	<u>918,229</u>	
FUND EQUITY									
Contributed capital				1,597,768			1,597,768	1,680,755	
Investment in general fixed assets					1,072,687		1,072,687	596,095	
Retained earnings:									
Reserved				10,000			10,000	101,191	
Unreserved				1,076,334			1,076,334	858,728	
Fund balances:									
Reserved for debt service		127,140					127,140	114,350	
Unreserved - undesignated	498,658			1,086,334			498,658	382,770	
Total retained earnings/fund balances	<u>498,658</u>	<u>127,140</u>		<u>1,086,334</u>			<u>1,712,132</u>	<u>1,457,039</u>	
Total fund equity	<u>498,658</u>	<u>127,140</u>		<u>2,684,102</u>	<u>1,072,687</u>		<u>4,382,587</u>	<u>3,733,889</u>	
Total liabilities and fund equity	<u>\$ 506,301</u>	<u>\$ 127,140</u>	<u>\$ 40,297</u>	<u>\$ 3,093,808</u>	<u>\$ 1,072,687</u>	<u>\$ 487,000</u>	<u>\$ 5,327,233</u>	<u>\$ 4,652,118</u>	

TOWN OF HAUGHTON, LOUISIANA

Combined Statement of Revenues, Expenditures, and Changes in Fund Balance - All Governmental Fund Types Year Ended December 31, 1995

	<u>Governmental Fund Types</u>			<u>Totals</u> (Memorandum Only)	
	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>1995</u>	<u>1994</u>
Revenues:					
Taxes	\$ 314,153	\$ 24,172	\$	\$ 338,325	\$ 311,387
Licenses and permits	83,921			83,921	74,082
Intergovernmental	61,557			61,557	20,687
Fines and forfeits	139,543			139,543	101,494
Federal and state grants			346,001	346,001	-
Interest	13,202	3,036		16,238	11,901
Miscellaneous	10,803	26	1	10,830	7,079
Total revenues	<u>623,179</u>	<u>27,234</u>	<u>346,002</u>	<u>996,415</u>	<u>526,630</u>
Expenditures:					
Current:					
General government	92,671			92,671	124,605
Public safety:					
Police	129,298			129,298	114,468
Fire	79,117			79,117	62,991
Streets and drainage	33,916			33,916	29,615
Grant expenditures			346,001	346,001	
Capital outlays	133,337			133,337	5,652
Debt service:					
Principal retirement		19,000		19,000	17,000
Interest and fiscal charges		32,356		32,356	34,961
Bond refunding fees					17,085
Total expenditures	<u>468,339</u>	<u>51,356</u>	<u>346,001</u>	<u>865,696</u>	<u>406,377</u>
Excess (deficiency) of revenues over expenditures	<u>154,840</u>	<u>(24,122)</u>	<u>1</u>	<u>130,719</u>	<u>120,253</u>
Other financing sources (uses):					
Operating transfers in	3,250	36,912		40,162	46,012
Operating transfers out	(42,202)			(42,202)	(45,700)
Proceeds of refunding debt					423,000
Payment of refunded debt agent					(406,741)
Total other financing sources (uses)	<u>(38,952)</u>	<u>36,912</u>	<u>-</u>	<u>(2,040)</u>	<u>16,571</u>
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	<u>115,888</u>	<u>12,790</u>	<u>1</u>	<u>128,677</u>	<u>136,824</u>
Fund balance at beginning of year	<u>382,770</u>	<u>114,350</u>	<u>-</u>	<u>497,120</u>	<u>360,296</u>
Fund balance at end of year	<u>\$ 498,658</u>	<u>\$ 127,140</u>	<u>\$ 1</u>	<u>\$ 625,799</u>	<u>\$ 497,120</u>

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, 1995

	General Fund		
	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Taxes	\$ 236,000	\$ 314,153	\$ 78,153
Licenses and permits	72,000	83,921	11,921
Intergovernmental	18,100	61,557	43,457
Federal and state grants			
Fines and forfeits	50,000	139,543	89,543
Interest	6,000	13,202	7,202
Miscellaneous	10,000	10,803	803
Total revenues	392,100	623,179	231,079
Expenditures:			
Current:			
General government	102,500	92,671	9,829
Public safety:			
Police	114,500	129,298	(14,798)
Fire	63,650	79,117	(15,467)
Streets and drainage	48,585	33,916	14,669
Grant expenditures			
Capital outlays	71,648	133,337	(61,689)
Debt service:			
Principal retirements			
Interest and fiscal charges			
Total expenditures	400,883	468,339	(67,456)
Excess (deficiency) of revenues over expenditures	(8,783)	154,840	163,623
Other financing sources (uses):			
Operating transfers in	3,250	3,250	-
Operating transfers out	(45,576)	(42,202)	3,374
Total other financing sources (uses)	(42,326)	(38,952)	3,374
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	(51,109)	115,888	166,997
Fund balance at beginning of year	382,770	382,770	-
Fund balance at end of year	\$ 331,661	\$ 498,658	\$ 166,997

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS.

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	\$ 24,172	\$ 1,172	\$	\$	\$	\$ 259,000	\$ 338,325	\$ 79,325
						72,000	83,921	11,921
						18,100	61,557	43,457
			346,001	346,001	-	346,001	346,001	-
						50,000	139,543	89,543
1,800	3,036	1,236				7,800	16,238	8,438
	26	26		1	1	10,000	10,830	830
<u>24,800</u>	<u>27,234</u>	<u>2,434</u>	<u>346,001</u>	<u>346,002</u>	<u>1</u>	<u>762,901</u>	<u>996,415</u>	<u>233,514</u>
						102,500	92,671	9,829
						114,500	129,298	(14,798)
						63,650	79,117	(15,467)
						48,585	33,916	14,669
			346,001	346,001	-	346,001	346,001	-
						71,648	133,337	(61,689)
15,000	19,000	(4,000)				15,000	19,000	(4,000)
<u>40,651</u>	<u>32,356</u>	<u>8,295</u>				<u>40,651</u>	<u>32,356</u>	<u>8,296</u>
<u>55,651</u>	<u>51,356</u>	<u>4,295</u>	<u>346,001</u>	<u>346,001</u>	<u>-</u>	<u>802,535</u>	<u>865,696</u>	<u>(63,161)</u>
<u>(30,851)</u>	<u>(24,122)</u>	<u>6,729</u>	<u>-</u>	<u>1</u>	<u>1</u>	<u>(39,634)</u>	<u>130,719</u>	<u>170,353</u>
42,762	36,912	(5,850)				46,012	40,162	(5,850)
						(45,576)	(42,202)	3,374
<u>42,762</u>	<u>36,912</u>	<u>(5,850)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>436</u>	<u>(2,040)</u>	<u>(2,476)</u>
<u>11,911</u>	<u>12,790</u>	<u>879</u>		<u>1</u>	<u>1</u>	<u>(39,198)</u>	<u>128,678</u>	<u>167,877</u>
<u>114,350</u>	<u>114,350</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>497,120</u>	<u>497,120</u>	<u>-</u>
<u>\$ 126,261</u>	<u>\$ 127,140</u>	<u>\$ 879</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 1</u>	<u>\$ 457,922</u>	<u>\$ 625,799</u>	<u>\$ 167,877</u>

TOWN OF HAUGHTON, LOUISIANA

Combined Statement of Revenues, Expenses, and
Changes in Retained Earnings - Proprietary Fund
Year Ended December 31, 1995
With Comparative Totals for Year Ended December 31, 1994

	Enterprise Funds	
	1995	1994
Operating revenues:		
Metered water sales	\$ 190,847	\$ 176,512
Installation charges	2,345	4,580
Sewerage service charges	114,975	115,758
Solid waste disposal service charges	83,296	69,704
Miscellaneous revenues	16,508	26,985
Total operating revenues	407,971	393,539
Operating expenses:		
Personal services	102,967	88,769
Supplies	43,824	41,315
Utilities	18,361	18,275
Repairs and maintenance	17,416	25,159
Contractual services	68,137	61,247
Miscellaneous	29,853	32,185
Depreciation	119,984	120,541
Total operating expenses	400,542	387,491
Operating loss	7,429	6,048
Nonoperating revenues:		
Interest income	14,356	11,318
Bond interest expense	(20,399)	(15,008)
Grant revenue	40,000	-
Total nonoperating revenues	33,957	(3,690)
Income (loss) before operating transfers	41,386	2,358
Other financing sources (uses):		
Operating transfers in	5,290	2,938
Operating transfers out	(3,250)	(3,250)
Total other financing sources (uses)	2,040	(312)
Net income	43,426	2,046
Amount charged to contribution accounts - depreciation on fixed assets	82,989	82,989
Retained earnings at beginning of year	959,919	874,884
Retained earnings at end of year	\$ 1,086,334	\$ 959,919

TOWN OF HAUGHTON, LOUISIANA

Combined Statement of Cash Flows - Proprietary Fund
 Year Ended December 31, 1995
With Comparative Totals for Year Ended December 31, 1994

	Enterprise Funds	
	1995	1994
Cash flows from operating activities:		
Operating income	\$ 47,431	\$ 6,048
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation	119,984	120,541
Prior period adjustment	-	15,551
Increase in accounts receivable	21,955	(14,941)
Increase in prepaid expenses	5,092	190
Increase in accounts payable	26,638	(19,097)
Increase in customers' deposits	4,345	3,140
Total adjustments	178,014	105,384
Net cash provided by operating activities	225,445	111,432
Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets	-	(40,189)
Proceeds from issuing bonds	-	18,800
Principal payments	(11,049)	(5,219)
Interest paid	(21,102)	(15,008)
Net cash used for capital and related financing activities	(32,151)	(41,616)
Cash flows from noncapital financing activities:		
Operating transfers in (out)	(2,451)	(487)
Net cash provided (used) by noncapital financing activities	(2,451)	(487)
Cash flows from investing activities:		
Interest income received	14,332	11,189
Payments for investments	(34,814)	(2,323)
Net cash provided by investing activities	(20,482)	8,866
Net Increase in Cash and Cash Equivalents	170,361	78,195
Cash and cash equivalents at beginning of year (including \$50,904 in restricted cash in 1994)	468,874	390,678
Cash and cash equivalents at end of year (including \$54,276 in restricted cash in 1995)	\$ 639,235	\$ 468,873

TOWN OF HAUGHTON, LOUISIANA

Notes to Financial Statements
December 31, 1995

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.

TOWN OF HAUGHTON, LOUISIANA

Notes to Financial Statements December 31, 1995

1. Summary of Significant Accounting Policies (Continued)

- 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.
 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. There were no amendments made to the budget for 1994. The 1995 budget was amended February 14, 1995, to reflect the additional cost of a police car and radios for the police department. The budget was 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 \$5,228 and \$5,228 at December 31, 1995 and 1994, respectively.

TOWN OF HAUGHTON, LOUISIANA

Notes to Financial Statements
December 31, 1995

1. Summary of Significant Accounting Policies (Continued)

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.

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.

TOWN OF HAUGHTON, LOUISIANA

Notes to Financial Statements December 31, 1995

1. Summary of Significant Accounting Policies (Continued)

- 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 1994 amounts were reclassified to conform to 1995 presentation.

2. Cash and Cash Equivalents

At December 31, 1995, the carrying amount of the Town's deposits was \$1,311,084 and the bank balance was \$1,325,261. Of the total bank balance, \$100,000 was covered by federal depository insurance and \$1,211,084 was covered by a U.S. Treasury Note in the amount of \$1,250,000 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, Premier Bank and the Federal Reserve Bank of New Orleans.

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

	<u>Cash and Cash Equivalent</u>	<u>Investments</u>	<u>Total</u>
General Fund	\$ 2,142	\$ 493,321	\$ 495,463
Debt Service Fund	93,234	25,946	119,180
Enterprise Funds	<u>638,736</u>	<u>57,705</u>	<u>696,441</u>
	<u>\$ 734,112</u>	<u>\$ 576,972</u>	<u>\$ 1,311,084</u>

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.

TOWN OF HAUGHTON, LOUISIANA

Notes to Financial Statements December 31, 1995

2. Cash and Cash Equivalents (Continued)

Description	Category			Carrying Amount	Market Value
	1	2	3		
FDIC Insurance	\$ 100,000	\$	\$	\$ 100,000	\$ 100,000
U.S. Treasury Note	<u>1,225,261</u>	<u></u>	<u></u>	<u>1,211,084</u>	<u>1,250,000</u>
	<u>\$1,325,261</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,311,084</u>	<u>\$ 1,350,000</u>

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.

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 \$2,781,580 for the year ended December 31, 1995. Total taxes levied after adjustments were \$36,940.

4. Interfund Receivables, Payables

A summary of interfund receivables and payables is as follows:

	Interfund Receivable	Interfund Payable
General Fund	\$ (484)	\$ -
Enterprise Funds	3,151	(484)
Capital Projects Fund	<u>-</u>	<u>3,151</u>
	<u>\$ 2,667</u>	<u>\$ 2,667</u>

TOWN OF HAUGHTON, LOUISIANA

Notes to Financial Statements December 31, 1995

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, 1995, were as follows:

Debt Service Fund		
Sales Tax Bond Sinking Fund	\$	5,352
Sales Tax bond Reserve Fund		15,594
Current Bond Payment Due		5,000
Enterprise Fund		
Water Revenue Bonds		5,341
Water Revenue Bonds Sinking Fund		34,641
Water Revenue Bonds Reserve Fund		14,295
Customer Deposits		42,099
Contract Deposits		<u>10,000</u>
Total	\$	<u>132,322</u>

6. Changes In General Fixed Assets

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

	Balance December 31, 1994	Additions	Deletions	Balance December 31, 1995
Land	\$ 23,000	\$ 6,450	\$ -	\$ 29,450
Buildings and improvements	218,219	68,026		286,245
Equipment	<u>354,876</u>	<u>58,860</u>		<u>413,736</u>
	<u>\$ 596,095</u>	<u>\$ 133,336</u>	<u>\$ -</u>	<u>\$ 729,431</u>

A summary of proprietary fund-type assets as of December 31, 1995, is as follows:

	Sewer Fund	Water Fund	Total
Land	\$ -	\$ 17,200	\$ 17,200
Buildings	5,666	4,812	10,478
Water system		1,748,599	1,748,599
Sewer system	1,816,155		1,816,155
Equipment	<u>16,314</u>	<u>79,965</u>	<u>96,279</u>
	1,838,135	1,850,576	3,688,711
Less accumulated depreciation	<u>716,235</u>	<u>628,608</u>	<u>1,344,843</u>
Property, plant and equipment - net	<u>\$ 1,121,900</u>	<u>\$ 1,221,968</u>	<u>\$ 2,343,868</u>

TOWN OF HAUGHTON, LOUISIANA

Notes to Financial Statements December 31, 1995

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, 1995:

	<u>Proprietary Fund - Revenue</u>	<u>General Obligation</u>	<u>Revenue</u>	<u>Total</u>
Bonds payable at January 1, 1995	\$ 326,781	\$ 95,000	\$ 411,000	\$ 832,781
Debt retired - serial bonds	(11,049)	(5,000)	(14,000)	(30,049)
Debt borrowed				-
Bond payable at December 31, 1995	<u>\$ 315,732</u>	<u>\$ 90,000</u>	<u>\$ 397,000</u>	<u>\$ 802,732</u>

Bonds payable at December 31, 1995, 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 \$ 90,000

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%. 397,000

\$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. 315,732

Total Bonds Payable \$ 802,732

The annual requirements to amortize all debt outstanding as of December 31, 1995, including interest payments at \$480,787 are as follows:

<u>Year Ending December 31,</u>	<u>Sales Tax Refunding Bonds Series 1994</u>	<u>General Obligation Bonds 03/01/06</u>	<u>Proprietary Fund Series A & B</u>	<u>Total</u>
1996	\$ 35,158	\$ 12,255	\$ 31,198	\$ 78,611
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
2001-2013	<u>462,658</u>	<u>60,918</u>	<u>344,790</u>	<u>868,366</u>
Totals	<u>\$ 640,472</u>	<u>\$ 131,323</u>	<u>\$ 512,157</u>	<u>\$1,283,952</u>

TOWN OF HAUGHTON, LOUISIANA

Notes to Financial Statements
December 31, 1995

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.

- 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 \$2,578 for 1996. 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.

TOWN OF HAUGHTON, LOUISIANA

Notes to Financial Statements
December 31, 1995

8. Sinking Fund Requirements (Continued)

- 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 Employees' Retirement System.

A. Plan Description.

All full-time police officers who earn at least \$375 per month excluding supplemental pay, or an elected chief of police whose salary is at least \$100 per month are eligible to receive retirement benefits from the Municipal Police Employees' Retirement System, which is a cost-sharing multiple-employer PERS.

The plan provides retirement benefits, a deferred retirement option plan, and death and disability benefits. A member shall be eligible for regular retirement if he has 20 years or more of creditable service and is at least age 50, or 12 years or more of creditable service and is at least age 55. Benefits best after the members have attained both the age and the years of service requirements which entitle them to regular retirement benefits. Any member who meets the eligibility requirements for regular retirement may elect to receive his benefit in an equal retirement allowance payable throughout life, which is $3 \frac{1}{3}$ x number of years creditable service x annual average final compensation, or he may elect to receive the actuarial equivalent at the time of retirement in a reduced equal monthly retirement allowance payable throughout life.

Act 475 of 1984 established a unique plan by which members of this system could "retire", yet continue employment and defer receipt of retirement benefits until their employment is terminated. In lieu of terminating employment and accepting a service retirement allowance, any member of this system who has at least 20 years of creditable service, and who is eligible to receive a service retirement allowance, may elect to participate in the deferred retirement option plan and defer the receipt of benefits until he terminates employment.

TOWN OF HAUGHTON, LOUISIANA

Notes to Financial Statements
December 31, 1995

9. Retirement Commitments (Continued)

Municipal Employees' Retirement System.

A. Plan Description. (Continued)

In order to receive disability benefits, the member must be an active contributing member of the retirement system at the time the application for disability is filed with the system. The benefit shall be equal to three percent (3%) of the member's average final compensation multiplied by his years of creditable service, but shall not be less than forty percent (40%) or more than sixty percent (60 %) of his average final compensation.

Survivor benefits are payable to the surviving spouse and for surviving minor children of a deceased active contributing member of a deceased disability retiree. If the surviving spouse remarried the benefit shall cease. Benefits are determined by state statute.

The Town's current-year covered payroll is \$73,710 and the Town's total current-year payroll for all employees is \$238,495.

B. Contributions Required and Made.

Employees of the Town are required to pay eight percent (8%) of their earned compensation to the plan. The Town makes annual contributions equal to the amount required by state statutes. During 1995 and 1994, the Town was required to contribute nine percent (9%) of its gross payroll to the plan.

Total contributions made during 1995 amounted to \$12,758, of which \$6,824 was made by the Town and \$5,934 was made by employees. These contributions represented nine percent (9%) (Town) and eight percent (8%) (employees) of covered payroll.

C. Funding Status and Progress.

The amount of the total pension benefit obligation is based on a standardized measurement established by GASB-5 that, with some exceptions, must be used by a PERS. The standardized measurement is the actuarial present value of credited projected benefits. This pension valuation method reflects the present value of estimated pension benefits that will be paid in future years as a result of employee services performed to date, and is adjusted for the effects of projected salary increases. A standardized measure of the pension benefit obligation was adopted by the GASB to enable readers of PERS financial statements to (a) assess the PERS funding status on a going-concern basis, (b) assess progress made in accumulating sufficient assets to pay benefits when due, and (c) make comparisons among other PERS and other employers.

Total unfunded pension benefit obligation of the Municipal Employees Retirement System as of June 30, 1995, was as follows:

Total pension benefit obligations	\$ 736,846,804
Net assets available for pension benefits	<u>755,464,738</u>
Unfunded pension benefit obligation	<u>\$ -</u>

TOWN OF HAUGHTON, LOUISIANA

Notes to Financial Statements December 31, 1995

9. Retirement Commitments (Continued)

C. Funding Status and Progress. (Continued)

The measurement of the total pension benefit obligation is based on an actuarial valuation as of June 30, 1995. Net assets available to pay pension benefits were valued as of the same date. Expected rate of return on investment of present and future assets is 7%. Projected salary increases due in inflation, merit and seniority is based on Technical Paper #16 "Present Value of Estimated Lifetime Earnings", for Clerical and Kindred Workers published by the U. S. Department of Commerce. It is assumed that these rates are increased by 2% during the first 10 years of employment. Pre-retirement deaths and post-retirement life expectancies were projected in accordance with the experience of the 1971 Sex Distinct Group Annuity Mortality Table.

The Town's 1995 contribution to the state PERS represents .05% of the total current-year actuarially determined contribution requirements for all employers covered by the pension plan.

Eight-year historical trend information is presented in the 1995 Municipal Employee's Retirement System Comprehensive Annual Financial Report. This information is useful in assessing the plan's accumulation of sufficient assets to pay benefits as they become due.

- D. During 1995, and as of June 30, 1995, the state PERS held no securities issued by the Town or other related parties.

10. Interfund Operating Transfers

Individual fund operating transfers for fiscal year 1995, were as follows:

	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund	\$ 3,250	\$ 42,202
Debt Service Fund	36,912	
Water Fund	2,645	1,625
Sewer Fund	<u>2,645</u>	<u>1,625</u>
Totals	<u>\$ 45,452</u>	<u>\$ 45,452</u>

11. Commitments and Contingencies

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, 1995

	<u>Compensation</u>	<u>Reimbursed Expenses</u>	<u>Total</u>
Mayor Maxey	\$ 15,096	\$ 546	\$ 15,642
Alderman Hollis	3,672	78	3,750
Alderman Cole	3,696	150	3,846
Alderman Hicks	3,696	374	4,070
Alderman Anderson	3,696	104	3,800
Alderman Winnfield	<u>3,696</u>	<u>104</u>	<u>3,800</u>
Totals	<u>\$ 33,552</u>	<u>\$ 1,356</u>	<u>\$ 34,908</u>

OTHER REPORTS



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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, 1995, and have issued our report thereon dated May 2, 1996.

We conducted our audit in accordance with generally accepted auditing standards; Government Auditing Standards, issued by the Comptroller General of the United States; and the provisions of Office of Management and Budget (OMB) Circular A-128, Audits of State and Local Governments. Those standards and OMB Circular A-128 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, 1995, 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

May 2, 1996



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

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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, 1995, and have issued our report thereon dated May 2, 1996.

We conducted our audit in accordance with generally accepted auditing standards; Government Auditing Standards, issued by the Comptroller General of the United States; and the provisions of Office of Management and Budget (OMB) Circular A-128, Audits of State and Local Governments. Those standards and OMB Circular A-128 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, the objective of our audit of the general purpose financial statements was not to provide an opinion on overall compliance with such provisions. 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

May 2, 1996



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

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**INDEPENDENT AUDITOR'S REPORT ON
INTERNAL CONTROL STRUCTURE USED IN ADMINISTERING
FEDERAL FINANCIAL ASSISTANCE PROGRAMS**

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, 1995, and have issued our report thereon dated May 2, 1996. We have also audited the compliance of the Town of Haughton, Louisiana, with requirements applicable to major federal financial assistance programs and have issued our report thereon dated May 2, 1996.

We conducted our audits in accordance with generally accepted auditing standards; Government Auditing Standards, issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Circular A-128, Audits of State and Local Governments. Those standards and OMB Circular A-128 require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement and about whether the Town of Haughton, Louisiana, complied with laws and regulations, noncompliance with which would be material to a major federal financial assistance program.

In planning and performing our audits for the year ended December 31, 1995, we considered the internal control structure of the Town of Haughton, Louisiana, in order to determine our auditing procedures for the purpose of expressing our opinions on the general purpose financial statements of the Town of Haughton, Louisiana, and on the compliance of the Town of Haughton, Louisiana, with requirements applicable to major programs and to report on the internal control structure in accordance with OMB Circular A-128. This report addresses our consideration of internal control structure policies and procedures relevant to compliance with requirements applicable to federal financial assistance programs. We have addressed internal control structure policies and procedures relevant to our audit of the general purpose financial statements in a separate report dated May 2, 1996.

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, 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, and that federal financial assistance programs are managed in compliance with applicable laws and regulations. Because of inherent limitations in any internal control structure, errors, irregularities, or instances of noncompliance 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.



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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
WITH THE GENERAL REQUIREMENTS APPLICABLE TO
FEDERAL FINANCIAL ASSISTANCE PROGRAMS

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, 1995, and have issued our report thereon dated May 2, 1996.

We have applied procedures to test the Town of Haughton, Louisiana's compliance with the following requirements applicable to its federal financial assistance programs, which are identified in the Schedule of Federal Financial Assistance, for the year ended December 31, 1995: (1) political activity, (2) Davis-Bacon Act, (3) civil rights, (4) cash management, and (5) federal financial reports.

Our procedures were limited to the applicable procedures described in the Office of Management and Budget's Compliance Supplement for Single Audits of State and Local Governments. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the Town of Haughton, Louisiana's compliance with the requirements listed in the preceding paragraphs. Accordingly, we do not express such an opinion.

With respect to the items tested, the results of those procedures disclosed no material instances of noncompliance with the requirements listed in the second paragraph of this report. With respect to items not tested, nothing came to our attention that caused us to believe that the Town of Haughton, Louisiana, had not complied, in all material respects, with those requirements.

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

May 2, 1996



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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
WITH SPECIFIC REQUIREMENTS APPLICABLE TO MAJOR
FEDERAL FINANCIAL ASSISTANCE PROGRAMS**

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, 1995, and have issued our report thereon dated May 2, 1996.

We have also audited the Town of Haughton, Louisiana's compliance with the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, or earmarking; reporting; claims for advances and reimbursements; and amounts claimed or used for matching that are applicable to each of its major federal financial assistance programs, which are identified in the accompanying Schedule of Federal Financial Assistance for the year ended December 31, 1995. The management of the Town of Haughton, Louisiana, is responsible for the Town of Haughton, Louisiana's compliance with those requirements. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit of compliance with those requirements in accordance with generally accepted auditing standards; Government Auditing Standards, issued by the Comptroller General of the United States; and Office of Management and Budget Circular A-128, Audits of State and Local Governments. Those standards and OMB Circular A-128 require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit also includes examining, on a test basis, evidence about the Town of Haughton, Louisiana's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

The results of our audit procedures did not disclose any immaterial instances of noncompliance with the requirements referred to above.

In our opinion, the Town of Haughton, Louisiana, complied, in all material respects, with the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, or earmarking; reporting; claims for advances and reimbursements; and amounts claimed or used for matching that are applicable to each of its major federal financial assistance programs for the year ended December 31, 1995.

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


Certified Public Accountants

May 2, 1996



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

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**INDEPENDENT AUDITOR'S REPORT ON SCHEDULE OF
FEDERAL FINANCIAL ASSISTANCE**

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, 1995, and have issued our report thereon dated May 2, 1996. 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, Government Auditing Standards, issued by the Comptroller General of the United States, and the provisions of Office of Management and Budget Circular A-128, Audits of State and Local Governments. Those standards and OMB Circular A-128 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 financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Our audit was conducted for the purpose of forming an opinion on the general purpose financial statements of the Town of Haughton, Louisiana, taken as a whole. The accompanying Schedule of Federal Financial Assistance is presented for purposes of additional analysis and is not a required part of the general purpose financial statements. The information in that schedule 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

May 2, 1996

TOWN OF HAUGHTON, LOUISIANA

Schedule of Federal Financial Assistance
December 31, 1995

<u>Program Name</u>	<u>Grantor</u>	<u>CFDA No.</u>	<u>Program Amount</u>	<u>Cash Balance January 1, 1995</u>	<u>Receipts</u>	<u>Federal Expenditures</u>	<u>Cash Balance December 31, 1995</u>
Sanitary Sewer System Improvement - Waste Water Treatment Facility	State of Louisiana Division of Administration (LCDBG #101-5097)	14.219	\$ 346,268	\$ -	\$ 346,002	\$ 346,001	\$ 1

SEE NOTES TO SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE.

TOWN OF HAUGHTON, LOUISIANA

Notes to Schedule of Federal Financial Assistance
December 31, 1995

NOTE A - BASIS OF ACCOUNTING

The accompanying Schedule of Federal Financial Assistance is a summary of the cash activity of the Town's federal financial assistance programs and does not present transactions that would be included in financial statements of the Town presented on the accrual basis of accounting, as contemplated by generally accepted accounting principles.

NOTE B - WASTE WATER TREATMENT FACILITY

In accordance with terms of the loan, the Town has expended matching contributions totaling \$346,001 during the year ended December 31, 1995.