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# TOWN OF HAUGHTON, LOUISIANA

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Financial Statements

December 31, 1997

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date MAY 27 1999

# 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, 1997, 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, 1997, 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 March 4, 1998, on our consideration of the Town of Haughton, Louisiana's internal control structure and a report dated March 4, 1998, 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 18 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.

  
Certified Public Accountants

March 4, 1998

## COMBINED FINANCIAL STATEMENTS - OVERVIEW



	Governmental Fund Types			Proprietary Fund Type	Account Groups			Totals	
	General	Debt Service	Capital Projects		Enterprise	General Fixed Assets	General Long-term Debt	1997	1996
								(Memorandum Only)	
<b>LIABILITIES</b>									
Accounts payable	\$ 12,563	\$ -	\$ 2,521	\$ 12,093	\$ -	\$ -	\$ 24,656	\$ 20,822	
Accrued expenses	3,529	-	-	-	-	-	3,529	1,757	
Due to other funds	-	-	-	3,160	-	-	5,681	1,593	
Payable from restricted assets:									
Current portion of bonds payable				17,125		26,000	43,125	31,706	
Deposits				64,225		70,000	64,225	57,785	
General obligation bonds payable				274,154		352,000	70,000	80,000	
Revenue bonds payable				370,757		448,000	626,154	659,376	
<b>Total Liabilities</b>	<b>16,092</b>	<b>-</b>	<b>2,521</b>	<b>370,757</b>	<b>-</b>	<b>448,000</b>	<b>837,370</b>	<b>853,039</b>	
<b>FUND EQUITY</b>									
Contributed capital				1,583,742			1,583,742	1,514,778	
Investment in general fixed assets							1,142,671	1,105,848	
Retained earnings:									
Reserved				10,000			10,000	10,000	
Unreserved				1,227,806			1,227,806	1,147,448	
Fund balances:									
Reserved for debt service		173,705					173,705	148,606	
Unreserved - undesignated	926,492						926,492	731,281	
Total retained earnings/fund balances	926,492	173,705		1,237,806			2,338,003	2,037,335	
<b>Total Fund Equity</b>	<b>926,492</b>	<b>173,705</b>	<b>-</b>	<b>2,821,548</b>	<b>1,142,671</b>	<b>-</b>	<b>5,064,416</b>	<b>4,657,961</b>	
<b>Total Liabilities and Fund Equity</b>	<b>\$ 942,584</b>	<b>\$ 173,705</b>	<b>\$ 2,521</b>	<b>\$ 3,192,305</b>	<b>\$ 1,142,671</b>	<b>\$ 448,000</b>	<b>\$ 5,901,786</b>	<b>\$ 5,511,000</b>	

2 See accompanying notes to financial statements.

## TOWN OF HAUGHTON, LOUISIANA

### Combined Statement of Revenues, Expenditures, and Changes in Fund Balance - All Governmental Fund Types Year Ended December 31, 1997

	<i>Governmental Fund Types</i>			<i>Totals (Memorandum Only)</i>	
	<i>General</i>	<i>Debt Service</i>	<i>Capital Projects</i>	<i>1997</i>	<i>1996</i>
<b>Revenues:</b>					
Taxes	\$ 382,996	\$ 31,473	\$ -	\$ 414,469	\$ 430,865
Licenses and permits	93,484			93,484	98,419
Intergovernmental	29,677			29,677	33,748
Fines and forfeits	145,828			145,828	120,838
Federal and state grants			151,953	151,953	-
Interest	21,424	3,193		24,617	20,582
Miscellaneous	41,366	1,133		42,499	32,926
<b>Total revenues</b>	<b>714,775</b>	<b>35,799</b>	<b>151,953</b>	<b>902,527</b>	<b>737,378</b>
<b>Expenditures:</b>					
Current:					
General government	105,599			105,599	119,083
Public safety:					
Police	213,461			213,461	162,796
Fire	93,778			93,778	70,821
Streets and drainage	30,104			30,104	34,348
Grant expenditures			151,953	151,953	-
Capital outlays	36,823			36,823	45,314
Debt service:					
Principal retirement		20,000		20,000	19,000
Interest and fiscal charges		28,177		28,177	29,033
<b>Total expenditures</b>	<b>479,765</b>	<b>48,177</b>	<b>151,953</b>	<b>679,895</b>	<b>480,395</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>235,010</b>	<b>(12,378)</b>	<b>-</b>	<b>222,632</b>	<b>256,983</b>
<b>Other financing sources (uses):</b>					
Operating transfers in	3,250	37,477		40,727	40,248
Operating transfers out	(43,049)			(43,049)	(43,142)
<b>Total other financing sources (uses)</b>	<b>(39,799)</b>	<b>37,477</b>	<b>-</b>	<b>(2,322)</b>	<b>(2,894)</b>
<b>Excess of revenues over expenditures and other financing sources (uses)</b>	<b>195,211</b>	<b>25,099</b>	<b>-</b>	<b>220,310</b>	<b>254,089</b>
<b>Fund balance at beginning of year</b>	<b>731,281</b>	<b>148,606</b>	<b>-</b>	<b>879,887</b>	<b>625,798</b>
<b>Fund balance at end of year</b>	<b>\$ 926,492</b>	<b>\$ 173,705</b>	<b>\$ -</b>	<b>\$1,100,197</b>	<b>\$ 879,887</b>

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	31,473	8,473				328,500	414,469	85,969
						77,000	93,484	16,484
						25,500	29,677	4,177
						74,000	145,828	71,828
			151,953	151,953	-	151,953	151,953	-
1,500	3,193	1,693				9,500	24,617	15,117
-	1,133	1,133				21,500	42,499	20,999
<u>24,500</u>	<u>35,799</u>	<u>11,299</u>	<u>151,953</u>	<u>151,953</u>	<u>-</u>	<u>687,953</u>	<u>902,527</u>	<u>214,574</u>
						125,870	105,599	20,271
						152,477	213,461	(60,984)
						80,980	93,778	(12,798)
						69,770	30,104	39,666
			151,953	151,953	-	151,953	151,953	-
						55,899	36,823	19,076
20,000	20,000	-				20,000	20,000	-
28,081	28,177	(96)				28,081	28,177	(96)
48,081	48,177	(96)	151,953	151,953	-	685,030	679,895	5,135
(23,581)	(12,378)	11,203	-	-	-	2,923	222,632	219,709
42,762	37,477	(5,285)				46,012	40,727	(5,285)
						(39,916)	(43,049)	(3,133)
<u>42,762</u>	<u>37,477</u>	<u>(5,285)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,096</u>	<u>(2,322)</u>	<u>(8,418)</u>
19,181	25,099	5,918	-	-	-	9,019	220,310	211,291
148,606	148,606	-	-	-	-	879,887	879,887	-
<u>\$ 167,787</u>	<u>\$ 173,705</u>	<u>\$ 5,918</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 888,906</u>	<u>\$ 1,100,197</u>	<u>\$ 211,291</u>

See accompanying notes to financial statements.

## TOWN OF HAUGHTON, LOUISIANA

Combined Statement of Revenues, Expenses, and  
Changes in Retained Earnings - Proprietary Fund  
Year Ended December 31, 1997  
With Comparative Totals for Year Ended December 31, 1996

	Enterprise Funds	
	1997	1996
<b>Operating revenues:</b>		
Metered water sales	\$ 190,798	\$ 188,102
Installation charges	1,160	4,452
Sewerage service charges	123,211	123,610
Solid waste disposal service charges	98,521	83,493
Miscellaneous revenues	<u>24,545</u>	<u>19,890</u>
<b>Total operating revenues</b>	<u>438,235</u>	<u>419,547</u>
<b>Operating expenses:</b>		
Personal services	130,378	120,382
Supplies	31,632	32,626
Utilities	20,106	19,683
Repairs and maintenance	23,273	33,432
Contractual services	81,753	73,510
Miscellaneous	35,220	31,831
Depreciation	<u>119,426</u>	<u>119,795</u>
<b>Total operating expenses</b>	<u>441,788</u>	<u>431,259</u>
<b>Operating income (loss)</b>	<u>(3,553)</u>	<u>(11,712)</u>
<b>Nonoperating revenues:</b>		
Interest income	17,734	15,491
Bond interest expense	<u>(19,134)</u>	<u>(18,548)</u>
<b>Total nonoperating revenues</b>	<u>(1,400)</u>	<u>(3,057)</u>
<b>Income (loss) before operating transfers</b>	<u>(4,953)</u>	<u>(14,769)</u>
<b>Other financing sources (uses):</b>		
Operating transfers in	5,572	6,144
Operating transfers out	<u>(3,250)</u>	<u>(3,250)</u>
<b>Total other financing sources (uses)</b>	<u>2,322</u>	<u>2,894</u>
<b>Net loss</b>	(2,631)	(11,875)
<b>Amount charged to contribution accounts - depreciation on fixed assets</b>	82,989	82,989
<b>Retained earnings at beginning of year</b>	<u>1,157,448</u>	<u>1,086,334</u>
<b>Retained earnings at end of year</b>	<u>\$ 1,237,806</u>	<u>\$ 1,157,448</u>

See accompanying notes to financial statements.

## TOWN OF HAUGHTON, LOUISIANA

Combined Statement of Cash Flows - Proprietary Fund  
 Year Ended December 31, 1997  
With Comparative Totals for Year Ended December 31, 1996

	Enterprise Funds	
	1997	1996
<b>Cash flows from operating activities:</b>		
Operating income (loss)	\$ (3,553)	\$ (11,712)
Adjustments to reconcile operating loss to net cash provided operating activities:		
Depreciation	119,426	122,553
Increase in accounts receivable	(3,777)	(4,497)
Increase in prepaid expenses	(2,696)	(5,014)
Increase (decrease) in accounts payable	632	(28,424)
Increase in customers' deposits	6,440	3,210
Total adjustments	120,025	87,828
Net cash provided by operating activities	116,472	76,116
<b>Cash flows from capital and related financing activities:</b>		
Principal payments	(11,802)	(12,650)
Interest paid	(19,134)	(18,548)
Contributed capital - proceeds from LCDBG	151,953	-
Net cash used for capital and related financing activities	121,017	(31,198)
<b>Cash flows from noncapital financing activities:</b>		
Operating transfers in (out), net	4,554	4,936
Net cash provided by noncapital financing activities	4,554	4,936
<b>Cash flows from investing activities:</b>		
Interest income received	17,314	14,615
Payments for investments	(19,283)	(39,924)
Work in progress - LCDBG Sewer Project	(151,953)	-
Net cash provided by investing activities	(153,922)	(25,309)
<b>Net Increase in Cash and Cash Equivalents</b>	88,121	24,545
<b>Cash and cash equivalents at beginning of year (including \$61,079 in restricted cash in 1996)</b>	663,780	639,235
<b>Cash and cash equivalents at end of year (including \$74,022 in restricted cash in 1997)</b>	\$ 751,901	\$ 663,780

# TOWN OF HAUGHTON, LOUISIANA

Notes to Financial Statements  
December 31, 1997

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 Town of Haughton complies with Generally Accepted Accounting Principles (GAAP). The Town's reporting entity applies all relevant Government Accounting Standards Board (GASB) pronouncements. Proprietary funds apply Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. GAAP as applicable to governments also conforms to the requirements of Louisiana revised statutes 24:517 and 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, 1997

## 1. Summary of Significant Accounting Policies (Continued)

### **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.

**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.

# TOWN OF HAUGHTON, LOUISIANA

Notes to Financial Statements  
December 31, 1997

## 1. Summary of Significant Accounting Policies (Continued)

### General Fixed Assets and General Long-term Debt Account Groups (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. The 1997 and 1998 budgets will be amended April 6, 1998, to reflect the purchase of a fire truck in 1998 instead of in 1997. 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 \$3,074 and \$3,973 at December 31, 1997 and 1996, respectively.

# TOWN OF HAUGHTON, LOUISIANA

Notes to Financial Statements  
December 31, 1997

## 1. Summary of Significant Accounting Policies (Continued)

### General Fixed Assets and General Long-term Debt Account Groups (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 accumulating 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.

# TOWN OF HAUGHTON, LOUISIANA

Notes to Financial Statements  
December 31, 1997

## 1. Summary of Significant Accounting Policies (Continued)

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

**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.

## 2. Cash and Cash Equivalents

At December 31, 1997, the carrying amount of the Town's deposits was \$1,900,028 and the bank balance was \$1,909,304. Of the total bank balance, \$100,000 was covered by federal depository insurance, \$310,000 was covered by a U.S. Treasury Note and \$1,423,381 was covered by FHLMC, each held as collateral at the Federal Reserve Bank of Atlanta, 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 Atlanta.

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

	Cash and Cash Equivalent	Investments	Total
General Fund	\$ 7,565	\$ 916,205	\$ 923,770
Debt Service Fund	-	160,645	160,645
Capital Projects	1		1
Enterprise Funds	751,401	64,211	815,612
	\$ 758,967	\$ 1,141,061	\$ 1,900,028

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	385,923	-	-	385,923	382,144
FHLMC	1,423,381			1,423,381	1,419,166
	\$ 1,909,304	\$ -	\$ 75,923	\$ 1,909,304	\$ 1,901,310



# TOWN OF HAUGHTON, LOUISIANA

## Notes to Financial Statements December 31, 1997

### 2. Cash and Cash Equivalents (Continued)

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 \$3,621,770 for the year ended December 31, 1997. Total taxes levied after adjustments were \$48,097.

### 4. Interfund Receivables, Payables

A summary of interfund receivables and payables is as follows:

	Interfund Receivable	Interfund Payable
General Fund	\$ 3,160	\$ -
Enterprise Funds	2,521	3,160
Capital Projects Fund	-	2,521
	\$ 5,681	\$ 5,681

### 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, 1997, are as follows:

<b>Debt Service Fund</b>	
Sales Tax Bond Sinking Fund	\$ 4,986
Sales Tax Bond Reserve Fund	19,142
Current Bond Payment Due	10,000
<b>Enterprise Fund</b>	
Water Revenue Bonds	9,183
Water Revenue Bonds Sinking Fund	39,408
Water Revenue Bonds Reserve Fund	17,606
Customer Deposits	54,225
Contract Deposits	10,000
Total	\$ 164,550

# TOWN OF HAUGHTON, LOUISIANA

Notes to Financial Statements  
December 31, 1997

## 6. Changes in General Fixed Assets

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

	Balance December 31, 1996	Additions	Deletions	Balance December 31, 1997
Land	\$ 29,450	\$ -	\$ -	\$ 29,450
Buildings and improvements	633,415	-	-	633,415
Equipment	442,983	36,823	-	479,806
	<u>\$ 1,105,848</u>	<u>\$ 36,823</u>	<u>\$ -</u>	<u>\$ 1,142,671</u>

A summary of proprietary fund-type assets as of December 31, 1997, 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	1,831,085	-	1,831,085
Equipment	16,314	79,965	96,279
Work in progress - LCDBG Sewer Project	151,953	-	151,953
	<u>2,005,018</u>	<u>1,888,347</u>	<u>3,893,365</u>
Less accumulated depreciation	(811,075)	(772,988)	(1,584,063)
Property, plant and equipment - net	<u>\$ 1,193,943</u>	<u>\$ 1,115,359</u>	<u>\$ 2,309,302</u>

## 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, 1997:

	Proprietary Fund - Revenue	General Obligation	Revenue	Total
Bonds payable at January 1, 1997	\$ 303,082	\$ 85,000	\$ 383,000	\$ 771,082
Debt retired - serial bonds	(11,803)	(5,000)	(15,000)	(31,803)
Bond payable at December 31, 1997	<u>\$ 291,279</u>	<u>\$ 80,000</u>	<u>\$ 368,000</u>	<u>\$ 739,279</u>

## TOWN OF HAUGHTON, LOUISIANA

### Notes to Financial Statements December 31, 1997

#### 7. Changes in Long-term Debt (Continued)

Bonds payable at December 31, 1997, 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%, collectible on or after March 1, 1997. \$ 80,000

##### 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%. 368,000

\$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. 291,279

Total Bonds Payable \$ 739,279

The annual requirements to amortize all debt outstanding as of December 31, 1997, including interest payments at \$387,644 are as follows:

Year Ending December 31,	Sales Tax Refunding Bonds Series <u>1994</u>	General Obligation Bonds <u>03/01/06</u>	Proprietary Fund Series <u>A &amp; B</u>	<u>Total</u>
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	17,229	12,940	33,241	63,410
2003-2013	<u>409,544</u>	<u>34,200</u>	<u>277,677</u>	<u>721,421</u>
Totals	<u>\$ 569,688</u>	<u>\$ 107,213</u>	<u>\$ 450,022</u>	<u>\$1,126,923</u>

#### 8. Contributed Capital

Proprietary fund contributions for the year ended December 31, 1997, were received from the State of Louisiana Community Development Block Grant (LCDBG) Program in the amount of \$151,953 for sewer improvements.

# TOWN OF HAUGHTON, LOUISIANA

Notes to Financial Statements  
December 31, 1997

## 9. 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 \$2,972 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.

# TOWN OF HAUGHTON, LOUISIANA

Notes to Financial Statements  
December 31, 1997

## 9. 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.

## 10. 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.

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, 1997, 1996, and 1995, were \$8,477, \$6,852, and \$6,634, respectively. The amounts actually contributed by the town for the years ending December 31, 1997, 1996, and 1995, were \$9,419, \$7,861, and \$6,824, respectively.

# TOWN OF HAUGHTON, LOUISIANA

Notes to Financial Statements  
December 31, 1997

## 11. Interfund Operating Transfers

Individual fund operating transfers for fiscal year 1997, are as follows:

	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund	\$ 3,250	\$ 43,049
Debt Service Fund	37,477	-
Water Fund	2,786	1,625
Sewer Fund	<u>2,786</u>	<u>1,625</u>
Totals	<u>\$ 46,299</u>	<u>\$ 46,299</u>

## 12. 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 party to various legal proceedings arising principally in normal course of governmental operations. In the opinion of the administration, the outcome of these legal proceedings will not have a material adverse effect on the accompanying combined financial statements and accordingly, no provision for losses has been recorded.

## 13. Subsequent Events

The Town purchased a fire truck on January 16, 1998, from Smeal Fire Apparatus Co. (Bonaventure) for \$166,101 funded by the Fire Department Contingency Fund. This purchase was approved by the council on February 11, 1997.

## **SUPPLEMENTARY INFORMATION**

## TOWN OF HAUGHTON, LOUISIANA

### Schedule of Mayor's and Aldermen's Compensation and Reimbursed Expenses For the Year Ended December 31, 1997

	<u>Compensation</u>	<u>Reimbursed Expenses</u>	<u>Total</u>
Mayor Maxey	\$ 15,000	\$ 805	\$ 15,805
Alderman Hollis	3,600	348	3,948
Alderman Grappe	3,300	448	3,748
Alderman Hicks	3,600	348	3,948
Alderman Anderson	3,600	348	3,948
Alderman Winnfield	<u>3,600</u>	<u>348</u>	<u>3,948</u>
Totals	<u>\$ 32,700</u>	<u>\$ 2,645</u>	<u>\$ 35,345</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, 1997, and have issued our report thereon dated March 4, 1998.

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, 1997, 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 operations 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 record, and its distribution is not limited.

*Smith Pugh Rabinowitz LLP*  
Certified Public Accountants

March 4, 1998



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, 1997, and have issued our report thereon dated March 4, 1998.

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, 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 herein 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.

  
Certified Public Accountants

March 4, 1998