

Town of Haughton  
Haughton, Louisiana

Financial Statement with Auditors' Report

As of and For the Year Ended December 31, 2025

Town of Haughton  
Haughton, Louisiana

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Haughton, Louisiana

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**Independent Auditors' Report**

The Honorable Hunter Timms, Mayor  
and Members of the Town Council  
Town of Haughton  
Haughton, Louisiana

**Report on the Audit of the Financial Statements**

***Opinions***

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

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the governmental activities, the business-type activities, and each major fund of the Town of Haughton, as of December 31, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town of Haughton and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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



## ***Auditors' Responsibilities for the Audit of the Financial Statements***

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

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

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

## ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4 – 12 and 63 – 64, the schedule of proportionate share of net pension liability on page 65, and the schedule of contributions on page 66 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

## ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Haughton's basic financial statements. The accompanying other supplementary information listed in the table of contents and shown on pages 67 - 71 is presented for purposes of additional



analysis and is not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, shown on pages 72, is presented for purposes of additional analysis and is also not a required part of the basic financial statements. The information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements as a whole. As disclosed in Note 1 to the financial statements, the Town of Haughton prepares its financial statements in accordance with accounting principles generally accepted in the United States of America. The other supplementary information schedules, Justice System Funding Schedules, shown on pages 73 – 75, is presented for the purpose of additional analysis and is not a required part of the basic financial statements. These schedules are presented to satisfy the requirements of Act 87 of the 2020 Regular Legislative Session (R.S. 24:515.2) and must be presented on the cash basis of accounting which differs significantly from those principles used to present financial statements in accordance with accounting principles generally accepted in the United States of America. The information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion the Justice System Funding Schedules, shown on pages 73 – 75, are fairly stated in all material respects, in relation to the financial statements as a whole.

#### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated June 5, 2026, on our consideration of the Town of Haughton's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Haughton's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Haughton's internal control over financial reporting and compliance.



Cook & Morehart,  
Certified Public Accountants, LLC  
June 5, 2026



## TOWN OF HAUGHTON

### MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Town of Haughton, Louisiana, we offer the readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town of Haughton as of and for the year ended December 31, 2025. We encourage readers to consider the information presented here in conjunction with the Town's basic financial statements and supplementary information provided in this report in assessing the efficiency and effectiveness of our stewardship of public resources.

#### **FINANCIAL HIGHLIGHTS**

The Town of Haughton's net position of our governmental activities increased by \$1,184,251 or 23%.

The Town of Haughton's net position of our business-type activities increased by \$1,682,373 or 15%.

In the Town's governmental activities, total general and program revenues were \$5,493,763 in 2025 compared to \$5,641,004 in 2024. Total expenses, excluding depreciation, totaled \$3,853,495 for the year ended December 31, 2025 compared to \$3,603,191 for 2024.

In the Town's business-type activities, total general and program revenues increased by approximately \$1,562,115, while total expenses decreased by approximately \$143,903.

#### **OVERVIEW OF THE FINANCIAL STATEMENTS**

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

##### ***Basic Financial Statements***

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

##### **Government-wide Financial Statements**

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

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

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

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

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

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

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

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

#### Fund Financial Statements

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



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

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

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

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

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

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

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

### Notes to the Financial Statements

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

### Required Supplementary Information

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

## **FINANCIAL ANALYSIS OF GOVERNMENT-WIDE ACTIVITIES**

### ***Net Position***

Net position may serve over time as a useful indicator of the Town's financial position. The Town's combined net position (governmental and business-type activities) totaled \$18,930,836 and \$16,064,212, as of December 31, 2025 and 2024, respectively, an increase of \$2,866,624 or 18%.

As of December 31, 2025, \$10,810,818 or 57% of the Town's net position consists of investment in capital assets such as land, buildings, equipment, and water and sewer plant and improvements, less any related debt used to acquire those assets that is still outstanding, compared to \$10,298,669 or 64% of the Town's net assets as of the close of the prior year. The Town uses these capital assets to provide services to the citizens of Haughton; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.



**Table 1**  
**Net Position**

|                                             | Governmental<br>Activities |              | Business-type<br>Activities |               | Total         |               |
|---------------------------------------------|----------------------------|--------------|-----------------------------|---------------|---------------|---------------|
|                                             | 2025                       | 2024         | 2025                        | 2024          | 2025          | 2024          |
| Current and Other Assets                    | \$ 5,662,958               | \$ 4,490,384 | \$ 5,864,056                | \$ 4,819,128  | \$ 11,527,014 | \$ 9,309,512  |
| Capital Assets                              | 3,373,643                  | 3,318,251    | 16,930,869                  | 15,913,971    | 20,304,512    | 19,232,222    |
| Total Assets                                | 9,036,601                  | 7,808,635    | 22,794,925                  | 20,733,099    | 31,831,526    | 28,541,734    |
| Deferred outflows of<br>resources - pension | 628,568                    | 670,922      | 89,379                      | 111,883       | 717,947       | 782,805       |
| Other Liabilities                           | 273,269                    | 129,052      | 1,211,271                   | 416,152       | 1,484,540     | 545,204       |
| Long-term Liabilities<br>Outstanding        |                            |              |                             |               |               |               |
| Due within one year                         | 223,910                    | 124,255      | 347,890                     | 337,476       | 571,800       | 461,731       |
| Due in more than one year                   | 2,450,531                  | 3,004,766    | 8,461,134                   | 8,942,343     | 10,911,665    | 11,947,109    |
| Total Liabilities                           | 2,947,710                  | 3,258,073    | 10,020,295                  | 9,695,971     | 12,968,005    | 12,954,044    |
| Deferred inflows of<br>resources - pension  | 524,204                    | 212,480      | 126,428                     | 93,803        | 650,632       | 306,283       |
| Net investment<br>in capital assets         | 2,965,746                  | 3,112,425    | 7,845,072                   | 7,186,244     | 10,810,818    | 10,298,669    |
| Restricted                                  |                            |              |                             |               |               |               |
| Debt service                                |                            |              | 496,814                     | 222,933       | 496,814       | 222,933       |
| Unrestricted                                | 3,227,509                  | 1,896,579    | 4,395,695                   | 3,646,031     | 7,623,204     | 5,542,610     |
| Total Net Position                          | \$ 6,193,255               | \$ 5,009,004 | \$ 12,737,581               | \$ 11,055,208 | \$ 18,930,836 | \$ 16,064,212 |

***Changes in Net Position***

The Town's net position increased by \$2,866,624 during the year ended December 31, 2025 compared to an increase of \$1,628,008 in 2024. This increase is due in part to an increase in capital grants and contributions.

Approximately \$3,637,862 of the Town's total revenues was derived through charges for services in 2025 compared to \$3,474,257 in 2024. During the year ended December 31, 2025, approximately \$4,255,371 was derived from general revenues including taxes and interest compared to \$3,955,930 during 2024. The Town received \$2,468,526 and \$1,516,698 of its total revenues through program grants and contributions during 2025 and 2024, respectively.

The largest expenses were for public safety, general government, water and sewer. In fiscal year 2025, governmental activity expenses exceeded program revenues resulting in the use of \$2,726,625 in general revenues, mostly taxes. Net business-type activity expenses in fiscal year 2025 were less than program revenues by \$1,337,878.

**Table 2**  
**Changes in Net Position**

|                                                             | Governmental<br>Activities |                   | Business-type<br>Activities |                   | Total               |                     |
|-------------------------------------------------------------|----------------------------|-------------------|-----------------------------|-------------------|---------------------|---------------------|
|                                                             | 2025                       | 2024              | 2025                        | 2024              | 2025                | 2024                |
| <b>Revenues:</b>                                            |                            |                   |                             |                   |                     |                     |
| Program revenues:                                           |                            |                   |                             |                   |                     |                     |
| Charges for services                                        | \$ 734,230                 | \$ 478,392        | \$ 2,903,632                | \$ 2,995,865      | \$ 3,637,862        | \$ 3,474,257        |
| Operating grants and contributions                          | 337,247                    | 1,024,597         | 16,200                      | 16,492            | 353,447             | 1,041,089           |
| Capital grants and contributions                            | 511,410                    | 475,609           | 1,603,669                   |                   | 2,115,079           | 475,609             |
| General revenues:                                           |                            |                   |                             |                   |                     |                     |
| Taxes                                                       | 3,795,179                  | 3,547,938         | 299,643                     | 281,012           | 4,094,822           | 3,828,950           |
| Interest                                                    | 16,602                     | 26,498            | 40,631                      | 5,009             | 57,233              | 31,507              |
| Other                                                       | 99,095                     | 87,970            | 4,221                       | 7,503             | 103,316             | 95,473              |
| Total revenues                                              | 5,493,763                  | 5,641,004         | 4,867,996                   | 3,305,881         | 10,361,759          | 8,946,885           |
| <b>Expenses:</b>                                            |                            |                   |                             |                   |                     |                     |
| General government                                          | 703,507                    | 684,599           |                             |                   | 703,507             | 684,599             |
| Public safety                                               | 3,109,371                  | 3,076,491         |                             |                   | 3,109,371           | 3,076,491           |
| Streets and drainage                                        | 480,776                    | 228,261           |                             |                   | 480,776             | 228,261             |
| Interest                                                    | 15,858                     |                   |                             |                   | 15,858              |                     |
| Water                                                       |                            |                   | 1,216,316                   | 1,395,967         | 1,216,316           | 1,395,967           |
| Sewer                                                       |                            |                   | 1,525,275                   | 1,527,706         | 1,525,275           | 1,527,706           |
| Sanitation                                                  |                            |                   | 444,032                     | 405,853           | 444,032             | 405,853             |
| Total expenses                                              | 4,309,512                  | 3,989,351         | 3,185,623                   | 3,329,526         | 7,495,135           | 7,318,877           |
| <b>Increase (decrease) in net position before transfers</b> | 1,184,251                  | 1,651,653         | 1,682,373                   | (23,645)          | 2,866,624           | 1,628,008           |
| Transfers                                                   |                            | (767,947)         |                             | 767,947           |                     |                     |
| <b>Change in net position</b>                               | <u>\$ 1,184,251</u>        | <u>\$ 883,706</u> | <u>\$ 1,682,373</u>         | <u>\$ 744,302</u> | <u>\$ 2,866,624</u> | <u>\$ 1,628,008</u> |

### **FINANCIAL ANALYSIS OF THE INDIVIDUAL FUNDS**

As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

#### ***Governmental Funds***

The focus of the Town's governmental funds is to provide information on the near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the Town's net resources available for spending at the end of the year.

At the end of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$5,308,824, an increase of \$987,116 or 23% in comparison with the prior year. Approximately \$944,945 is assigned, \$40,927 is restricted, and the remaining \$4,322,952 of this total amount constitutes *unassigned fund balance*, which is available for spending at the Town's discretion.



The General Fund is the chief operating fund for the Town. Unassigned fund balance was \$4,322,952 at the end of the current fiscal year, compared to \$3,193,723 at December 31, 2024.

### ***Proprietary Funds***

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

At the end of the current fiscal year, the Town's proprietary funds reported combined ending net position of \$12,737,581, an increase of \$1,682,373 in comparison with the prior year's ending net position of \$11,055,208. The Water Fund had an increase in net position of \$1,791,014, the Sewer Fund had an decrease in net position of \$170,835, and the Sanitation Fund had an increase in net position of \$62,194. \$7,845,072 represents investment in capital assets net of accumulated depreciation and related outstanding debt. A total of \$496,814 is reported as restricted for debt service, with a balance of \$4,395,695 classified as unrestricted.

### **GENERAL FUND BUDGETARY HIGHLIGHTS**

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

The Town's General Fund budget was amended one time during 2025.

The actual revenues were \$28,496 over the budgeted amounts and the actual expenditures were \$341,374 less than the budgeted amounts.

## CAPITAL ASSET ADMINISTRATION

At the end of December 31, 2025, the Town of Haughton had invested \$20,304,512 in capital assets. See table below:

|                                      | Capital Assets at Year End<br>(Net of Depreciation) |                     |                          |                      |                      |                      |
|--------------------------------------|-----------------------------------------------------|---------------------|--------------------------|----------------------|----------------------|----------------------|
|                                      | Governmental Activities                             |                     | Business-type Activities |                      | Total                |                      |
|                                      | 2025                                                | 2024                | 2025                     | 2024                 | 2025                 | 2024                 |
| Land                                 | \$ 230,721                                          | \$ 230,721          | \$ 23,180                | \$ 23,180            | \$ 253,901           | \$ 253,901           |
| Construction in progress             | 341,047                                             | 339,573             | 2,053,618                | 315,400              | 2,394,665            | 654,973              |
| Buildings                            | 447,357                                             | 493,509             | 18,258                   |                      | 465,615              | 493,509              |
| Improvements<br>other than buildings | 1,042,627                                           | 1,156,152           |                          |                      | 1,042,627            | 1,156,152            |
| Equipment                            | 1,268,931                                           | 1,098,296           | 38,091                   | 88,351               | 1,307,022            | 1,186,647            |
| Lease assets                         |                                                     |                     | 30,963                   | 31,345               | 30,963               | 31,345               |
| SBITA                                | 42,960                                              |                     |                          |                      | 42,960               |                      |
| Water system<br>and equipment        |                                                     |                     | 2,806,602                | 2,992,190            | 2,806,602            | 2,992,190            |
| Sewer plant                          |                                                     |                     | 11,960,157               | 12,463,505           | 11,960,157           | 12,463,505           |
| Total assets                         | <u>\$ 3,373,643</u>                                 | <u>\$ 3,318,251</u> | <u>\$ 16,930,869</u>     | <u>\$ 15,913,971</u> | <u>\$ 20,304,512</u> | <u>\$ 19,232,222</u> |

This year's major additions included:

|                          |                   |                     |
|--------------------------|-------------------|---------------------|
| Equipment                | \$ 457,331        | \$                  |
| Construction in progress | 1,474             | 1,738,218           |
| SBITA                    | 52,604            |                     |
|                          | <u>\$ 511,409</u> | <u>\$ 1,738,218</u> |

More detailed information about the capital assets are presented in Note 7 to the financial statements.



## **DEBT ADMINISTRATION**

At the end of 2025, the Town had \$11,483,465 in long-term liabilities including utility revenue bonds and net pension liability, as described below:

### **Outstanding Debt At Year End**

|                                            | Governmental Activities |                     | Business-Type Activities |                     | Totals               |                      |
|--------------------------------------------|-------------------------|---------------------|--------------------------|---------------------|----------------------|----------------------|
|                                            | 2025                    | 2024                | 2025                     | 2024                | 2025                 | 2024                 |
| Net Pension Liability                      | \$ 2,148,754            | \$ 2,891,377        | \$ 437,655               | \$ 567,073          | \$ 2,586,409         | \$ 3,458,450         |
| Compensated Absences                       | 76,865                  | 76,855              |                          | 16,472              | 76,865               | 93,327               |
| Lease Liabilities                          |                         |                     | 35,327                   | 35,422              | 35,327               | 35,422               |
| Finance purchase                           | 429,125                 | 165,281             |                          |                     | 429,125              | 165,281              |
| SBITA                                      | 19,697                  |                     |                          |                     | 19,697               |                      |
| Sewer Revenue Bonds<br>and Sales Tax Bonds |                         |                     | 8,336,042                | 8,677,324           | 8,336,042            | 8,677,324            |
|                                            | <u>\$ 2,674,441</u>     | <u>\$ 3,133,513</u> | <u>\$ 8,809,024</u>      | <u>\$ 9,296,291</u> | <u>\$ 11,483,465</u> | <u>\$ 12,429,804</u> |

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

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

More detailed information about net pension liabilities is presented in Note 16 to the financial statements

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The following economic factors were considered when the budget for the fiscal year ended December 31, 2026 was prepared:

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

## **REQUESTS FOR INFORMATION**

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

Town of Haughton  
Haughton, Louisiana  
Statement of Net Position  
December 31, 2025

|                                                      | Governmental<br>Activities | Business-type<br>Activities | Total                |
|------------------------------------------------------|----------------------------|-----------------------------|----------------------|
| <b>Assets</b>                                        |                            |                             |                      |
| Cash and cash equivalents                            | \$ 6,217,689               | \$ 2,712,542                | \$ 8,930,231         |
| Investments                                          |                            | 118,515                     | 118,515              |
| Receivables                                          | 786,596                    | 735,335                     | 1,521,931            |
| Prepaid expenses                                     | 97,249                     | 60,788                      | 158,037              |
| Restricted assets:                                   |                            |                             |                      |
| Cash and cash equivalents                            | 40,927                     | 757,373                     | 798,300              |
| Internal balances                                    | (1,479,503)                | 1,479,503                   |                      |
| Capital assets                                       |                            |                             |                      |
| Depreciable (net)                                    | 2,801,875                  | 14,854,071                  | 17,655,946           |
| Non-depreciable                                      | 571,768                    | 2,076,798                   | 2,648,566            |
| Total assets                                         | <u>9,036,601</u>           | <u>22,794,925</u>           | <u>31,831,526</u>    |
| <br>Deferred outflows of resources - pension related | <br><u>628,568</u>         | <br><u>89,379</u>           | <br><u>717,947</u>   |
| <b>Liabilities</b>                                   |                            |                             |                      |
| Accounts payable and accrued expenses                | 273,269                    | 950,712                     | 1,223,981            |
| Payable from restricted assets:                      |                            |                             |                      |
| Customer deposits                                    |                            | 260,559                     | 260,559              |
| Non-current liabilities                              |                            |                             |                      |
| Due within one year                                  | 223,910                    | 347,890                     | 571,800              |
| Due in more than one year                            | <u>2,450,531</u>           | <u>8,461,134</u>            | <u>10,911,665</u>    |
| Total liabilities                                    | <u>2,947,710</u>           | <u>10,020,295</u>           | <u>12,968,005</u>    |
| <br>Deferred inflows of resources - pension related  | <br><u>524,204</u>         | <br><u>126,428</u>          | <br><u>650,632</u>   |
| <b>Net Position</b>                                  |                            |                             |                      |
| Net investment in capital assets                     | 2,965,746                  | 7,845,072                   | 10,810,818           |
| Restricted                                           |                            |                             |                      |
| Debt Service                                         |                            | 496,814                     | 496,814              |
| Unrestricted                                         | <u>3,227,509</u>           | <u>4,395,695</u>            | <u>7,623,204</u>     |
| Total net position                                   | <u>\$ 6,193,255</u>        | <u>\$ 12,737,581</u>        | <u>\$ 18,930,836</u> |

The accompanying notes are an integral part of this statement.



Town of Haughton  
Haughton, Louisiana  
Statement of Activities  
For the Year Ended December 31, 2025

|                                | Expenses     | Program Revenues     |                                  |                                    | Net (Expense) Revenue and Changes in Net Position |                          |               |
|--------------------------------|--------------|----------------------|----------------------------------|------------------------------------|---------------------------------------------------|--------------------------|---------------|
|                                |              | Charges for Services | Capital Grants and Contributions | Operating Grants and Contributions | Governmental Activities                           | Business-type Activities | Total         |
| <b>Functions / Programs:</b>   |              |                      |                                  |                                    |                                                   |                          |               |
| Governmental Activities        |              |                      |                                  |                                    |                                                   |                          |               |
| General government             | \$ 703,507   | \$ 293,131           | \$ 344,250                       | \$ 130,927                         | \$ 64,801                                         | \$                       | \$ 64,801     |
| Public safety                  | 3,109,371    | 441,099              | 167,160                          | 206,320                            | (2,294,792)                                       |                          | (2,294,792)   |
| Street and drainage            | 480,776      |                      |                                  |                                    | (480,776)                                         |                          | (480,776)     |
| Interest expense               | 15,858       |                      |                                  |                                    | (15,858)                                          |                          | (15,858)      |
| Total governmental activities  | 4,309,512    | 734,230              | 511,410                          | 337,247                            | (2,726,625)                                       |                          | (2,726,625)   |
| Business-type Activities       |              |                      |                                  |                                    |                                                   |                          |               |
| Water                          | 1,216,316    | 1,389,698            | 1,570,319                        | 8,100                              |                                                   | 1,751,801                | 1,751,801     |
| Sewer                          | 1,525,275    | 1,010,479            | 33,350                           | 8,100                              |                                                   | (473,346)                | (473,346)     |
| Sanitation                     | 444,032      | 503,455              |                                  |                                    |                                                   | 59,423                   | 59,423        |
| Total business-type activities | 3,185,623    | 2,903,632            | 1,603,669                        | 16,200                             |                                                   | 1,337,878                | 1,337,878     |
| Total Government               | \$ 7,495,135 | \$ 3,637,862         | \$ 2,115,079                     | \$ 353,447                         | (2,726,625)                                       | 1,337,878                | (1,388,747)   |
| General revenues:              |              |                      |                                  |                                    |                                                   |                          |               |
| Taxes -                        |              |                      |                                  |                                    |                                                   |                          |               |
| Ad valorem taxes               |              |                      |                                  |                                    | 158,211                                           | 299,643                  | 457,854       |
| Gaming taxes                   |              |                      |                                  |                                    | 249,073                                           |                          | 249,073       |
| Sales tax                      |              |                      |                                  |                                    | 3,179,601                                         |                          | 3,179,601     |
| Franchise tax                  |              |                      |                                  |                                    | 208,294                                           |                          | 208,294       |
| Investment earnings            |              |                      |                                  |                                    | 16,602                                            | 40,631                   | 57,233        |
| Miscellaneous                  |              |                      |                                  |                                    | 99,095                                            | 4,221                    | 103,316       |
| Total general revenues         |              |                      |                                  |                                    | 3,910,876                                         | 344,495                  | 4,255,371     |
| Change in net position         |              |                      |                                  |                                    | 1,184,251                                         | 1,682,373                | 2,866,624     |
| Net position - beginning       |              |                      |                                  |                                    | 5,009,004                                         | 11,055,208               | 16,064,212    |
| Net position - ending          |              |                      |                                  |                                    | \$ 6,193,255                                      | \$ 12,737,581            | \$ 18,930,836 |

The accompanying notes are an integral part of this statement.

Town of Haughton  
Haughton, Louisiana  
Balance Sheet  
Governmental Funds  
December 31, 2025

|                                         | <u>General Fund</u>     |
|-----------------------------------------|-------------------------|
| <b>Assets</b>                           |                         |
| Cash and cash equivalents               | \$ 6,217,689            |
| Restricted cash                         | 40,927                  |
| Receivables                             | 786,596                 |
| Due from other funds                    | 178,049                 |
| Total assets                            | <u>\$ 7,223,261</u>     |
| <b>Liabilities and Fund Balances</b>    |                         |
| Liabilities:                            |                         |
| Accounts payable and accrued expenses   | \$ 256,885              |
| Due to other funds                      | 1,657,552               |
| Total liabilities                       | <u>1,914,437</u>        |
| Fund balances:                          |                         |
| Assigned:                               |                         |
| Capital projects                        | 674,355                 |
| Public safety                           | 251,874                 |
| Parks and recreation                    | 18,716                  |
| Restricted - Capital outlay             | 40,927                  |
| Unassigned                              | 4,322,952               |
| Total fund balances                     | <u>5,308,824</u>        |
| <br>Total liabilities and fund balances | <br><u>\$ 7,223,261</u> |

The accompanying notes are an integral part of this statement.



Town of Haughton  
Haughton, Louisiana  
Reconciliation of the Balance Sheet of Governmental Funds  
to the Statement of Net Position  
December 31, 2025

|                                          |              |
|------------------------------------------|--------------|
| Fund balances - total governmental funds | \$ 5,308,824 |
|------------------------------------------|--------------|

Amounts reported for governmental activities in the statement of net position are different because:

|                                                                                                                         |           |
|-------------------------------------------------------------------------------------------------------------------------|-----------|
| Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. | 3,373,643 |
|-------------------------------------------------------------------------------------------------------------------------|-----------|

|                                                                                                                                                              |        |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------|--------|
| The nonallocation method of accounting for prepayments is used in the fund statements, since the prepayment does not provide expendable financial resources. | 97,249 |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------|--------|

|                                                                                                                                               |         |
|-----------------------------------------------------------------------------------------------------------------------------------------------|---------|
| Other long-term assets and other amounts are not available to pay for current-period expenditures and therefore are unavailable in the funds. |         |
| Deferred outflows - pension related                                                                                                           | 628,568 |

|                                                                                                                                                                                                       |             |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|
| Long-term liabilities and other amounts, including compensated absences payable and net pension liability, are not due and payable in the current period and therefore are not reported in the funds. |             |
| Net pension liability                                                                                                                                                                                 | (2,148,754) |
| Finance purchase                                                                                                                                                                                      | (429,125)   |
| SBITA                                                                                                                                                                                                 | (19,697)    |
| Accrued interest                                                                                                                                                                                      | (16,384)    |
| Accrued leave                                                                                                                                                                                         | (76,865)    |
| Deferred inflows - pension related                                                                                                                                                                    | (524,204)   |

|                                         |                     |
|-----------------------------------------|---------------------|
| Net position of governmental activities | \$ <u>6,193,255</u> |
|-----------------------------------------|---------------------|

The accompanying notes are an integral part of this statement.

Town of Haughton  
Haughton, Louisiana  
Statement of Revenues, Expenditures, and Changes in Fund Balances  
Governmental Funds  
For the Year Ended December 31, 2025

|                                                              | General Fund               |
|--------------------------------------------------------------|----------------------------|
| Revenues:                                                    |                            |
| Ad valorem taxes                                             | \$ 158,211                 |
| Franchise taxes                                              | 208,294                    |
| Sales taxes                                                  | 3,179,601                  |
| Gaming taxes                                                 | 249,073                    |
| Licenses and permits                                         | 293,131                    |
| Intergovernmental                                            | 723,091                    |
| Investment earnings                                          | 16,602                     |
| Fines and forfeitures                                        | 441,099                    |
| Other                                                        | 99,096                     |
| Total revenues                                               | <u>5,368,198</u>           |
| Expenditures:                                                |                            |
| Current:                                                     |                            |
| General government                                           | 766,323                    |
| Public safety                                                | 2,986,457                  |
| Streets and drainage                                         | 432,715                    |
| Capital outlay                                               | 511,409                    |
| Debt service:                                                |                            |
| Principal retirement                                         | 37,623                     |
| Interest and other charges                                   | 626                        |
| Total expenditures                                           | <u>4,735,153</u>           |
| Excess of revenues<br>over expenditures                      | <u>633,045</u>             |
| Other financing sources:                                     |                            |
| Finance purchase proceeds                                    | 301,467                    |
| Subscription-based information technology agreement proceeds | 52,604                     |
| Total other financing sources                                | <u>354,071</u>             |
| Net change in fund balances                                  | 987,116                    |
| Fund balances at beginning of year                           | <u>4,321,708</u>           |
| Fund balances at end of year                                 | <u><u>\$ 5,308,824</u></u> |

The accompanying notes are an integral part of this statement.



Town of Haughton  
Haughton, Louisiana  
Reconciliation of the Statement of Revenues, Expenditures, and Changes in  
Fund Balances of Governmental Funds to the Statement of Activities  
For the Year Ended December 31, 2025

|                                                        |            |
|--------------------------------------------------------|------------|
| Net change in fund balances - total governmental funds | \$ 987,116 |
|--------------------------------------------------------|------------|

Amounts reported for governmental activities in the Statement of Activities are different because:

|                                                                                                                                                                                                                                                                                                                                            |        |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------|
| Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays (\$511,409) exceeded depreciation expense (\$456,017) in the current period. | 55,392 |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------|

|                                                                                                                                                              |        |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------|--------|
| The nonallocation method of accounting for prepayments is used in the fund statements, since the prepayment does not provide expendable financial resources. | 56,502 |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------|--------|

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.

|                                                          |           |
|----------------------------------------------------------|-----------|
| Proceeds from finance purchase                           | (301,467) |
| Proceeds from SBITA                                      | (52,604)  |
| Non-employer contributions to cost-sharing pension plans | 125,567   |

Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the funds.

|                      |          |
|----------------------|----------|
| Compensated absences | (4,506)  |
| Accrued interest     | (15,261) |
| Pension expense      | 262,982  |

|                                                                                                          |        |
|----------------------------------------------------------------------------------------------------------|--------|
| The repayment of principal of long-term debt consumes current financial resources of governmental funds. | 70,530 |
|----------------------------------------------------------------------------------------------------------|--------|

|                                                   |                            |
|---------------------------------------------------|----------------------------|
| Change in net position of governmental activities | <u><u>\$ 1,184,251</u></u> |
|---------------------------------------------------|----------------------------|

The accompanying notes are an integral part of this statement.

Town of Haughton  
Haughton, Louisiana  
Statement of Net Position  
Proprietary Funds  
December 31, 2025

|                                                  | Business-type Activities - Enterprise Funds |                     |                    |                      |
|--------------------------------------------------|---------------------------------------------|---------------------|--------------------|----------------------|
|                                                  | Water<br>Fund                               | Sewer<br>Fund       | Sanitation<br>Fund | Total                |
| <b>Assets</b>                                    |                                             |                     |                    |                      |
| Current assets:                                  |                                             |                     |                    |                      |
| Cash and cash equivalents                        | \$ 1,875,915                                | \$ 752,977          | \$ 83,650          | \$ 2,712,542         |
| Investments                                      | 80,858                                      |                     | 37,657             | 118,515              |
| Prepays                                          | 30,138                                      | 30,650              |                    | 60,788               |
| Receivables                                      |                                             |                     |                    |                      |
| Accounts                                         | 215,244                                     | 96,406              | 48,000             | 359,650              |
| Ad valorem taxes                                 |                                             | 74,994              |                    | 74,994               |
| Grants                                           | 259,326                                     | 33,350              |                    | 292,676              |
| Other                                            | 3,398                                       | 4,404               | 213                | 8,015                |
| Restricted cash and cash equivalents             | 260,559                                     |                     |                    | 260,559              |
| Due from other funds                             | 1,409,089                                   | 546,140             | 749,401            | 2,704,630            |
| Total current assets                             | <u>4,134,527</u>                            | <u>1,538,921</u>    | <u>918,921</u>     | <u>6,592,369</u>     |
| Noncurrent assets:                               |                                             |                     |                    |                      |
| Restricted cash                                  |                                             | 496,814             |                    | 496,814              |
| Capital assets:                                  |                                             |                     |                    |                      |
| Land                                             | 17,200                                      | 5,980               |                    | 23,180               |
| Construction in progress                         | 1,976,468                                   | 77,150              |                    | 2,053,618            |
| Plant and equipment                              | 6,350,225                                   | 18,847,192          |                    | 25,197,417           |
| Less: accumulated depreciation                   | (4,577,716)                                 | (5,765,630)         |                    | (10,343,346)         |
| Total noncurrent assets                          | <u>3,766,177</u>                            | <u>13,661,506</u>   |                    | <u>17,427,683</u>    |
| Total assets                                     | <u>7,900,704</u>                            | <u>15,200,427</u>   | <u>918,921</u>     | <u>24,020,052</u>    |
| Deferred outflows of resources - pension related | <u>39,225</u>                               | <u>50,154</u>       |                    | <u>89,379</u>        |
| <b>Liabilities</b>                               |                                             |                     |                    |                      |
| Current liabilities:                             |                                             |                     |                    |                      |
| Accounts payable and accrued expenses            | 677,325                                     | 114,379             | 159,008            | 950,712              |
| Due to other funds                               | 995,579                                     | 229,548             |                    | 1,225,127            |
| Current portion of other long term debt          | 204                                         |                     |                    | 204                  |
| Payable from restricted assets:                  |                                             |                     |                    |                      |
| Customer deposits                                | 260,559                                     |                     |                    | 260,559              |
| Revenue bonds                                    |                                             | 347,686             |                    | 347,686              |
| Total current liabilities                        | <u>1,933,667</u>                            | <u>691,613</u>      | <u>159,008</u>     | <u>2,784,288</u>     |
| Noncurrent liabilities:                          |                                             |                     |                    |                      |
| Revenue bonds                                    |                                             | 7,988,356           |                    | 7,988,356            |
| Other long-term debt                             | 35,123                                      |                     |                    | 35,123               |
| Net pension liability                            | 218,828                                     | 218,827             |                    | 437,655              |
| Total noncurrent liabilities                     | <u>253,951</u>                              | <u>8,207,183</u>    |                    | <u>8,461,134</u>     |
| Total liabilities                                | <u>2,187,618</u>                            | <u>8,898,796</u>    | <u>159,008</u>     | <u>11,245,422</u>    |
| Deferred inflows of resources - pension related  | <u>107,631</u>                              | <u>18,797</u>       |                    | <u>126,428</u>       |
| <b>Net position</b>                              |                                             |                     |                    |                      |
| Net investment in capital assets                 | 3,093,572                                   | 4,751,500           |                    | 7,845,072            |
| Restricted - debt service                        |                                             | 496,814             |                    | 496,814              |
| Unrestricted                                     | 2,551,108                                   | 1,084,674           | 759,913            | 4,395,695            |
| Total net position                               | <u>\$ 5,644,680</u>                         | <u>\$ 6,332,988</u> | <u>\$ 759,913</u>  | <u>\$ 12,737,581</u> |

The accompanying notes are an integral part of this statement.



Town of Haughton  
Haughton, Louisiana  
Statement of Revenues, Expenses, and Changes in Fund Net Position  
Proprietary Funds  
For the Year Ended December 31, 2025

|                                            | Business-type Activities - Enterprise Funds |                     |                    |                      |
|--------------------------------------------|---------------------------------------------|---------------------|--------------------|----------------------|
|                                            | Water<br>Fund                               | Sewer<br>Fund       | Sanitation<br>Fund | Total                |
| Operating revenues:                        |                                             |                     |                    |                      |
| Charges for service -                      |                                             |                     |                    |                      |
| Water sales                                | \$ 1,389,698                                | \$                  | \$                 | \$ 1,389,698         |
| Sewerage service charges                   |                                             | 1,010,479           |                    | 1,010,479            |
| Solid waste collection                     |                                             |                     | 503,455            | 503,455              |
| Total operating revenues                   | <u>1,389,698</u>                            | <u>1,010,479</u>    | <u>503,455</u>     | <u>2,903,632</u>     |
| Operating expenses:                        |                                             |                     |                    |                      |
| Salaries                                   | 304,240                                     | 304,239             |                    | 608,479              |
| Payroll taxes and benefits                 | 54,292                                      | 53,814              |                    | 108,106              |
| Contractual services                       | 173,840                                     | 76,954              | 440,822            | 691,616              |
| Supplies and materials                     | 169,011                                     | 142,125             |                    | 311,136              |
| Utilities                                  | 112,132                                     | 88,535              |                    | 200,667              |
| Insurance                                  | 88,344                                      | 46,325              |                    | 134,669              |
| Repairs and maintenance                    | 73,316                                      | 88,382              |                    | 161,698              |
| Bad debt                                   |                                             | 27,587              | 2,919              | 30,506               |
| Depreciation and amortization              | 192,589                                     | 528,731             |                    | 721,320              |
| Other                                      | 47,453                                      | 677                 | 291                | 48,421               |
| Total operating expenses                   | <u>1,215,217</u>                            | <u>1,357,369</u>    | <u>444,032</u>     | <u>3,016,618</u>     |
| Operating income                           | <u>174,481</u>                              | <u>(346,890)</u>    | <u>59,423</u>      | <u>(112,986)</u>     |
| Non-operating revenues (expenses):         |                                             |                     |                    |                      |
| Interest income                            | 37,602                                      | 1,250               | 1,779              | 40,631               |
| Capital contributions                      | 1,570,319                                   | 33,350              |                    | 1,603,669            |
| Miscellaneous                              | 2,603                                       | 1,618               |                    | 4,221                |
| Ad valorem taxes                           |                                             | 299,643             |                    | 299,643              |
| Non-employer contributions-pension related | 8,100                                       | 8,100               |                    | 16,200               |
| Interest expense                           | (1,099)                                     | (167,906)           |                    | (169,005)            |
| Total non-operating revenues (expenses)    | <u>1,617,525</u>                            | <u>176,055</u>      | <u>1,779</u>       | <u>1,795,359</u>     |
| Other financing sources (uses):            |                                             |                     |                    |                      |
| Transfer in                                |                                             |                     | 992                | 992                  |
| Transfer out                               | (992)                                       |                     |                    | (992)                |
| Total other financing sources (uses)       | <u>(992)</u>                                |                     | <u>992</u>         |                      |
| Change in net position                     | 1,791,014                                   | (170,835)           | 62,194             | 1,682,373            |
| Net position - beginning of year           | <u>3,853,666</u>                            | <u>6,503,823</u>    | <u>697,719</u>     | <u>11,055,208</u>    |
| Net position - end of year                 | <u>\$ 5,644,680</u>                         | <u>\$ 6,332,988</u> | <u>\$ 759,913</u>  | <u>\$ 12,737,581</u> |

The accompanying notes are an integral part of this statement.

Town of Haughton  
Haughton, Louisiana  
Statement of Cash Flows  
Proprietary Funds  
For the Year Ended December 31, 2025

|                                                                                                | Business-type Activities - Enterprise Funds |              |                 |              |
|------------------------------------------------------------------------------------------------|---------------------------------------------|--------------|-----------------|--------------|
|                                                                                                | Water Fund                                  | Sewer Fund   | Sanitation Fund | Total        |
| Cash Flows From Operating Activities                                                           |                                             |              |                 |              |
| Receipts from customers                                                                        | \$ 1,318,820                                | \$ 1,048,239 | \$ 496,980      | \$ 2,864,039 |
| Cash payments to suppliers for goods and services                                              | (706,412)                                   | (525,012)    | (363,484)       | (1,594,908)  |
| Cash payments to employees for services                                                        | (353,456)                                   | (358,053)    |                 | (711,509)    |
| Net cash provided by operating activities                                                      | 258,952                                     | 165,174      | 133,496         | 557,622      |
| Cash Flows From Non-Capital Financing Activities                                               |                                             |              |                 |              |
| Advances to other funds                                                                        | 405,436                                     | 178,622      | (134,981)       | 449,077      |
| Advances from other funds                                                                      | (949,001)                                   | (239,136)    |                 | (1,188,137)  |
| Transfers to other funds                                                                       | (992)                                       |              |                 | (992)        |
| Transfers from other funds                                                                     |                                             |              | 992             | 992          |
| Ad valorem taxes                                                                               |                                             | 274,198      |                 | 274,198      |
| Net cash provided (used) by non-capital financing activities                                   | (544,557)                                   | 213,684      | (133,989)       | (464,862)    |
| Cash Flows From Capital and Related Financing Activities                                       |                                             |              |                 |              |
| Principal paid on capital debt                                                                 | (95)                                        | (341,282)    |                 | (341,377)    |
| Interest paid on capital debt                                                                  |                                             | (168,922)    |                 | (168,922)    |
| Capital contributions                                                                          | 1,310,993                                   |              |                 | 1,310,993    |
| Acquisition and construction of capital assets                                                 | (1,038,771)                                 | 6,000        |                 | (1,032,771)  |
| Net cash provided (used) by capital and related financing activities                           | 272,127                                     | (504,204)    |                 | (232,077)    |
| Cash Flows From Investing Activities                                                           |                                             |              |                 |              |
| Interest received                                                                              | 37,602                                      | 1,250        | 1,779           | 40,631       |
| Other                                                                                          | (5,376)                                     | (4,518)      |                 | (9,894)      |
| Purchase of investments                                                                        | (3,632)                                     |              | (1,691)         | (5,323)      |
| Net cash provided (used) by investing activities                                               | 28,594                                      | (3,268)      | 88              | 25,414       |
| Net increase (decrease) in cash, cash equivalents, and restricted cash                         | 15,116                                      | (128,614)    | (405)           | (113,903)    |
| Cash, cash equivalents, and restricted cash, beginning of year                                 | 2,121,358                                   | 1,378,405    | 84,055          | 3,583,818    |
| Cash, cash equivalents, and restricted cash, end of year                                       | \$ 2,136,474                                | \$ 1,249,791 | \$ 83,650       | \$ 3,469,915 |
| Cash and cash equivalents are reflected on the Statement of Net Position as follows:           |                                             |              |                 |              |
| Cash and cash equivalents                                                                      | \$ 1,875,915                                | \$ 752,977   | \$ 83,650       | \$ 2,712,542 |
| Cash and cash equivalents - restricted                                                         | 260,559                                     | 496,814      |                 | 757,373      |
| Total                                                                                          | \$ 2,136,474                                | \$ 1,249,791 | \$ 83,650       | \$ 3,469,915 |
| Reconciliation of Operating Income to Net Cash Provided (Used) By Operating Activities:        |                                             |              |                 |              |
| Operating income (loss)                                                                        | \$ 174,481                                  | \$ (346,890) | \$ 59,423       | \$ (112,986) |
| Adjustments to reconcile operating (loss) to net cash provided (used) by operating activities: |                                             |              |                 |              |
| Depreciation and amortization expense                                                          | 192,589                                     | 528,731      |                 | 721,320      |
| Customer deposits                                                                              | 14,375                                      |              |                 | 14,375       |
| Accounts receivable                                                                            | (85,253)                                    | 37,760       | (6,475)         | (53,968)     |
| Accounts payable and accrued expenses                                                          | 18,785                                      | 6,196        | 80,548          | 105,529      |
| Prepaid                                                                                        | (18,880)                                    | (23,479)     |                 | (42,359)     |
| Pension related                                                                                | (37,145)                                    | (37,144)     |                 | (74,289)     |
| Net Cash Flows From Operating Activities                                                       | \$ 258,952                                  | \$ 165,174   | \$ 133,496      | \$ 557,622   |
| Non-cash investing and financing transaction:                                                  |                                             |              |                 |              |
| Acquisition of property                                                                        |                                             |              |                 |              |
| Cost of property and equipment                                                                 | \$ 1,661,068                                | \$ 77,150    | \$              | \$ 1,738,218 |
| Trade payable                                                                                  | (622,297)                                   | (71,150)     |                 | (693,447)    |
| Cash down payment for property and equipment                                                   | \$ 1,038,771                                | \$ 6,000     | \$              | \$ 1,044,771 |

The accompanying notes are an integral part of the financial statements.



Town of Haughton  
Haughton, Louisiana  
Notes to Financial Statements  
December 31, 2025

## INTRODUCTION

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

### (1) Summary of Significant Accounting Policies

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

#### A. Reporting Entity

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

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

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

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

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

(Continued)

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

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

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

**B. Basic Financial Statements – Government-Wide Statements**

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

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

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

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

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

(Continued)



Town of Haughton  
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Notes to Financial Statements  
December 31, 2025  
(Continued)

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

C. Basic Financial Statements – Fund Financial Statements

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

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

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

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

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

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

(Continued)

Town of Haughton  
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Notes to Financial Statements  
December 31, 2025  
(Continued)

Water fund – accounts for the provision of water services to the residents of the Town.

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

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

D. Basis of Accounting

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

1. Accrual:

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

2. Modified Accrual:

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

E. Budget and Budgetary Accounting

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

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

(Continued)



Town of Haughton  
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Notes to Financial Statements  
December 31, 2025  
(Continued)

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

F. Cash, Cash Equivalents, and Investments

Cash includes amounts in petty cash, demand deposits, interest bearing demand deposits, and time deposits. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the Town may deposit funds in demand deposits, interest bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

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

G. Capital Assets

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

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

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

(Continued)

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Notes to Financial Statements  
December 31, 2025  
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H. Revenues

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

I. Net Position

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

J. Sales Taxes

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

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

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

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

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

(Continued)



Town of Haughton  
Haughton, Louisiana  
Notes to Financial Statements  
December 31, 2025  
(Continued)

K. Compensated Absences

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

The Town's policy allows sick leave based upon time worked. Employees may carryover unused sick leave up to a maximum of 240 hours, but will not be paid for unused sick leave upon separation from employment. The Town records a liability for the estimate of sick leave that is more likely than not to be used as paid leave.

L. Interfund Activity

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

M. Use of Estimates

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

N. Long-Term Obligations

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

O. Bad Debts

Uncollectible amounts due for ad valorem taxes, customer's utility receivables, and special assessments are recognized as bad debts through the establishment of an allowance account at the time information becomes available which would indicate the uncollectibility of the particular receivable. Accounts receivable for the water, sewer, and sanitation funds are shown net of an allowance of \$177,235, \$45,057, and \$50,004, respectively.

(Continued)

Town of Haughton  
Haughton, Louisiana  
Notes to Financial Statements  
December 31, 2025  
(Continued)

P. Statement of Cash Flows

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

Q. Postretirement Benefits

The Town provides no postretirement benefits to its employees.

R. Fund Balance

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

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

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

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

(Continued)



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

S. Deferred Inflows / Outflows of Resources

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element *deferred inflows of resources* represents an acquisition of fund balance that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The Town currently has deferred inflows of resources related to pensions reported in the government-wide Statement of Net Position and the Statement of Net Position for proprietary funds.

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town currently has deferred outflows of resources related to pensions reported in the government-wide Statement of Net Position and the Statement of Net Position for proprietary funds.

T. Fair Value Measurements

Generally accepted accounting principles require disclosure to be made about fair value measurements, the level of fair value hierarchy, and valuation techniques. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels:

Level 1 inputs – The valuation is based on quoted market prices for identical assets or liabilities traded in active markets;

Level 2 inputs – The valuation is based on quoted market prices for similar instruments traded in active markets, quoted prices for identical or similar instruments in markets that are not active, and inputs other than quoted prices that are observable for the asset or liability;

Level 3 inputs – The valuation is determined by using the best information available under the circumstances and might include the government's own data but should adjust those data if (a) reasonably available information indicates that other market participants would use different data or (b) there is something particular to the government that is not available to other market participants.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on lowest level of any input that is significant to the fair value measurement.

U. Pension Plan

The Town is a participating employer in cost-sharing, multiple-employer, defined benefit pension plans as described in Note 16. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of each of the plans, and additions to/deductions for the plans fiduciary net position, have been determined on the same basis as they are reported by the plan.

(Continued)

Town of Haughton  
Haughton, Louisiana  
Notes to Financial Statements  
December 31, 2025  
(Continued)

(2) Levied Taxes

Ad valorem taxes are assessed on a calendar year basis and attach as an enforceable lien and become due and payable on the date the tax rolls are filed with the recorder of mortgages. State law requires that the tax roll be filed on or before November 15 of each year. Ad valorem taxes become delinquent if not paid by December 31.

The following is a summary of authorized and levied ad valorem taxes for the year:

|                 | <u>Authorized<br/>Millage</u> | <u>Levied<br/>Millage</u> | <u>Expiration<br/>Date</u> |
|-----------------|-------------------------------|---------------------------|----------------------------|
| General         | 4.50                          | 3.96                      | N/A                        |
| Sewerage system | 8.52                          | 7.50                      | 2035                       |

Approximately 15% of the Town's ad valorem tax revenues are derived from 10 taxpayers.

(3) Cash, Cash Equivalents, and Investments

At December 31, 2025, the Town has cash, cash equivalents, and investments (book balances) totaling \$9,847,046 as detailed below:

A. Cash and Cash Equivalents

Cash and cash equivalents at December 31, 2025 (book balances) totaled \$9,728,531, of which \$798,300 is shown as restricted. These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent.

B. Investments

The investments are presented in the financial statements at fair value using level 2 fair value measure. At December 31, 2025, the Town had investments totaling \$118,515 consisting of certificates of deposit with initial maturities of 90 days or greater. The certificates of deposits are carried at cost, which approximates market.

C. Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. As of December 31, 2025, \$9,711,136 of the Town's bank balance of \$10,079,652 was exposed to custodial credit risk as follows:

Uninsured and collateral held by the  
pledging bank's trust department, not  
in the Town's name:

|                           |                     |
|---------------------------|---------------------|
| Cash and cash equivalents | <u>\$ 9,711,136</u> |
|---------------------------|---------------------|

(Continued)



Town of Haughton  
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Notes to Financial Statements  
December 31, 2025  
(Continued)

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, R.S. 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified that the fiscal agent has failed to pay deposited funds upon demand.

(4) Receivables

The following is a summary of receivables at December 31, 2025:

| <u>Class of<br/>Receivable</u>                                    |                     |
|-------------------------------------------------------------------|---------------------|
| Governmental activities –                                         |                     |
| Ad valorem taxes                                                  | \$ 36,261           |
| Grants                                                            | 8,034               |
| Sales taxes                                                       | 624,872             |
| Gaming taxes                                                      | 29,551              |
| Franchise taxes                                                   | 47,879              |
| Miscellaneous                                                     | <u>39,999</u>       |
|                                                                   | <u>786,596</u>      |
| Business-type activities –                                        |                     |
| Accounts receivable – water, sewer, and<br>and sanitation charges | 359,650             |
| Grants                                                            | 292,676             |
| Ad valorem taxes                                                  | 74,994              |
| Other                                                             | <u>8,015</u>        |
|                                                                   | <u>735,335</u>      |
| Total                                                             | <u>\$ 1,521,931</u> |

The accounts receivable-water, sewer, and sanitation charges of \$359,650 is shown net of a reserve for uncollectible accounts of \$272,296.

(5) Restricted Assets

Restricted assets were applicable to the following at December 31, 2025:

|                                            |                   |
|--------------------------------------------|-------------------|
| Governmental Activities -                  |                   |
| Finance purchase proceeds not yet expended | \$ 40,927         |
| Total – governmental activities            | <u>\$ 40,927</u>  |
| Business-type activities:                  |                   |
| Debt service                               | \$ 496,814        |
| Customer deposits                          | <u>260,559</u>    |
|                                            | <u>\$ 757,373</u> |

(6) Supplemental Pay

The Town received a total of \$86,720 in police supplemental pay and a total of \$64,800 in firemen supplemental pay from the State of Louisiana. The Town recognizes this supplemental pay as revenues and expenditures of the Town. The revenue is reported in the General Fund under intergovernmental revenues and the expenditure is reported as public safety expenditures.

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Notes to Financial Statements  
December 31, 2025  
(Continued)

(7) Capital Assets

Capital asset activity for the year ended December 31, 2025, was as follows:

|                                                                                         | Balance at<br>Jan. 1, 2025 | Additions | Deletions | Balance at<br>Dec. 31, 2025 |
|-----------------------------------------------------------------------------------------|----------------------------|-----------|-----------|-----------------------------|
| <u>Governmental Activities:</u>                                                         |                            |           |           |                             |
| Capital assets, not being depreciated:                                                  |                            |           |           |                             |
| Land                                                                                    | \$ 230,721                 | \$        | \$        | \$ 230,721                  |
| Construction in progress                                                                | 339,573                    | 1,474     |           | 341,047                     |
| Total capital assets, not being depreciated                                             | 570,294                    | 1,474     |           | 571,768                     |
| Capital assets, being depreciated:                                                      |                            |           |           |                             |
| Buildings                                                                               | 1,134,002                  |           |           | 1,134,002                   |
| Improvements other than buildings                                                       | 2,899,344                  |           |           | 2,899,344                   |
| Equipment                                                                               | 3,464,525                  | 457,331   | (130,018) | 3,791,838                   |
| Total capital assets, being depreciated, at historical cost                             | 7,497,871                  | 457,331   | (130,018) | 7,825,184                   |
| Less accumulated depreciation:                                                          |                            |           |           |                             |
| Buildings                                                                               | (640,493)                  | (46,152)  |           | (686,645)                   |
| Improvements other than buildings                                                       | (1,743,192)                | (113,525) |           | (1,856,717)                 |
| Equipment                                                                               | (2,366,229)                | (286,696) | 130,018   | (2,522,907)                 |
| Total accumulated depreciation                                                          | (4,749,914)                | (446,373) | 130,018   | (5,066,269)                 |
| Subscription-based information technology arrangement assets (SBITA)                    |                            |           |           |                             |
| Subscription-based information technology arrangements                                  |                            | 52,604    |           | 52,604                      |
| Total subscription-based information technology arrangements, being amortized           |                            | 52,604    |           | 52,604                      |
| Less accumulated amortization for:                                                      |                            |           |           |                             |
| Subscription-based information technology arrangements                                  |                            | (9,644)   |           | (9,644)                     |
| Total accumulated amortization-subscription-based information technology arrangements   |                            | (9,644)   |           | (9,644)                     |
| Total subscription-based information technology arrangement assets being amortized, net |                            | 42,960    |           | 42,960                      |
| Total capital assets/SBITA, being depreciated/amortized, net                            | 2,747,957                  | 53,918    |           | 2,801,875                   |
| Governmental activities capital assets, net                                             | \$ 3,318,251               | \$ 55,392 | \$        | \$ 3,373,643                |

(Continued)



Town of Haughton  
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Notes to Financial Statements  
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|                                                                    | Balance at<br>Jan. 1, 2025 | Additions    | Deletions | Balance at<br>Dec. 31, 2025 |
|--------------------------------------------------------------------|----------------------------|--------------|-----------|-----------------------------|
| <u>Business-Type Activities:</u>                                   |                            |              |           |                             |
| Capital assets, not being depreciated:                             |                            |              |           |                             |
| Land                                                               | \$ 23,180                  | \$           | \$        | \$ 23,180                   |
| Construction in progress                                           | 315,400                    | 1,738,218    |           | 2,053,618                   |
| Total capital assets, not being<br>depreciated, at historical cost | 338,580                    | 1,738,218    |           | 2,076,798                   |
| Capital assets, being depreciated:                                 |                            |              |           |                             |
| Buildings                                                          | 29,881                     |              |           | 29,881                      |
| Equipment                                                          | 566,838                    |              |           | 566,838                     |
| Water system and equipment                                         | 7,376,732                  |              |           | 7,376,732                   |
| Sewer plant                                                        | 17,186,125                 |              |           | 17,186,125                  |
| Total capital assets, being<br>depreciated, at historical cost     | 25,159,576                 |              |           | 25,159,576                  |
| Less accumulated depreciation:                                     |                            |              |           |                             |
| Buildings                                                          | (4,254)                    | (7,369)      |           | (11,623)                    |
| Equipment                                                          | (504,114)                  | (24,633)     |           | (528,747)                   |
| Water system and equipment                                         | (4,384,542)                | (185,588)    |           | (4,570,130)                 |
| Sewer plant                                                        | (4,722,620)                | (503,348)    |           | (5,225,968)                 |
| Total accumulated depreciation                                     | (9,615,530)                | (720,938)    |           | (10,336,468)                |
| Leased assets                                                      |                            |              |           |                             |
| Equipment                                                          | 37,842                     |              |           | 37,842                      |
| Total leased assets, being amortized                               | 37,842                     |              |           | 37,842                      |
| Less accumulated amortization for:                                 |                            |              |           |                             |
| Leased equipment                                                   | (6,497)                    | (382)        |           | (6,879)                     |
| Total accumulated amortization,<br>leased equipment                | (6,497)                    | (382)        |           | (6,879)                     |
| Total capital assets, being<br>depreciated/amortized, net          | 15,575,391                 | (721,320)    |           | 14,854,071                  |
| Business-type activities capital<br>assets, net                    | \$15,913,971               | \$ 1,016,898 | \$        | \$16,930,869                |

Depreciation/amortization expense was charged to Governmental and Business-type Activities as follows:

|                      | Governmental<br>Activities | Business-type<br>Activities | Total        |
|----------------------|----------------------------|-----------------------------|--------------|
| General government   | \$ 68,429                  | \$                          | \$ 68,429    |
| Public safety        | 340,058                    |                             | 340,058      |
| Streets and drainage | 47,530                     |                             | 47,530       |
| Water                |                            | 217,972                     | 217,972      |
| Sewer                |                            | 503,348                     | 503,348      |
| Total                | \$ 456,017                 | \$ 721,320                  | \$ 1,177,337 |

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Town of Haughton  
Haughton, Louisiana  
Notes to Financial Statements  
December 31, 2025  
(Continued)

(8) Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses at December 31, 2025, consisted of the following:

| <u>Class of Payable</u> | <u>Governmental<br/>Activities</u> | <u>Business-type<br/>Activities</u> | <u>Total</u>        |
|-------------------------|------------------------------------|-------------------------------------|---------------------|
| Accounts                | \$ 49,798                          | \$ 904,309                          | \$ 954,107          |
| Accrued leave           | 8,072                              | 16,542                              | 24,614              |
| Accrued payroll         | 20,627                             | 10,082                              | 30,709              |
| Payroll liabilities     | 178,388                            |                                     | 178,388             |
| Other                   |                                    | 10,853                              | 10,853              |
| Accrued interest        | 16,384                             | 8,926                               | 25,310              |
| Total                   | <u>\$ 273,269</u>                  | <u>\$ 950,712</u>                   | <u>\$ 1,223,981</u> |

(9) Customers' Deposits

Deposits held for customers that are currently active on the water system total \$260,559 at December 31, 2025.

(10) Interfund Transfers

Interfund transfers for the year ended December 31, 2025 consisted of the following:

|                                | <u>Transfer<br/>In</u> | <u>Transfer<br/>Out</u> | <u>Net</u> |
|--------------------------------|------------------------|-------------------------|------------|
| Enterprise Funds:              |                        |                         |            |
| Water                          |                        | ( 992)                  | ( 992)     |
| Sanitation                     | 992                    |                         | 992        |
| Total business-type activities | <u>\$ 992</u>          | <u>\$ ( 992)</u>        | <u>\$</u>  |

The Town uses transfers to reimburse funds that provided the resources.

(11) Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the Town.

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Notes to Financial Statements  
December 31, 2025  
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(12) Litigation and Claims

At December 31, 2025, the Town is the defendant in two lawsuits of which the ultimate outcome is unknown at this time. In the opinion of legal counsel, the amount of any damages awarded in excess of the agency's current insurance coverage cannot be reasonably estimated at this time.

(13) Interfund Balances

Interfund balances at December 31, 2025 consisted of the following:

|                        | Due From<br>Other Fund | Due To<br>Other Fund  | Net              |
|------------------------|------------------------|-----------------------|------------------|
| Governmental Funds:    |                        |                       |                  |
| General                | \$ 178,049             | \$ (1,657,552)        | \$ (1,479,503)   |
| Enterprise Funds:      |                        |                       |                  |
| Water                  | 1,409,089              | (995,579)             | 413,510          |
| Sewer                  | 546,140                | (229,548)             | 316,592          |
| Sanitation             | 749,401                |                       | 749,401          |
| Total Enterprise Funds | <u>2,704,630</u>       | <u>(1,225,127)</u>    | <u>1,479,503</u> |
| Total                  | <u>\$ 2,882,679</u>    | <u>\$ (2,882,679)</u> | <u>\$</u>        |

The interfund balances are the result of the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

(14) Deferred Inflows and Deferred Outflows of Resources

The Statement of Net Position reports deferred inflows of resources at December 31, 2025, consisting of the following:

|                                | Governmental<br>Activities | Business-type<br>Activities | Total             |
|--------------------------------|----------------------------|-----------------------------|-------------------|
| Pension related - MERS         | \$ 23,260                  | \$ 126,428                  | \$ 149,688        |
| Pension related - MPERS        | 220,046                    |                             | 220,046           |
| Pension related - Firefighters | 280,898                    |                             | 280,898           |
|                                | <u>\$ 524,204</u>          | <u>\$ 126,428</u>           | <u>\$ 650,632</u> |

The Statement of Net Position reports deferred outflows of resources at December 31, 2025, consisting of the following:

|                                | Governmental<br>Activities | Business-type<br>Activities | Total             |
|--------------------------------|----------------------------|-----------------------------|-------------------|
| Pension related - MERS         | \$ 126,440                 | \$ 89,379                   | \$ 215,819        |
| Pension related - MPERS        | 149,369                    |                             | 149,369           |
| Pension related - Firefighters | 352,759                    |                             | 352,759           |
|                                | <u>\$ 628,568</u>          | <u>\$ 89,379</u>            | <u>\$ 717,947</u> |

Information about each retirement plan is detailed in Note 16.

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Haughton, Louisiana  
Notes to Financial Statements  
December 31, 2025  
(Continued)

(15) Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2025, was as follows:

|                                                                | Beginning<br>Balance | Additions         | Reductions          | Ending<br>Balance   | Amounts<br>Due Within<br>One Year |
|----------------------------------------------------------------|----------------------|-------------------|---------------------|---------------------|-----------------------------------|
| <b>Governmental Activities:</b>                                |                      |                   |                     |                     |                                   |
| Long-term liabilities                                          |                      |                   |                     |                     |                                   |
| Net pension liability - MERS                                   | \$ 286,213           | \$                | \$ (15,449)         | \$ 270,764          | \$                                |
| Net pension liability - MPERS                                  | 1,334,532            |                   | (334,501)           | 1,000,031           |                                   |
| Net pension liability - Firefighters                           | 1,270,632            |                   | (392,673)           | 877,959             |                                   |
| Compensated absences                                           | 76,855               | 8,082             |                     | 84,937              | 84,937                            |
| Subscription-based information technology arrangement          |                      | 52,604            | (32,907)            | 19,697              |                                   |
| Finance purchases                                              | 165,281              | 301,467           | (37,623)            | 429,125             | 147,045                           |
| <b>Total - Governmental Activities long-term liabilities</b>   | <b>\$ 3,133,513</b>  | <b>\$ 362,153</b> | <b>\$ (813,153)</b> | <b>2,682,513</b>    | <b>231,982</b>                    |
| Less amounts due within period of availability                 |                      |                   |                     | (8,072)             | (8,072)                           |
| <b>Total long-term liabilities, Government-wide Statements</b> |                      |                   |                     | <b>\$ 2,674,441</b> | <b>\$ 223,910</b>                 |
| <b>Business-type Activities:</b>                               |                      |                   |                     |                     |                                   |
| Long-term liabilities                                          |                      |                   |                     |                     |                                   |
| Direct borrowings and direct placements:                       |                      |                   |                     |                     |                                   |
| Revenue Bonds:                                                 |                      |                   |                     |                     |                                   |
| Utility revenue bonds Series 2013                              | \$ 1,463,000         | \$                | \$ (156,000)        | \$ 1,307,000        | \$ 158,000                        |
| Utility revenue bonds Series 2023                              | 6,542,324            |                   | (119,282)           | 6,423,042           | 121,686                           |
| Sales tax bonds Series 2019                                    | 672,000              |                   | (66,000)            | 606,000             | 68,000                            |
| <b>Total revenue bonds</b>                                     | <b>8,677,324</b>     |                   | <b>(341,282)</b>    | <b>8,336,042</b>    | <b>347,686</b>                    |
| Other long-term liabilities:                                   |                      |                   |                     |                     |                                   |
| Compensated absences                                           | 16,472               | 70                |                     | 16,542              | 16,542                            |
| Lease liability                                                | 35,422               |                   | (95)                | 35,327              | 204                               |
| Net pension liability - MERS                                   | 567,073              |                   | (129,418)           | 437,655             |                                   |
| <b>Total - Business-type Activities long-term liabilities</b>  | <b>\$ 9,296,291</b>  | <b>\$ 70</b>      | <b>\$ (470,795)</b> | <b>8,825,566</b>    | <b>364,432</b>                    |
| Less amounts due within period of availability                 |                      |                   |                     | (16,542)            | (16,542)                          |
| <b>Total long-term liabilities, government-wide statements</b> |                      |                   |                     | <b>\$ 8,809,024</b> | <b>\$ 347,890</b>                 |

Information about each retirement plan is detailed in Note 16. The change in compensated absences liability is presented as a net change.

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Business-type activities utility revenue bonds consist of the following issues:

Series 2013, Sewer Revenue Bonds, total amount available \$3,000,000 for constructing and acquiring improvements, and replacements to the sewerage system of the Town, including equipment and furnishings; interest rate of .95% payable solely from the income and revenue derived or to be derived from the operation of said revenue producing utility.

\$ 1,307,000

Series 2019, Sales Tax Bonds, total amount available \$1,040,000 for constructing and acquiring improvements, and replacements to the sewerage system of the Town, including equipment and furnishings; interest rate of 1.975% to 3.95% payable solely from the income and revenue derived or to be derived from the operation of said revenue producing utility.

\$ 606,000

Series 2023, Sewer Revenue Bonds, total amount available \$6,849,000 for paying a portion of the costs of construction and acquiring improvements, renovations and replacements to the sewerage collection and disposal system and refund the Town's outstanding Sales Tax Bonds, Series 2016; interest rate of 2.0% payable solely from the income and revenue derived or to be derived from the operation of said revenue producing utility.

\$ 6,423,042

Future debt service requirements at December 31, 2025, were as follows:

| Fiscal Year | Revenue Bonds       |                     |                      |
|-------------|---------------------|---------------------|----------------------|
|             | Principle           | Interest            | Total                |
| 2026        | \$ 279,686          | \$ 132,876          | \$ 412,562           |
| 2027        | 284,142             | 129,704             | 413,846              |
| 2028        | 287,648             | 126,476             | 414,124              |
| 2029        | 291,204             | 123,193             | 414,397              |
| 2030        | 295,812             | 119,852             | 415,664              |
| 2031-2035   | 1,202,061           | 548,521             | 1,750,582            |
| 2036-2040   | 773,622             | 471,558             | 1,245,180            |
| 2041-2045   | 854,914             | 390,266             | 1,245,180            |
| 2046-2050   | 944,747             | 300,433             | 1,245,180            |
| 2051-2055   | 1,044,020           | 201,160             | 1,245,180            |
| 2056-2060   | 1,153,725           | 91,455              | 1,245,180            |
| 2061-2062   | 318,461             | 4,417               | 322,878              |
|             | <u>\$ 7,730,042</u> | <u>\$ 2,639,911</u> | <u>\$ 10,369,953</u> |

| Fiscal Year | Sales Tax Bonds   |                   |                   |
|-------------|-------------------|-------------------|-------------------|
|             | Principle         | Interest          | Total             |
| 2026        | \$ 68,000         | \$ 22,614         | \$ 90,614         |
| 2027        | 70,000            | 20,461            | 90,461            |
| 2028        | 72,000            | 18,249            | 90,249            |
| 2029        | 75,000            | 15,958            | 90,958            |
| 2030        | 77,000            | 12,995            | 89,995            |
| 2031-2034   | 244,000           | 20,145            | 264,145           |
|             | <u>\$ 606,000</u> | <u>\$ 110,422</u> | <u>\$ 716,422</u> |

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Leased Assets

During 2007, the Town entered into a lease agreement to lease land. The land is included in governmental activities capital assets at a cost of \$37,842, with accumulated amortization totaling \$6,880 as of December 31, 2025. Interest has been imputed at a rate of 3.125%, and the Town will make monthly payments through 2105. Future lease payments due under lease agreements are as follows:

| <u>Fiscal Year</u> | <u>Principle</u> | <u>Interest</u>  | <u>Total</u>     |
|--------------------|------------------|------------------|------------------|
| 2026               | \$ 204           | \$ 1,097         | \$ 1,301         |
| 2027               | 107              | 1,093            | 1,200            |
| 2028               | 110              | 1,090            | 1,200            |
| 2029               | 113              | 1,087            | 1,200            |
| 2030               | 117              | 1,083            | 1,200            |
| 2031-2035          | 641              | 5,359            | 6,000            |
| 2036-2040          | 747              | 5,253            | 6,000            |
| 2041-2045          | 871              | 5,129            | 6,000            |
| 2046-2050          | 1,015            | 4,985            | 6,000            |
| 2051-2055          | 1,183            | 4,817            | 6,000            |
| 2056-2060          | 1,379            | 4,621            | 6,000            |
| 2061-2065          | 1,608            | 4,392            | 6,000            |
| 2066-2070          | 1,874            | 4,126            | 6,000            |
| 2071-2075          | 2,184            | 3,816            | 6,000            |
| 2076-2080          | 2,546            | 3,454            | 6,000            |
| 2081-2085          | 2,968            | 3,032            | 6,000            |
| 2086-2090          | 3,459            | 2,541            | 6,000            |
| 2091-2095          | 4,032            | 1,968            | 6,000            |
| 2096-2100          | 4,700            | 1,300            | 6,000            |
| 2101-2105          | 5,469            | 531              | 6,000            |
|                    | <u>\$ 35,327</u> | <u>\$ 60,774</u> | <u>\$ 96,101</u> |

Finance Purchase

During 2024, the Town entered into a finance purchase agreement to purchase a fire truck. The Town paid \$420,000 cash down payment, and signed a finance purchase agreement for \$214,214. The truck is included in governmental activities capital assets at a cost of \$632,919, with accumulated depreciation totaling \$242,619 as of December 31, 2025. Interest has been imputed at a rate of 6.047%, and the Town will make monthly payments through 2027.

During 2025, the Town entered into a finance purchase agreement to purchase two police vehicles and two fire vehicles. The gross amount of assets recorded under this finance purchase lease as of December 31, 2025, was \$180,821. Accumulated depreciation as of December 31, 2025, was \$19,142. Interest has been imputed at a rate of 5.46%, and the Town will make monthly payments through 2030.

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During 2025, the Town entered into a finance purchase agreement to purchase police body cameras. The gross amount of assets recorded under this finance purchase lease as of December 31, 2025, was \$77,725. Accumulated depreciation as of December 31, 2025, was \$15,545. Interest has been imputed at a rate of 2.00%, and the Town will make monthly payments through 2030.

The future minimum lease obligations and net present value of the minimum lease payments as of December 31, 2025, were as follows:

| <u>Fiscal Year</u> | <u>Principle</u>  | <u>Interest</u>  | <u>Total</u>      |
|--------------------|-------------------|------------------|-------------------|
| 2026               | \$ 147,045        | \$ 29,067        | \$ 176,112        |
| 2027               | 113,679           | 15,052           | 128,731           |
| 2028               | 58,644            | 8,311            | 66,955            |
| 2029               | 60,131            | 5,361            | 65,492            |
| 2030               | 49,626            | 2,710            | 52,336            |
|                    | <u>\$ 429,125</u> | <u>\$ 60,501</u> | <u>\$ 489,626</u> |

Subscription-Based Information Technology Arrangement

During 2025, the Town entered into a subscription-based information technology agreement (SBITA) related to certain equipment and related software for public safety. The total cost of the Town's subscription assets are recorded at \$52,604, less accumulated amortization of \$9,644 as of December 31, 2025. The future subscription payments under SBITA agreements are as follows:

| <u>Fiscal Year</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u>     |
|--------------------|------------------|-----------------|------------------|
| 2027               | \$ 4,663         | \$ 435          | \$ 5,098         |
| 2028               | 7,293            | 549             | 7,842            |
| 2029               | 7,741            | 99              | 7,840            |
|                    | <u>\$ 19,697</u> | <u>\$ 1,083</u> | <u>\$ 20,780</u> |

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Haughton, Louisiana  
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(Continued)

(16) Pension Plans

Employees of the Town are members of the Municipal Employees Retirement System, Municipal Police Employees Retirement System (police department employees), or State of Louisiana Firefighters' Retirement System (fire department employees).

**MUNICIPAL EMPLOYEES RETIREMENT SYSTEM**

The Municipal Employees' Retirement System of Louisiana is the administrator of a cost-sharing, multiple-employer defined benefit pension plan. The System was originally established by Act 356 of the 1954 regular session of the Legislature of the State of Louisiana. Effective October 1, 1978, under Act 788, the "regular plan" and the "supplemental plan" were replaced, and are now known as Plan "A" and Plan "B". Plan A combines the original plan and the supplemental plan for those municipalities participating in both plans, while Plan B participates in only the original plan. The System provides retirement benefits to employees of all incorporated villages, towns and cities within the State which do not have their own retirement system and which elect to become members of the System. Employees of the Town are members of Plan A.

**Plan Description**

**Eligibility Requirements:**

Membership is mandatory as a condition of employment beginning on the date employed if the employee is on a permanent basis working at least 35 hours per week. Those individuals paid jointly by a participating employer and a parish are not eligible for membership in the System with exceptions as outlined in the statutes.

Any person eligible for membership whose first employment making him eligible for membership in the System occurred on or after January 1, 2013, shall become a member of the MERS Plan A Tier 2 or MERS Plan B Tier 2 of the System as a condition of employment.

**Retirement Benefits:**

Benefit provisions are authorized within Act 356 of the 1954 regular session and amended by LRS 11:1756-1785. The following brief description of the plan and its benefits is provided for general information purposes only. Participants should refer to the appropriate statutes for more complete information.

Any member of Plan A who commenced participation in the System prior to January 1, 2013, can retire providing he meets one of the following criteria:

1. Any age with 25 or more years of creditable service.
2. Age 60 with a minimum of ten years of creditable service.
3. Any age with 20 years of creditable service, exclusive of military service and unused annual and sick leave, with an actuarially reduced early benefit.

Generally, the monthly amount of the retirement allowance for any member of Plan A shall consist of an amount equal to 3% of the member's final compensation multiplied by his years of creditable service. Final compensation is the average monthly earnings during the highest 60 consecutive months or joined months if service was interrupted. However, under certain conditions as outlined in the statutes, the benefits are limited to specified amounts. An additional regular retirement benefit can be received for any city marshal or deputy city marshal. See Plan Booklet for further details.

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Any member of Plan A Tier 2 can retire providing he meets one of the following criteria:

1. Age 67 with seven years of creditable service.
2. Age 62 with ten years of creditable service.
3. Age 55 with 30 years of creditable service.
4. Any age with 25 years of creditable service, exclusive of military service and unused annual and sick leave, with an actuarially reduced early benefit.

Generally, the monthly amount of retirement allowance for any member of Plan A Tier 2 shall consist of an amount equal to 3% of the member's final compensation multiplied by his years of creditable service. Final compensation is the average monthly earnings during the highest 60 consecutive months or joined months if service was interrupted. However, under certain conditions as outlined in the statutes, the benefits are limited to specified amounts. Any city marshal or deputy city marshal shall receive an additional regular benefit computed on supplemental marshal's earnings. See Plan Booklet for further details.

Survivor Benefits:

Upon the death of any member of Plan A with five or more years of creditable service, not eligible for normal retirement, the plan provides for benefits for the surviving spouse and minor children as outlined in the statutes.

Any member of Plan A who is eligible for normal retirement at time of death and who leaves a surviving spouse will be deemed to have retired and selected Option 2 benefits on behalf of the surviving spouse on the date of death. Such benefits will begin only upon proper application and are paid in lieu of any other survivor benefits.

Deferred retirement option plan benefits

In lieu of terminating employment and accepting a service retirement allowance, any member of Plan A or B who is eligible to retire may elect to participate in the deferred retirement option plan (DROP) for up to three years and defer the receipt of benefits. During participation in DROP, employer contributions are payable but employee contributions cease. The monthly retirement benefits that would be payable, had the person elected to cease employment and receive a service retirement allowance, are paid into the DROP fund. Interest is earned when the member has completed DROP participation. Interest earnings are based upon the actual rate of return on the investments identified as DROP funds for the period. In addition, no cost-of-living increases are payable to participants until employment which made them eligible to become members of the System has been terminated for at least one full year.

Upon termination of employment prior to or at the end of the specified period of participation, a participant in the DROP may receive, at his option, a lump sum from the account equal to the payments into the account, a true annuity based upon his account balance in that fund, or any other method of payment if approved by the Board of Trustees. If a participant dies during participation in the DROP, a lump sum equal to the balance in his account shall be paid to his named beneficiary or, if none, to his estate. If employment is not terminated at the end of the three years, payments into the DROP fund cease and the person resumes active contributing membership in the System.

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Notes to Financial Statements  
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**Disability Benefits:**

For Plan A, a member shall be eligible to retire and receive a disability benefit if he has at least five years of creditable service, is not eligible for normal retirement, and has been officially certified as disabled by the State Medical Disability Board. Upon retirement caused by disability, a member of Plan A shall be paid a disability benefit equal to the lesser of 45% of his final compensation or 3% of his final compensation multiplied by his years of creditable service, whichever is greater, or an amount equal to 3% of the member's final compensation multiplied by his years of creditable service projected to his earliest normal retirement age.

**Cost of Living Increases:**

The System is authorized under state law to grant a cost of living increase to members who have been retired for at least one year. The adjustment cannot exceed 2% of the retiree's original benefit for each full calendar year since retirement and may only be granted if sufficient funds are available from investment income in excess of normal requirements. State law allows the System to grant an additional cost of living increase to all retirees and beneficiaries who are age sixty-five and above equal to 2% of the benefit being received on October 1, 1977, or the original benefit, if retirement commenced after that date.

**Deferred Benefits:**

Both plans provide for deferred benefits for members who terminate before being eligible for retirement. Once the member reaches the appropriate age for retirement, benefits become payable. Benefits are based on statutes in effect at time of withdrawal.

**Contributions**

Contributions for all members are established by statute. For the year ended June 30, 2025, member contributions were at 10% of earnable compensation for Plan A and 5% of earnable compensation for Plan B. The contributions are deducted from the member's salary and remitted by the participating employer. For the plan year ending June 30, 2025, the actual employer contribution rate was 28.00% for Plan A. The Town's contributions to the System for the years ended December 31, 2025, 2024, and 2023 were \$199,695, \$182,087, and \$174,237, respectively.

**Non-Employer Contributions**

In accordance with state statute, the System receives ad valorem taxes and state revenue sharing funds. These additional sources of income are used as employer contributions and are considered support from non-employer contributing entities, but are not considered special funding situations. Non-employer contributions totaling \$26,223 are recognized as revenue during the year ended December 31, 2025 and excluded from pension expense.

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

At December 31, 2025, the Town reported a liability of \$708,419 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2025, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The historical employer contributions are used to determine the proportionate relationship of each employer to all employers of Municipal Employees' Retirement System. The employer's proportion was determined on a basis that is consistent with the manner in which contributions to the pension plan are determined. The allocation percentages were used in calculating each employer's proportionate share of the pension amounts. The allocation method used in determining each employer's proportion was based on each employer's contributions to the System during the fiscal year ended June 30, 2025 as compared to the total of all employers' contributions received by the System during the fiscal year ended June 30, 2025. The Town's proportion as measured at June 30, 2025, was .3090530%, which was an increase of .00582% from its proportion measured as of June 30, 2024.

For the year ended December 31, 2025, the Town recognized pension expense of \$106,699, plus employer's amortization of change in proportionate share and the difference between employer contributions and proportionate share of contributions, \$(1,029).

At December 31, 2025, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|                                                                                                                     | <u>Deferred Inflows of Resources</u>  |                                     |
|---------------------------------------------------------------------------------------------------------------------|---------------------------------------|-------------------------------------|
|                                                                                                                     | <u>Governmental<br/>Activities</u>    | <u>Business-type<br/>Activities</u> |
| Differences between expected and actual experience                                                                  | \$ 4,489                              | \$ 7,325                            |
| Changes of assumptions                                                                                              | 976                                   | 9,163                               |
| Net difference between projected and actual earnings<br>on pension plan investments                                 | 17,795                                | 28,320                              |
| Changes in proportion and differences between<br>employer contributions and proportionate share of<br>contributions |                                       | 81,620                              |
| Total                                                                                                               | <u>\$ 23,260</u>                      | <u>\$ 126,428</u>                   |
|                                                                                                                     | <u>Deferred Outflows of Resources</u> |                                     |
|                                                                                                                     | <u>Governmental<br/>Activities</u>    | <u>Business-type<br/>Activities</u> |
| Changes in proportion and differences between<br>employer contributions and proportionate share of<br>contributions | \$ 85,828                             | 23,118                              |
| Differences between expected and actual experience                                                                  | 612                                   | 998                                 |
| Employer contributions subsequent to the measurement<br>Date                                                        | 40,000                                | 65,263                              |
| Total                                                                                                               | <u>\$ 126,440</u>                     | <u>\$ 89,379</u>                    |

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Town of Haughton  
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The Town reported a total of \$105,263 as deferred outflow of resources related to pension contributions made subsequent to the measurement period of June 30, 2025, which will be recognized as a reduction in net pension liability in the year ended December 31, 2026.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expenses as follows:

| <u>Year</u> | <u>Amount</u>      |
|-------------|--------------------|
| 2026        | \$ 56,805          |
| 2027        | (40,146)           |
| 2028        | (38,292)           |
| 2029        | (17,499)           |
| Total       | <u>\$ (39,132)</u> |

**Actuarial Methods and Assumptions**

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Examples include assumptions about future employment mortality and future salary increases. Actuarially determined amounts regarding the net pension liability are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

The actuarial assumptions used in the June 30, 2025, valuation were based on the results of an actuarial experience study for the period from July 1, 2018 through June 30, 2023. Information on the actuarial valuation and assumptions is as follows:

|                                                            |                                                                                                                                                         |
|------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------|
| Valuation Date                                             | June 30, 2025                                                                                                                                           |
| Actuarial Cost Method                                      | Entry Age Normal Cost                                                                                                                                   |
| Actuarial Assumptions:                                     |                                                                                                                                                         |
| Investment Rate of Return                                  | 6.85%, net of pension plan investment expense, including inflation                                                                                      |
| Inflation Rate                                             | 2.5%                                                                                                                                                    |
| Salary increases, including inflation and merit increases: |                                                                                                                                                         |
| 1 to 2 years of service                                    | 9.0%                                                                                                                                                    |
| More than 2 years of service                               | 4.4%                                                                                                                                                    |
| Annuitant and beneficiary mortality                        | PubG-2010(B) Healthy Retiree Table set equal to 115% for males and 120% for females, each adjusted using their respective male and female MP2021 scales |
| Employee mortality                                         | PubG-2010(B) Employee Table set equal to 115% for males and 120% for females, adjusted using their respective male and female MP2021 scales             |
| Disabled lives mortality                                   | PubNS-2010(B) Disabled Retiree Table set equal to 115% for males and 120% for females with the full generational MP2021 scale                           |
| Expected Remaining Service Lives                           | 3 years                                                                                                                                                 |

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**Discount rate**

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

The target and best estimates of arithmetic real rates of return for each major asset class included in the System's target asset allocation as of June 30, 2025 are summarized in the following table:

|                                    | Target Asset<br>Allocation | Long-Term Expected<br>Portfolio Real Rate of<br>Return |
|------------------------------------|----------------------------|--------------------------------------------------------|
| Public equity                      | 53%                        | 2.31%                                                  |
| Public fixed income                | 29%                        | 1.26%                                                  |
| Alternatives                       | 18%                        | .78%                                                   |
| Totals                             | <u>100%</u>                | <u>4.35%</u>                                           |
| Inflation                          |                            | 2.5%                                                   |
| Expected Arithmetic Nominal Return |                            | 6.85%                                                  |

The discount rate used to measure the total pension liability was 6.85% for the year ended June 30, 2025. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates, which are calculated in accordance with relevant statutes and approved by the Board of Trustees and the Public Retirement Systems' Actuarial Committee. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity to Changes in Discount Rate**

The following presents the net pension liability of the participating employers calculated using the discount rate of 6.85%, as well as what the employers' net pension liability would be if it were calculated using a discount rate that is one percentage point lower, or one percentage point higher than the current rate as of June 30, 2025:

|                       | <u>Changes in Discount Rate</u> |                                          |                                |
|-----------------------|---------------------------------|------------------------------------------|--------------------------------|
|                       | 1%<br>Decrease<br><u>5.85%</u>  | Current<br>Discount Rate<br><u>6.85%</u> | 1%<br>Increase<br><u>7.85%</u> |
| Net Pension Liability | \$1,162,019                     | \$708,419                                | \$(325,676)                    |

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**Changes in Net Pension Liability**

The changes in the net pension liability for the year ended December 31, 2025 were recognized in the current reporting period except as follows:

*Differences between Expected and Actual Experience:*

The differences between expected and actual experience with regard to economic or demographic factors in the measurement of the total pension liability were recognized as pension benefit using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan.

*Differences between Projected and Actual Investment Earnings:*

The differences between projected and actual investment earnings on pension plan investments were recognized in pension expense using the straight-line amortization method over a closed five-year period.

*Changes of Assumptions:*

The changes of assumptions about future economic or demographic factors were recognized in pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan.

*Changes in Proportion:*

Changes in the employer's proportionate share of the collective net pension liability and collective deferred outflows of resources and deferred inflows of resources since the prior measurement date were recognized in employer's pension expense (benefit) using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided pensions through the pension plan. The unamortized amounts arising from changes in the employers' proportionate shares are presented in the schedule of pension amounts as deferred outflows or deferred inflows as of December 31, 2025.

**Contributions – Proportionate Share**

Differences between contributions remitted to the System and the employer's proportionate share are recognized in pension expense (benefit) using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with a pension through the pension plan.

**Pension Plan Fiduciary Net Position**

Plan fiduciary net position is a significant component of the System's collective net pension liability. The System's plan fiduciary net position was determined using the accrual basis of accounting. The System's assets, liabilities, revenues and expenses were recorded with the use of estimates and assumptions in conformity with accounting principles generally accepted in the United States of America. Such estimates primarily related to unsettled transactions and events as of the date of the financial statements and estimates over the determination of the fair market value of the System's investments. Accordingly, actual results may differ from estimated amounts. The Plan's fiduciary net position has been determined on the same basis as that used by the plan. Detailed information about the fiduciary net position is available in a stand-alone audit report on their financial statements for the year ended June 30, 2025. Access to these reports can be found on the Louisiana Legislative Auditor's website, [www.la.la.gov](http://www.la.la.gov).

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**MUNICIPAL POLICE EMPLOYEES' RETIREMENT SYSTEM**

The Municipal Police Employees' Retirement System (System) is a cost-sharing multiple-employer defined benefit plan administered by a separate board of trustees. 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, 7722 Office Park Boulevard, Suite 200, Baton Rouge, Louisiana, 70809.

**Plan Description**

Membership in the System is mandatory for any full-time police officer employed by a municipality of the State of Louisiana and engaged in law enforcement, empowered to make arrests, providing he or she does not have to pay social security and providing he or she meets the statutory criteria. The System provides retirement benefits for municipal police officers. The projections of benefit payments in the calculation of the total pension liability includes all benefits to be provided to current active and inactive employees through the System in accordance with benefit terms and any additional legal agreements to provide benefits that are in force at the measurement date.

Benefit provisions are authorized within Act 189 of 1973 and amended by LRS 11:2211-11:2233. The following is a brief description of the plan and its benefits and is provided for general information purposes only. Participants should refer to the appropriate statutes for more complete information.

**Membership Prior to January 1, 2013**

A member is eligible for regular retirement after he has been a member of the System and has 25 years of creditable service at any age or has 20 years of creditable service and is age 50 or has 12 years creditable service and is age 55. A member is eligible for early retirement after he has been a member of the System for 20 years of creditable service at any age with an actuarially reduced benefit. Benefit rates are three and one-third percent of average final compensation (average monthly earnings during the highest 36 consecutive months or joined months if service was interrupted) per number of years of creditable service not to exceed 100% of final salary. Upon the death of an active contributing member, or disability retiree, the plan provides for surviving spouses and minor children. Under certain conditions outlined in the statutes, the benefits range from forty to sixty percent of the member's average final compensation for the surviving spouse. In addition, each child under age eighteen receives benefits equal to ten percent of the member's average final compensation or \$200.00 per month, whichever is greater.

**Membership Commencing January 1, 2013**

Member eligibility for regular retirement, early retirement, disability and survivor benefits are based on Hazardous Duty and Non Hazardous Duty sub plans. Under the Hazardous Duty sub plan, a member is eligible for regular retirement after he has been a member of the System and has 25 years of creditable service at any age or has 12 years of creditable service at age 55. Under the Non Hazardous Duty sub plan, a member is eligible for regular retirement after he has been a member of the System and has 30 years of creditable service at any age, 25 years of creditable service at age 55, or 10 years of creditable service at age 60. Under both sub plans, a member is eligible for early retirement after he has been a member of the System for 20 years of creditable service at any age, with an actuarially reduced benefit from age 55. Under the

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Hazardous and Non Hazardous Duty sub plans, the benefit rates are three percent and two and a half percent, respectively, of average final compensation (average monthly earnings during the highest 60 consecutive months or joined months if service was interrupted) per number of years of creditable service not to exceed 100% of final salary. Upon death of an active contributing member, or disability retiree, the plan provides for surviving spouses and minor children. Under certain conditions outlined in the statutes, the benefits range from twenty-five to fifty-five percent of the member's average final compensation for the surviving spouse. In addition, each child under age eighteen receives ten percent of average final compensation or \$200 per month whichever is greater. If deceased member had less than ten years of service, beneficiary will receive a refund of employee contributions only.

Cost of Living Adjustments

The Board of Trustees is authorized to provide annual cost-of-living adjustments computed on the amount of the current regular retirement, disability, beneficiary or survivor's benefit, not to exceed 3% in any given year. The Board is authorized to provide an additional 2% COLA, computed on the member's original benefit, to all regular retirees, disability, survivors and beneficiaries who are 65 years of age or older on the cut-off date which determines eligibility. No regular retiree, survivor or beneficiary shall be eligible to receive a cost-of-living adjustment until benefits have been received at least one full fiscal year and the payment of such COLA, when authorized, shall not be effective until the lapse of at least one-half of the fiscal year. Members who elect early retirement are not eligible for a cost of living adjustment until they reach regular retirement age.

Deferred Retirement Option Plan

A member is eligible to elect to enter the deferred retirement option plan (DROP) when he is eligible for regular retirement based on the members' sub plan participation. Upon filing for the program, the employee's active membership in the System is terminated. At the entry date into the DROP, the employee and employer contributions cease. The amount to be deposited into the DROP account is equal to the benefit computed under the retirement plan elected by the participant at date of application. The duration of participation in the DROP is thirty six months or less. If employment is terminated after the three-year period the participant may receive his benefits by lump sum payment or a true annuity. If employment is not terminated, active contributing membership into the System shall resume and upon later termination, he shall receive additional retirement benefit based on the additional service. For those eligible to enter DROP prior to January 1, 2004, DROP accounts shall earn interest subsequent to the termination of DROP participation at a rate of half of one percentage point below the percentage rate of return of the System's investment portfolio as certified by the actuary on an annual basis but will never lose money. For those eligible to enter DROP subsequent to January 1, 2004, an irrevocable election is made to earn interest based on the System's investment portfolio return or a money market investment return. This could result in a negative earnings rate being applied to the account. If the member elects a money market investment return, the funds are transferred to a government money market account.

Initial Benefit Option Plan

In 1999, the State Legislature authorized the System to establish an Initial Benefit Option program. Initial Benefit Option is available to members who are eligible for regular retirement and have not participated in DROP. The Initial Benefit Option program provides both a one-time single sum payment of up to 36 months of regular monthly retirement benefit, plus a reduced monthly retirement benefit for life. Interest is computed on the balance based on same criteria as DROP.

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**Contributions**

Contributions for all members are actuarially determined as required by state law but cannot be less than 9% of the employees' earnable compensation excluding overtime but including state supplemental pay. For the year ended June 30, 2025, total contributions due from employers and employees was 39.925%. The employer and employee contribution rates for all members hired prior to January 1, 2013 and Hazardous Duty members hired after January 1, 2013 were 35.60% and 10%, respectively. The employer and employee contribution rates for all Non-Hazardous Duty members hired after January 1, 2013 were 35.60% and 8%, respectively. The employer and employee contribution rates for all members whose earnable compensation is less than or equal to the poverty guidelines issued by the United States Department of Health and Human Services were 38.10% and 7.5%, respectively. The Town contributions to the System for the years ended December 31, 2025, 2024, and 2023 were \$199,737, \$187,138, and \$172,083, respectively. Included in contributions for the year ended December 31, 2025, are contributions for the month of December 2025 totaling \$16,856 which were paid subsequent to December 31, 2025, and additional contributions due for the month of May 2025 totaling \$7,241, for which payment has not yet been remitted.

**Non-Employer Contributions**

The System also receives insurance premium tax monies as additional employer contributions. The tax is considered support from a non-contributing entity and appropriated by the legislature each year based on an actuarial study. Non-employer contributions totaling \$42,947 are recognized as revenue during the year ended December 31, 2025 and excluded from pension expense.

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

At December 31, 2025, the Town reported a liability of \$1,000,031 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2025, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liability was based on the employer's contributions to the System during the year ended June 30, 2025, as compared to the total of all employers' contributions to the System for the year ended June 30, 2025. At June 30, 2025, the Town's proportion was .144804%, which was a decrease of .00250% from its proportion measured as of June 30, 2024.

For the year ended December 31, 2025, the Town recognized pension expense of \$53,211, plus employer's amortization of change in proportionate share and the difference between employer contributions and proportionate share of contributions, \$3,306.

At December 31, 2025, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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|                                                                                                                     | <u>Governmental Activities</u>            |                                          |
|---------------------------------------------------------------------------------------------------------------------|-------------------------------------------|------------------------------------------|
|                                                                                                                     | <u>Deferred Outflows<br/>of Resources</u> | <u>Deferred Inflows<br/>of Resources</u> |
| Differences between expected and actual experience                                                                  | \$ 51,944                                 | \$ 26,457                                |
| Changes of assumptions                                                                                              |                                           | 45,930                                   |
| Net difference between projected and actual earnings<br>on pension plan investments                                 |                                           | 78,773                                   |
| Changes in proportion and differences between<br>employer contributions and proportionate share of<br>contributions |                                           | 68,886                                   |
| Employer contributions subsequent to the measurement<br>date                                                        | 97,425                                    |                                          |
| Total                                                                                                               | <u>\$ 149,369</u>                         | <u>\$ 220,046</u>                        |

The Town reported a total of \$97,425 as deferred outflow of resources related to pension contributions made subsequent to the measurement period of June 30, 2025, which will be recognized as a reduction in net pension liability in the year ended December 31, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expenses as follows:

| <u>Year</u> | <u>Amount</u>       |
|-------------|---------------------|
| 2026        | \$ 44,296           |
| 2027        | (107,467)           |
| 2028        | (71,931)            |
| 2029        | (33,000)            |
| Total       | <u>\$ (168,102)</u> |

**Actuarial Methods and Assumptions**

The actuarial assumptions used in the June 30, 2025 valuation were based on the assumptions used in the June 30, 2025 actuarial funding valuation, and were based on the results of an actuarial experience study for the period July 1, 2014 – June 30, 2019. In cases where benefit structures were changed after the study period, assumptions were based on estimates of future experience. A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2025 are as follows:

|                                                    |                                   |                           |
|----------------------------------------------------|-----------------------------------|---------------------------|
| Valuation Date                                     | June 30, 2025                     |                           |
| Actuarial Cost Method                              | Entry Age Normal Cost             |                           |
| Investment Rate of Return                          | 6.750%, net of investment expense |                           |
| Expected Remaining Service<br>Lives                | 4 years                           |                           |
| Inflation Rate                                     | 2.5%                              |                           |
|                                                    | <u>Years of Service</u>           | <u>Salary Growth Rate</u> |
| Salary increases,<br>including inflation and merit | 1-2                               | 13.00%                    |
|                                                    | Above 2                           | 4.75%                     |

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Mortality

For active members, the Pub-2016 Public Retirement Plans Mortality Table for Safety Below-Median Employees was used multiplied by 125% for males and 125% for females, each with full generational projection using the MP2021 scale.

For annuitants and beneficiaries, the Pub-2016 Public Retirement Plans Mortality Table for Safety Below-Median Healthy Retirees was used multiplied by 125% for males and 125% for females, each with full generational projection using the MP2021 scale.

For disabled retirees, the Pub-2016 Public Retirement Plans Mortality Table Total Dataset for Safety Disabled Retirees was used multiplied by 125% for males and 125% for females, each with full generational projection using the MP2021 scale.

Cost-of-Living Adjustments

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

The mortality rate assumption used was set based upon an experience study for the period of July 1, 2019 through June 30, 2024. A change was made to full generational mortality which combines the use of a base mortality table with appropriate mortality improvement scales. In order to set the base mortality table, actual plan mortality experience was assigned a credibility weighting and combined with a standard table to produce current levels of mortality.

The forecasted long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by target asset allocation percentage and by adding expected inflation and an adjustment for the effect of rebalancing/diversification. The resulting forecasted long-term rate of return is 8.12% for the year ended June 30, 2025.

Best estimates of arithmetic nominal rates of return for each major asset class included in the System's target allocation as of June 30, 2025 are summarized in the following table:

| <u>Asset Class</u>                 | <u>Target Asset Allocation</u> | <u>Long-Term Expected Portfolio Real Rate of Return</u> |
|------------------------------------|--------------------------------|---------------------------------------------------------|
| Equity                             | 51.00%                         | 3.20%                                                   |
| Fixed income                       | 35.00%                         | 1.21%                                                   |
| Alternatives                       | 14.00%                         | 1.04%                                                   |
| Other                              | 0%                             | 0.00%                                                   |
| Totals                             | 100%                           | 5.45%                                                   |
| Inflation                          |                                | 2.67%                                                   |
| Expected Arithmetic Nominal Return |                                | 8.12%                                                   |

(Continued)

Town of Haughton  
Haughton, Louisiana  
Notes to Financial Statements  
December 31, 2025  
(Continued)

**Sensitivity to Changes in Discount Rate**

The following presents the net pension liability of the participating employers calculated using the discount rate of 6.75%, as well as what the employers' net pension liability would be if it were calculated using a discount rate that is one percentage point lower 5.75% or one percentage point higher 7.75% than the current rate as of June 30, 2025:

|                       | Changes in Discount Rate |                                      |                         |
|-----------------------|--------------------------|--------------------------------------|-------------------------|
|                       | 1%<br>Decrease<br>5.75%  | Current<br>Discount<br>Rate<br>6.75% | 1%<br>Increase<br>7.75% |
| Net Pension Liability | \$1,640,390              | \$ 1,000,031                         | \$463,754               |

**Change in Net Pension Liability**

The changes in the net pension liability for the year ended December 31, 2025 were recognized in the current reporting period as pension expense except as follows:

**Differences between Expected and Actual Experience:**

Differences between expected and actual experience with regard to economic or demographic factors in the measurement of the total pension liability were recognized in pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan.

**Differences between Projected and Actual Investment Earnings:**

Differences between projected and actual investment earnings on pension plan investments were recognized in pension expense using the straight-line amortization method over a closed five-year period.

**Changes of Assumptions or Other Inputs:**

Changes of assumptions about future economic or demographic factors or of other inputs were recognized in pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan.

**Change in Proportion:**

Changes in the employer's proportionate shares of the collective net pension liability and collective deferred outflows of resources and deferred inflows of resources since the prior measurement date were recognized in employer's pension expense (benefit) using a the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided pensions through the pension plan.

**Contributions – Proportionate Share**

Differences between contributions remitted to the System and the employer's proportionate share are recognized in pension expense (benefit) using the straight line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with a pension through the pension plan.

(Continued)



Town of Haughton  
Haughton, Louisiana  
Notes to Financial Statements  
December 31, 2025  
(Continued)

**Pension Plans Fiduciary Net Positions**

Plan fiduciary net position is a significant component of the System's collective net pension liability. The System's plan fiduciary net position was determined using the accrual basis of accounting. The System's assets, liabilities, revenues and expenses were recorded with the use of estimates and assumptions in conformity with accounting principles generally accepted in the United States of America. Such estimates primarily related to unsettled transactions and events as of the date of the financial statements and estimates over the determination of the fair market value of the System's investments. Accordingly, actual results may differ from estimated amounts. The Plan's fiduciary net position has been determined on the same basis as that used by the plan. Detailed information about the fiduciary net position is available in a stand-alone audit report on their financial statements for the year ended June 30, 2025. Access to these reports can be found on the Louisiana Legislative Auditor's website, [www.la.gov](http://www.la.gov).

**STATE OF LOUISIANA FIREFIGHTERS' RETIREMENT SYSTEM**

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

**Plan Description**

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

**Eligibility Requirements**

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

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

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

(Continued)



Town of Haughton  
Haughton, Louisiana  
Notes to Financial Statements  
December 31, 2025  
(Continued)

Retirement Benefits

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

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

Benefits are payable over the employees' lives in the form of a monthly annuity. An employee may elect an unreduced benefit or any of seven options at retirement. See R.S. 11:2256(A) for additional details on retirement benefits.

Disability Benefits

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

Death Benefits

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

Deferred Retirement Option Plan

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

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

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

Initial Benefit Option Plan

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

(Continued)



Town of Haughton  
Haughton, Louisiana  
Notes to Financial Statements  
December 31, 2025  
(Continued)

Cost of Living Adjustments (COLAs)

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

Contributions

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

Employer and Employee Contributions

According to State statute, employer contributions are actuarially determined each year. For the year ended June 30, 2025, employer and employee contributions for members above the poverty line were 33.25% and 10.0%, respectively. The employer and employee contribution rates for those members below the poverty line were 35.25% and 8.0%, respectively. The Town's contributions to the System for the years ended December 31, 2025, 2024, and 2023 were \$223,843, \$217,930, and \$198,274 respectively. Included in contributions for the year ended December 31, 2025, are contributions for the months of November and December 2025 totaling \$39,100 which were paid subsequent to December 31, 2025, and additional contributions due for the month of May 2025 totaling \$7,891, for which payment has not yet been remitted..

Non-employer contributions

The System also receives insurance premium tax monies as additional employer contributions. The tax is considered support from a non-contributing entity and appropriated by the legislature each year based on an actuarial study. Non-employer contributions are recognized as revenue during the year ended June 30, 2025 and were excluded from pension expense. Non-employer contributions received by the System and attributable to the Town during the year ended December 31, 2025 were \$72,597.

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

At December 31, 2025, the Town reported a liability of \$877,959, for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2025, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liability was based on the historical employer contributions. The employer's proportion was determined on a basis that is consistent with the manner in which contributions to the pension plan are determined. The allocation percentages were used in calculating each employer's proportionate share of the pension amounts.

The allocation method used in determining each employer's proportion was based on the combined contributions to the System during the year ended June 30, 2025 as compared to the total of all combined contributions to the System during the fiscal year ended June 30, 2024. At June 30, 2025, the Town's proportion was .208438%, which was a decrease of .017229% from its proportion measured as of June 30, 2024.

(Continued)

Town of Haughton  
Haughton, Louisiana  
Notes to Financial Statements  
December 31, 2025  
(Continued)

For the year ended December 31, 2025, the Town recognized pension expense of \$137,949, plus employer's amortization of change in proportionate share and the difference between employer contributions and proportionate share of contributions, \$(831) .

At December 31, 2025, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|                                                                                                               | <u>Deferred Outflows<br/>of Resources</u> | <u>Deferred Inflows<br/>of Resources</u> |
|---------------------------------------------------------------------------------------------------------------|-------------------------------------------|------------------------------------------|
| Differences between expected and actual experience                                                            | \$ 112,430                                | \$ 15,840                                |
| Changes of assumptions                                                                                        | 40,028                                    |                                          |
| Changes in proportion and differences between employer contributions and proportionate share of contributions | 89,204                                    | 100,994                                  |
| Net difference between projected and actual earnings on pension plan investments                              |                                           | 164,064                                  |
| Employer contributions subsequent to the measurement date                                                     | <u>111,097</u>                            |                                          |
| Total                                                                                                         | <u>\$ 352,759</u>                         | <u>\$ 280,898</u>                        |

The Town reported a total of \$111,097 as deferred outflow of resources related to pension contributions made subsequent to the measurement period of June 30, 2025, which will be recognized as a reduction in net pension liability in the year ended December 31, 2026.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expenses as follows:

| <u>Year</u> | <u>Amount</u>      |
|-------------|--------------------|
| 2026        | \$ 107,452         |
| 2027        | (76,856)           |
| 2028        | (65,959)           |
| 2029        | (23,597)           |
| 2030        | 21,804             |
| 2031        | <u>(2,080)</u>     |
| Total       | <u>\$ (39,236)</u> |

**Actuarial Methods and Assumptions**

The net pension liability was measured as the portion of the present value of projected benefit payments to be provided through the pension plan to current active and inactive employees that is attributed to those employees' past periods of service, less the amount of the pension plan's fiduciary net position.

(Continued)



Town of Haughton  
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Notes to Financial Statements  
December 31, 2025  
(Continued)

For each year, the actuary determines the reasonable range of the actuarial valuation interest rate, an expected long-term portfolio rate of return and standard deviation based upon the System's target asset allocation and a long-term time horizon. These rates were based on an analysis of the System's portfolio along with expected long-term rates of return, standard deviations of return, and correlations between asset classes collected from several investment consulting firms in addition to the System's investment consultant, NEPC. Using these values and assuming that future portfolio returns are normally distributed, ten thousand trials of returns over the upcoming thirty years were performed. The results of these trials were organized into percentiles and a reasonable range, equal to the 40th through 60th percentiles, was set. For the fiscal year ended June 30, 2025, the reasonable range was set at 6.64% through 7.76% and the Board of Trustees elected to set the System's assumed rate of return at 6.90% for Fiscal 2025. The remaining actuarial assumptions utilized for this report are based on the results of an actuarial experience study completed August 9, 2025, for the period July 1, 2019 – June 30, 2024, unless otherwise specified in this report. Additional details are given in the actuary's complete 2025 Experience Study Report for the period July 1, 2019 – June 30, 2024 which can be obtained from the Firefighters' Retirement System website at [www.ffret.com](http://www.ffret.com) under the Finance tab, Actuarial Valuations section.

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

|                                  |                                                                                                                                                                    |
|----------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Valuation Date                   | June 30, 2025                                                                                                                                                      |
| Actuarial Cost Method            | Entry Age Normal Cost                                                                                                                                              |
| Estimated Remaining Service Life | 7 years closed period                                                                                                                                              |
| Investment Rate of Return        | 6.90% per annum (net of investment expenses, including inflation)                                                                                                  |
| Inflation Rate                   | 2.50% per annum                                                                                                                                                    |
| Salary increases                 | 14.50% in the first two years of service and 5.00% with 3 or more years of service; includes inflation and merit increases                                         |
| Cost of Living Adjustments       | For the purpose of determining the present value of benefits, COLAs were deemed not to be substantively automatic and only those previously granted were included. |

For the June 30, 2025 valuation, assumptions for mortality rates were based on the following:

- For active members, mortality was set equal to the Pub-2016 Public Retirement Plans Mortality Table for Safety Below-Median Employees.
- For annuitants and beneficiaries, mortality was set equal to the Pub-2016 Public Retirement Plans Mortality Table for Safety Below-Median Healthy Retirees.
- For disabled retirees, mortality was set equal to the Pub-2016 Public

(Continued)



Town of Haughton  
Haughton, Louisiana  
Notes to Financial Statements  
December 31, 2025  
(Continued)

Retirement Plans Mortality Table for Safety Disabled Retirees.

- In all cases the base table was multiplied by 110% for males and 110% for females, each with full generational projection using the appropriate MP-2021 scale.

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

The June 30, 2025, estimated long-term expected rate of return on pension plan investments was determined by the System's actuary using the System's target asset allocation as of January 2025 and the Curran Actuarial Consulting average study for 2025. The consultant's average study included projected nominal rates of return, standard deviations of returns, and correlations of returns for a list of common asset classes collected from several investment consultants and investment management firms. Each consultant's response included nominal expected long term rates of return. In order to arrive at long-term expected arithmetic real rates of return, the actuary normalized the data received from responses in the following ways. Where Firefighters' Retirement System Notes to the Schedules 20 nominal returns received were arithmetic, the actuary simply reduced the return assumption by the long-term inflation assumption. Where nominal returns were geometric, the actuary converted the return to arithmetic by adjusting for the long term standard deviation and then reduced the assumption by the long-term inflation assumption. Using the target asset allocation for the System and the average values for expected real rates of return, standard deviation of returns, and correlation of returns, an arithmetic expected nominal rate of return and standard deviation for the portfolio was determined. Subsequent to the actuary's calculation of the long-term expected real rate of return in January 2025, the Board voted to amend the target asset allocation. These changes include an increase to target weight in U.S. public equity, a decrease to emerging market equity, and the inclusion of a target weight in multisector fixed income to further diversify fixed income exposures. The changes to the target asset allocation are reflected in the table below. The System's long term assumed rate of inflation of 2.50% was used in this process for the fiscal year ended June 30, 2025. Best estimates of arithmetic real rates of return for each major asset class included in the System's target asset allocation as of June 30, 2025, are summarized in the following table:

| <u>Asset Class</u>       | <u>Target Asset Allocation</u> | <u>Long-Term Expected Real Rates of Return</u> |
|--------------------------|--------------------------------|------------------------------------------------|
| Fixed income             |                                |                                                |
| U.S. Core Fixed Income   | 23.00%                         | 2.09%                                          |
| U.S. TIPS                | 2.00%                          | 2.00%                                          |
| Emerging Market Debt     | 2.00%                          | 2.34%                                          |
| Multisector Fixed Income | 5.00%                          | 4.05%                                          |
| Equity                   |                                |                                                |
| US Equity                | 27.00%                         | 6.23%                                          |
| Non-US Equity            | 11.00%                         | 6.36%                                          |
| Global Equity            | 10.00%                         | 6.50%                                          |
| Emerging Market Equity   | 4.00%                          | 8.26%                                          |

(Continued)



Town of Haughton  
Haughton, Louisiana  
Notes to Financial Statements  
December 31, 2025  
(Continued)

|                |              |              |
|----------------|--------------|--------------|
| Alternatives   |              |              |
| Real Estate    | 4.00%        | 4.85%        |
| Real Assets    | 3.00%        | 5.93%        |
| Private Equity | <u>9.00%</u> | <u>9.77%</u> |
| Totals         | <u>100%</u>  |              |

The discount rate used to measure the total pension liability was 6.90%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates, and that contributions from participating employers and non-employer contributing entities will be made at the actuarially-determined rates approved by the Board of Trustees and by the Public Retirement Systems' Actuarial Committee taking into consideration the recommendation of the System's actuary. Based on these assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity to Changes in Discount Rate**

The following presents the net pension liability of the participating employers calculated using the discount rate of 6.90%, as well as what the employers' net pension liability would be if it were calculated using a discount rate that is one percentage point lower 5.90% or one percentage point higher 7.90% than the current rate as of June 30, 2025.

|                       | <u>Changes in Discount Rate</u> |                                             |                                |
|-----------------------|---------------------------------|---------------------------------------------|--------------------------------|
|                       | 1%<br>Decrease<br><u>5.90%</u>  | Current<br>Discount<br>Rate<br><u>6.90%</u> | 1%<br>Increase<br><u>7.90%</u> |
| Net Pension Liability | \$ 1,694,037                    | \$877,959                                   | \$ 197,678                     |

**Change in Net Pension Liability**

The changes in the net pension liability for the year ended June 30, 2025 were recognized in the current reporting period as pension expense except as follows:

*Differences between Expected and Actual Experience:*

The differences between expected and actual experience with regard to economic or demographic factors in the measurement of the total pension liability were recognized as pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan.

*Differences between Projected and Actual Investment Earnings:*

The differences between projected and actual investment earnings on pension plan investments were recognized in pension expense using the straight-line amortization method over a closed five-year period.

*Changes of Assumptions:*

The changes of assumptions about future economic or demographic factors were recognized in pension expense using the straight-line amortization method over a closed period equal to the

(Continued)



Town of Haughton  
Haughton, Louisiana  
Notes to Financial Statements  
December 31, 2025  
(Continued)

average of the expected remaining service lives of all employees that are provided with pensions through the pension plan.

*Change in Proportion:*

Changes in the employer's proportionate shares of the collective net pension liability and collective deferred outflows of resources and deferred inflows of resources since the prior measurement date were recognized in employer's pension expense (benefit) using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employee that are provided pensions through the pension plan.

**CONTRIBUTIONS - PROPORTIONATE SHARE**

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

**Plan Fiduciary Net Position**

Plan fiduciary net position is a significant component of the System's collective net pension liability. The System's plan fiduciary net position was determined using the accrual basis of accounting. The System's assets, liabilities, revenues and expenses were recorded with the use of estimates and assumptions in conformity with accounting principles generally accepted in the United States of America. Such estimates primarily related to unsettled transactions and events as of the date of the financial statements and estimates over the determination of the fair market value of the System's investments. Accordingly, actual results may differ from estimated amounts. The Plan's fiduciary net position has been determined on the same basis as that used by the plan. Detailed information about the fiduciary net position is available in a stand-alone audit report on their financial statements for the year ended June 30, 2025. Access to these reports can be found on the Louisiana Legislative Auditor's website, [www.la.gov](http://www.la.gov).

**Retirement System Audit Report**

Firefighters' Retirement System issued a stand-alone audit report on its financial statements for the year ended June 30, 2025. Access to the audit report can be found on the System's website: [www.ffret.com](http://www.ffret.com) or on the Office of Louisiana Legislative Auditor's official website: [www.la.gov](http://www.la.gov).

(17) Commitments

The Town has signed engineering and construction contracts for water wells and elevated tank projects in the amount of \$3,893,076. As of December 31, 2025, the Town had incurred approximately \$1,976,468, with the remaining \$1,916,608 to be incurred subsequent to December 31, 2025. These contracts are expected to be funded by \$2,976,000, in water sector funds from the State of Louisiana, with the remaining coming from Town funds.

The Town has a signed engineering contract totaling \$475,979 for the Foxskin Bayou drainage improvement project. As of December 31, 2025, the Town had incurred approximately \$327,744, with the remaining \$148,235 to be incurred subsequent to December 31, 2025. Funding for the project is expected to be provided, in part, by Watershed-LCDBG grant funds in the amount of \$2,274,656.

(Continued)



Town of Haughton  
Haughton, Louisiana  
Notes to Financial Statements  
December 31, 2025  
(Continued)

The Town has signed engineering and construction contracts for sewer system improvement phase 2 project in the amount of \$921,022. As of December 31, 2025, the Town had incurred approximately \$33,350, under these contracts with the remaining \$887,672 to be incurred subsequent to December 31, 2025. These contracts are expected to be funded by \$772,922 of funds from the United State Department of Agriculture, with the remaining coming from Town funds.

The Town has a signed engineering contract for sewer system rehabilitation project in the amount of \$204,000. As of December 31, 2025, the Town had incurred approximately \$43,800, under these contracts with the remaining \$160,200 to be incurred subsequent to December 31, 2025. In addition, in March 2026 the Town signed a construction contract in the amount of \$1,080,000. The construction portion of this project is expected to be funded by a LCDBG grant, with the remaining project costs coming from the Town funds.

(18) Subsequent Events

In January of 2026, the Town purchased air packs, which cost approximately \$241,384 and was paid for by a grant from FEMA.

In February of 2026, the Town awarded a bid for the water well number 1 abandonment and replacement in the amount of \$360,012. This project will be funded, in part, by funds from the State of Louisiana.

Subsequent events have been evaluated through June 5, 2026, the date the financial statements were available to be issued.

Town of Haughton  
Haughton, Louisiana  
Required Supplementary Information  
Budgetary Comparison Schedule  
General Fund  
For the Year Ended December 31, 2025

|                                                              | Budgeted Amounts |              | Actual Amounts    | Variance with |
|--------------------------------------------------------------|------------------|--------------|-------------------|---------------|
|                                                              | Original         | Final        | (Budgetary Basis) | Final Budget  |
|                                                              |                  |              |                   | Positive      |
|                                                              |                  |              |                   | (Negative)    |
| Revenues:                                                    |                  |              |                   |               |
| Ad valorem taxes                                             | \$ 129,000       | \$ 146,200   | \$ 143,102        | \$ (3,098)    |
| Franchise taxes                                              | 190,000          | 188,000      | 202,638           | 14,638        |
| Sales taxes                                                  | 2,700,000        | 3,051,000    | 2,845,035         | (205,965)     |
| Licenses and permits                                         | 234,000          | 275,000      | 286,157           | 11,157        |
| Gaming taxes                                                 | 250,000          | 265,000      | 241,750           | (23,250)      |
| Intergovernmental                                            | 4,567,894        | 794,185      | 760,163           | (34,022)      |
| Interest                                                     | 1,000            | 1,000        | 16,151            | 15,151        |
| Fines and forfeits                                           | 161,000          | 215,000      | 435,754           | 220,754       |
| Other                                                        | 90,620           | 41,046       | 74,177            | 33,131        |
| Total revenues                                               | 8,323,514        | 4,976,431    | 5,004,927         | 28,496        |
| Expenditures:                                                |                  |              |                   |               |
| Current:                                                     |                  |              |                   |               |
| General government                                           | 630,788          | 684,388      | 736,737           | (52,349)      |
| Public safety                                                | 3,080,220        | 3,144,533    | 2,943,564         | 200,969       |
| Street and drainage                                          | 460,501          | 533,466      | 427,178           | 106,288       |
| Capital outlay                                               | 4,115,762        | 368,200      | 206,289           | 161,911       |
| Debt service:                                                |                  |              |                   |               |
| Principal retirement                                         |                  |              | 74,336            | (74,336)      |
| Interest and other charges                                   |                  |              | 1,109             | (1,109)       |
| Total expenditures                                           | 8,287,271        | 4,730,587    | 4,389,213         | 341,374       |
| Excess (deficiency) of revenues<br>over (under) expenditures | 36,243           | 245,844      | 615,714           | 369,870       |
| Fund balances at beginning of year                           | 3,537,141        | 3,893,050    | 3,893,050         |               |
| Fund balances at end of year                                 | \$ 3,573,384     | \$ 4,138,894 | \$ 4,508,764      | \$ 369,870    |



Town of Haughton  
Haughton, Louisiana  
Notes to Required Supplementary Information  
December 31, 2025

The Town's budget is adopted on a cash basis for all funds. There was one amendment to the 2025 budget. Budget comparison statements included in the accompanying financial statements include the original and adopted budgets and all amendments. The schedule below reconciles excess (deficiency) of revenues and other sources over expenditures and other uses on the budget basis with GAAP basis:

|                                                                                            | <u>General<br/>Fund</u> |
|--------------------------------------------------------------------------------------------|-------------------------|
| Excess of revenues and other sources<br>over expenditures and<br>other uses (budget basis) | \$ 615,714              |
| Adjustments:                                                                               |                         |
| Revenue accruals – net                                                                     | 716,892                 |
| Expenditure accruals – net                                                                 | <u>(345,490)</u>        |
| Excess of revenues and other sources<br>over expenditures and<br>other uses (GAAP) basis   | <u>\$ 987,116</u>       |

Town of Haughton  
Haughton, Louisiana  
Schedule of Proportionate Share of Net Pension Liability  
For the Year Ended December 31, 2025

| Year Ended<br>June 30                                            | Proportion of<br>the net pension<br>liability (asset) | Proportionate share<br>of the net pension<br>liability (asset) | Covered-employee<br>payroll | Proportionate share<br>of the net pension<br>liability (asset) as a<br>percentage of its<br>covered-employee<br>payroll | Plan fiduciary<br>net position<br>as a percentage<br>of the total<br>pension liability |
|------------------------------------------------------------------|-------------------------------------------------------|----------------------------------------------------------------|-----------------------------|-------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------|
| <u>Municipal Employees Retirement System of Louisiana</u>        |                                                       |                                                                |                             |                                                                                                                         |                                                                                        |
| 2025                                                             | 0.30905%                                              | \$ 708,419                                                     | \$ 647,943                  | 109.33%                                                                                                                 | 83.47%                                                                                 |
| 2024                                                             | 0.30323%                                              | 853,286                                                        | 628,364                     | 135.79%                                                                                                                 | 79.05%                                                                                 |
| 2023                                                             | 0.29505%                                              | 1,078,360                                                      | 593,011                     | 181.84%                                                                                                                 | 72.46%                                                                                 |
| 2022                                                             | 0.28600%                                              | 1,187,826                                                      | 553,109                     | 214.75%                                                                                                                 | 67.87%                                                                                 |
| 2021                                                             | 0.24351%                                              | 677,310                                                        | 479,949                     | 141.12%                                                                                                                 | 77.82%                                                                                 |
| 2020                                                             | 0.24324%                                              | 1,051,622                                                      | 464,838                     | 226.23%                                                                                                                 | 64.52%                                                                                 |
| 2019                                                             | 0.24055%                                              | 1,005,186                                                      | 454,572                     | 221.13%                                                                                                                 | 64.68%                                                                                 |
| 2018                                                             | 0.25476%                                              | 1,054,880                                                      | 465,118                     | 226.80%                                                                                                                 | 63.94%                                                                                 |
| 2017                                                             | 0.25937%                                              | 1,085,041                                                      | 471,028                     | 230.36%                                                                                                                 | 62.49%                                                                                 |
| 2016                                                             | 0.26036%                                              | 1,067,128                                                      | 465,086                     | 229.45%                                                                                                                 | 62.11%                                                                                 |
| <u>Municipal Police Employees Retirement System of Louisiana</u> |                                                       |                                                                |                             |                                                                                                                         |                                                                                        |
| 2025                                                             | 0.14480%                                              | \$ 1,000,031                                                   | \$ 563,184                  | 177.57%                                                                                                                 | 81.94%                                                                                 |
| 2024                                                             | 0.14730%                                              | 1,334,532                                                      | 519,257                     | 257.01%                                                                                                                 | 75.84%                                                                                 |
| 2023                                                             | 0.15474%                                              | 1,634,834                                                      | 524,203                     | 311.87%                                                                                                                 | 71.30%                                                                                 |
| 2022                                                             | 0.16512%                                              | 1,687,779                                                      | 509,734                     | 331.11%                                                                                                                 | 70.80%                                                                                 |
| 2021                                                             | 0.16490%                                              | 878,980                                                        | 503,485                     | 174.58%                                                                                                                 | 84.09%                                                                                 |
| 2020                                                             | 0.17730%                                              | 1,638,702                                                      | 547,650                     | 299.22%                                                                                                                 | 70.94%                                                                                 |
| 2019                                                             | 0.17702%                                              | 1,607,674                                                      | 547,986                     | 293.38%                                                                                                                 | 71.01%                                                                                 |
| 2018                                                             | 0.16874%                                              | 1,426,555                                                      | 497,982                     | 286.47%                                                                                                                 | 71.89%                                                                                 |
| 2017                                                             | 0.14667%                                              | 1,280,447                                                      | 470,714                     | 272.02%                                                                                                                 | 70.08%                                                                                 |
| 2016                                                             | 0.13680%                                              | 1,282,173                                                      | 383,197                     | 334.60%                                                                                                                 | 66.04%                                                                                 |
| <u>Firefighters Retirement System</u>                            |                                                       |                                                                |                             |                                                                                                                         |                                                                                        |
| 2025                                                             | 0.20844%                                              | \$ 877,959                                                     | \$ 677,048                  | 131.62%                                                                                                                 | 86.96%                                                                                 |
| 2024                                                             | 0.22567%                                              | 1,270,632                                                      | 604,409                     | 210.22%                                                                                                                 | 81.68%                                                                                 |
| 2023                                                             | 0.20573%                                              | 1,342,766                                                      | 550,266                     | 244.02%                                                                                                                 | 77.69%                                                                                 |
| 2022                                                             | 0.20720%                                              | 1,461,042                                                      | 533,823                     | 273.69%                                                                                                                 | 74.68%                                                                                 |
| 2021                                                             | 0.21388%                                              | 757,945                                                        | 542,500                     | 139.71%                                                                                                                 | 86.78%                                                                                 |
| 2020                                                             | 0.21818%                                              | 1,512,346                                                      | 545,450                     | 277.27%                                                                                                                 | 72.61%                                                                                 |
| 2019                                                             | 0.20856%                                              | 1,306,009                                                      | 511,245                     | 255.46%                                                                                                                 | 73.96%                                                                                 |
| 2018                                                             | 0.21357%                                              | 1,228,443                                                      | 508,465                     | 241.60%                                                                                                                 | 74.76%                                                                                 |
| 2017                                                             | 0.20504%                                              | 1,175,281                                                      | 479,453                     | 245.13%                                                                                                                 | 73.55%                                                                                 |
| 2016                                                             | 0.18459%                                              | 1,207,385                                                      | 415,759                     | 290.41%                                                                                                                 | 68.16%                                                                                 |



Town of Haughton  
Haughton, Louisiana  
Schedule of Contributions  
For the Year Ended December 31, 2025

| Year Ended<br>December 31                                        | Statutorily<br>Required<br>Contribution | Contributions<br>in relation to the<br>statutorily<br>required contribution | Contribution<br>Deficiency (Excess) | Covered-employee<br>payroll | Contributions<br>as a percentage of<br>covered-employee<br>payroll |
|------------------------------------------------------------------|-----------------------------------------|-----------------------------------------------------------------------------|-------------------------------------|-----------------------------|--------------------------------------------------------------------|
| <u>Municipal Employees Retirement System of Louisiana</u>        |                                         |                                                                             |                                     |                             |                                                                    |
| 2025                                                             | \$ 199,695                              | \$ 199,695                                                                  | \$                                  | \$ 726,910                  | 27.47%                                                             |
| 2024                                                             | 182,087                                 | 182,087                                                                     |                                     | 632,753                     | 28.78%                                                             |
| 2023                                                             | 174,237                                 | 174,237                                                                     |                                     | 590,632                     | 29.50%                                                             |
| 2022                                                             | 167,102                                 | 167,102                                                                     |                                     | 566,448                     | 29.50%                                                             |
| 2021                                                             | 155,457                                 | 155,457                                                                     |                                     | 526,974                     | 29.50%                                                             |
| 2020                                                             | 134,533                                 | 134,533                                                                     |                                     | 470,093                     | 28.62%                                                             |
| 2019                                                             | 120,149                                 | 120,149                                                                     |                                     | 446,765                     | 26.89%                                                             |
| 2018                                                             | 119,237                                 | 119,237                                                                     |                                     | 470,324                     | 25.35%                                                             |
| 2017                                                             | 106,985                                 | 106,985                                                                     |                                     | 450,803                     | 23.73%                                                             |
| 2016                                                             | 102,903                                 | 102,903                                                                     |                                     | 484,331                     | 21.25%                                                             |
| <u>Municipal Police Employees Retirement System of Louisiana</u> |                                         |                                                                             |                                     |                             |                                                                    |
| 2025                                                             | \$ 199,737                              | \$ 199,737                                                                  | \$                                  | \$ 574,943                  | 34.74%                                                             |
| 2024                                                             | 187,137                                 | 187,137                                                                     |                                     | 537,832                     | 34.79%                                                             |
| 2023                                                             | 172,083                                 | 172,083                                                                     |                                     | 528,349                     | 32.57%                                                             |
| 2022                                                             | 156,712                                 | 156,712                                                                     |                                     | 513,829                     | 30.50%                                                             |
| 2021                                                             | 159,177                                 | 159,177                                                                     |                                     | 501,135                     | 31.76%                                                             |
| 2020                                                             | 173,875                                 | 173,875                                                                     |                                     | 525,826                     | 33.07%                                                             |
| 2019                                                             | 178,576                                 | 178,576                                                                     |                                     | 545,237                     | 32.75%                                                             |
| 2018                                                             | 170,353                                 | 170,353                                                                     |                                     | 540,403                     | 31.52%                                                             |
| 2017                                                             | 145,369                                 | 145,369                                                                     |                                     | 465,291                     | 31.24%                                                             |
| 2016                                                             | 124,649                                 | 124,649                                                                     |                                     | 403,356                     | 30.90%                                                             |
| 2015                                                             | 122,490                                 | 122,490                                                                     |                                     | 400,839                     | 30.56%                                                             |
| <u>Firefighters Retirement System</u>                            |                                         |                                                                             |                                     |                             |                                                                    |
| 2025                                                             | \$ 223,843                              | \$ 223,843                                                                  | \$                                  | \$ 673,212                  | 33.25%                                                             |
| 2024                                                             | 217,930                                 | 217,930                                                                     |                                     | 655,430                     | 33.25%                                                             |
| 2023                                                             | 198,274                                 | 198,274                                                                     |                                     | 596,313                     | 33.25%                                                             |
| 2022                                                             | 182,794                                 | 182,794                                                                     |                                     | 545,683                     | 33.50%                                                             |
| 2021                                                             | 174,707                                 | 174,707                                                                     |                                     | 529,490                     | 33.00%                                                             |
| 2020                                                             | 164,655                                 | 164,655                                                                     |                                     | 548,679                     | 30.01%                                                             |
| 2019                                                             | 143,331                                 | 143,331                                                                     |                                     | 528,136                     | 27.14%                                                             |
| 2018                                                             | 135,544                                 | 135,544                                                                     |                                     | 511,486                     | 26.50%                                                             |
| 2017                                                             | 128,437                                 | 128,437                                                                     |                                     | 496,156                     | 25.89%                                                             |
| 2016                                                             | 117,597                                 | 117,597                                                                     |                                     | 449,514                     | 26.16%                                                             |
| 2015                                                             | 112,947                                 | 112,947                                                                     |                                     | 399,963                     | 28.24%                                                             |

\*Amounts presented were determined as of the measurement date.

Town of Haughton  
Haughton, Louisiana  
Schedule of Compensation Paid to Board Members  
For the Year Ended December 31, 2025

|                    |                  |
|--------------------|------------------|
| Mayor Hunter Timms | \$ 57,750        |
| Town Council:      |                  |
| Michael Rains      | 6,000            |
| Buck McGee         | 7,200            |
| Doug Adams         | 6,000            |
| Jordan Chreene     | 6,000            |
| Matthew Kinney     | <u>6,000</u>     |
|                    | <u>\$ 88,950</u> |



Town of Haughton  
Haughton, Louisiana  
Schedule of Compensation, Benefits, and Other Payments to Agency Head  
For the Year Ended December 31, 2025

**Agency Head: Hunter Timms, Mayor**

| <b>Purpose</b>          | <b>Amount</b> |
|-------------------------|---------------|
| Salary                  | \$ 57,750     |
| Retirement              | 15,857        |
| Per diem                | 750           |
| Travel                  | 3,010         |
| Conference registration | 150           |
| Dues                    | 832           |

Town of Houghton  
Houghton, Louisiana  
Schedule of Rates - User Fees  
For the Year Ended December 31, 2025

| WATER                           | Usage                   | Base     |
|---------------------------------|-------------------------|----------|
| <b>Inside Town Limits:</b>      |                         |          |
| Class 1: Inside (x1)            | 0-2,000 Gallons         | \$20.00  |
|                                 | 2,001 Gallons - 15,000  | \$4.00   |
|                                 | over 15,000             | \$5.00   |
| Class 2: Inside (x2)            | 0-2,000 Gallons         | \$40.00  |
|                                 | 2,001 Gallons - 15,000  | \$8.00   |
|                                 | over 15,000             | \$10.00  |
| Class 5: Water Only             | 0-2,000 Gallons         | \$20.00  |
|                                 | 2,001 Gallons - 15,000  | \$4.00   |
|                                 | over 15,000             | \$5.00   |
| Class 6: Commerical C - Schools | 0-2,000 Gallons         | \$50.00  |
|                                 | 2,001 Gallons - 15,000  | \$5.00   |
|                                 | over 15,000             | \$5.50   |
| Class 10: A - Commercial Small  | 0-3,000 Gallons         | \$50.00  |
|                                 | 3,001 Gallons - 10,000  | \$5.00   |
|                                 | over 10,000             | \$5.50   |
| Class 12: C - Commercial Medium | 0-3,000 Gallons         | \$50.00  |
|                                 | 3,001 Gallons - 10,000  | \$5.00   |
|                                 | over 10,000             | \$5.50   |
| Class 13: D - Commercial Large  | 0-10,000 Gallons        | \$175.00 |
|                                 | 10,001 Gallons - 30,000 | \$5.50   |
|                                 | over 30,000             | \$6.25   |
| Class 14: D - Industrial Small  | 0-10,000 Gallons        | \$175.00 |
|                                 | 10,001 Gallons - 30,000 | \$5.50   |
|                                 | over 30,000             | \$6.25   |

(Continued)



Haughton, Louisiana  
Schedule of Rates - User Fees  
For the Year Ended December 31, 2025  
(Continued)

**Outside Town Limits:**

|                                     |                        |          |
|-------------------------------------|------------------------|----------|
| Class 7: Outside (x1)               | 0-2,000 Gallons        | \$40.00  |
|                                     | 2,001 Gallons - 15,000 | \$8.00   |
|                                     | over 15,000            | \$10.00  |
| Class 11: B - Commercial Small (x2) | 0-3,000 Gallons        | \$100.00 |
|                                     | 3,001 Gallons - 10,000 | \$10.00  |
|                                     | over 10,000            | \$11.00  |

**SEWER**

|                                 |                  |          |
|---------------------------------|------------------|----------|
| Class 1: Inside (x1)            | 0-2,000 Gallons  | \$30.00  |
|                                 | over 2,001       | \$5.00   |
| Class 2: Inside (x2)            | 0-2,000 Gallons  | \$60.00  |
|                                 | over 2,001       | \$5.00   |
| Class 3: Inside (x3)            | 0-2,000 Gallons  | \$90.00  |
|                                 | over 2,001       | \$5.00   |
| Class 4: Flat Rates             | 0-2,000 Gallons  | \$30.00  |
|                                 | over 2,001       | \$5.00   |
| Class 6: Commerical C - Schools | 0-10,000 Gallons | \$400.00 |
|                                 | over 10,001      | \$5.00   |
| Class 13: Commercial Large      | 0-10,000 Gallons | \$300.00 |
|                                 | over 10,001      | \$5.00   |
| Class 14: Industrial Small      | 0-10,000 Gallons | \$300.00 |
|                                 | over 10,001      | \$5.00   |

(Continued)

Town of Haughton  
Haughton, Louisiana  
Schedule of Rates - User Fees  
For the Year Ended December 31, 2025  
(Continued)

System Users

System users at December 31, 2025 was as follows:

|                      | Number of<br>Customers |
|----------------------|------------------------|
| Water customers only | 2,209                  |
| Sewer customers only | 2,023                  |
|                      | <u>4,232</u>           |

Aggregate Dollar Billed For Services Rendered by the System 1/1/2025 - 12/31/2025:

|                                   |                |
|-----------------------------------|----------------|
| Water                             | \$ 1,195,078   |
| Sewer                             | <u>985,379</u> |
|                                   | 2,180,457      |
| Users                             | <u>4,232</u>   |
| Average Monthly Billing Per User: | \$ 43          |



Town of Haughton  
Haughton, Louisiana  
Schedule of Expenditures of Federal Awards  
For the Year Ended December 31, 2025

| <u>Federal Grantor / Pass-Through Grantor / Program Title</u>                                            | <u>Federal Assistance Listing Number</u> | <u>Pass-Through Grantor's Number</u> | <u>Through to Subrecipients</u> | <u>Expenditures</u> |
|----------------------------------------------------------------------------------------------------------|------------------------------------------|--------------------------------------|---------------------------------|---------------------|
| <u>U.S. Department of Agriculture</u>                                                                    |                                          |                                      |                                 |                     |
| Direct Program:                                                                                          |                                          |                                      |                                 |                     |
| Water and Waste Disposal Systems for Rural Communities                                                   | 10.760                                   | Unkown                               | \$                              | \$ 33,350           |
| Cooperative Forestry Assistance                                                                          | 10.664                                   | Unkown                               |                                 | 6,611               |
| Total U.S. Department of Agriculture                                                                     |                                          |                                      |                                 | <u>39,961</u>       |
| <u>U.S. Department of Justice</u>                                                                        |                                          |                                      |                                 |                     |
| Direct Program:                                                                                          |                                          |                                      |                                 |                     |
| Body Worn Camera Policy and Implementation                                                               | 16.835                                   | Unkown                               |                                 | 19,250              |
| Edward Byrne Memorial Justice Assistance Grant Program                                                   | 16.738                                   | Unkown                               |                                 | 406                 |
| Total U.S. Department of Justice                                                                         |                                          |                                      |                                 | <u>19,656</u>       |
| <u>U.S. Department of Treasury</u>                                                                       |                                          |                                      |                                 |                     |
| Passed through the State of Louisiana,<br>Office of Community Development,<br>Division of Administration |                                          |                                      |                                 |                     |
| Covid -19 Coronavirus State and Local Fiscal Recovery Funds -<br>Water Sector Program                    | 21.027                                   | Unkown                               |                                 | 1,570,319           |
| Total U.S. Department of Treasury                                                                        |                                          |                                      |                                 | <u>1,570,319</u>    |
| Total Federal Expenditures                                                                               |                                          |                                      | \$                              | \$ <u>1,629,936</u> |

NOTE A: Basis of Presentation

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

NOTE B: Summary of Significant Accounting Policies

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

(2) The Town of Haughton does not utilize an indirect cost rate.

**Town of Haughton**
**Justice System Funding Schedule - Collecting/Disbursing Schedule**

Cash Basis Presentation

As Required by La. R.S. 24:515.2

|                                                                                                                                          | Amount for<br>01/01/2025 -<br>06/30/2025 | Amount for<br>07/01/2025 -<br>12/31/2025 |
|------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------|------------------------------------------|
| <b>1. Beginning Cash Balance</b>                                                                                                         | 3,232                                    | -                                        |
| <b>2. Collections</b>                                                                                                                    |                                          |                                          |
| a. Civil Fees                                                                                                                            | -                                        | -                                        |
| b. Bond Fees                                                                                                                             | -                                        | -                                        |
| c. Cash Bonds                                                                                                                            | -                                        | -                                        |
| d. Asset Forfeiture/Sale                                                                                                                 | -                                        | -                                        |
| e. Pre-Trial Diversion Program Fees                                                                                                      | -                                        | -                                        |
| f. Criminal Court Costs/Fees                                                                                                             | 7,435                                    | 17,667                                   |
| g. Criminal Fines – Contempt                                                                                                             | -                                        | -                                        |
| h. Criminal Fines – Other/Non-Contempt                                                                                                   | 213,332                                  | 202,565                                  |
| i. Restitution                                                                                                                           | -                                        | -                                        |
| j. Probation/Parole/Supervision Fees                                                                                                     | -                                        | -                                        |
| k. Service Fees                                                                                                                          | -                                        | -                                        |
| l. Collection Fees                                                                                                                       | -                                        | -                                        |
| m. Interest Earnings on Collected Balances                                                                                               | -                                        | -                                        |
| n. Other                                                                                                                                 | -                                        | -                                        |
| <b>Total Collected</b>                                                                                                                   | 220,767                                  | 220,232                                  |
| <b>3. Deductions: Collections Retained by the Town of Haughton</b>                                                                       |                                          |                                          |
| I. Collection Fee for Collecting/Disbursing to Others Based on Percentage of Collection                                                  | -                                        | -                                        |
| II. Collection Fee for Collecting/Disbursing to Others Based on Fixed Amount                                                             | -                                        | -                                        |
| III. Other Amounts "Self-Disbursed" [Enter amounts on appropriate collection type lines]                                                 |                                          |                                          |
| a. Civil Fees                                                                                                                            | -                                        | -                                        |
| b. Bond Fees                                                                                                                             | -                                        | -                                        |
| c. Cash Bonds                                                                                                                            | -                                        | -                                        |
| d. Asset Forfeiture/Sale                                                                                                                 | -                                        | -                                        |
| e. Pre-Trial Diversion Program Fees                                                                                                      | -                                        | -                                        |
| f. Criminal Court Costs/Fees                                                                                                             | -                                        | -                                        |
| g. Criminal Fines – Contempt                                                                                                             | -                                        | -                                        |
| h. Criminal Fines – Other/Non-Contempt                                                                                                   | 216,564                                  | 202,565                                  |
| i. Restitution                                                                                                                           | -                                        | -                                        |
| j. Probation/Parole/Supervision Fees                                                                                                     | -                                        | -                                        |
| k. Service Fees                                                                                                                          | -                                        | -                                        |
| l. Collection Fees [excluding amounts reported in bullets I and II above]                                                                | -                                        | -                                        |
| m. Interest Earnings on Collected Balances                                                                                               | -                                        | -                                        |
| n. Other                                                                                                                                 | -                                        | -                                        |
| <b>Total Collections Retained by the Town of Haughton</b>                                                                                | 216,564                                  | 202,565                                  |
| <b>4. Deductions: Amounts Disbursed to Individuals and Entities, Excluding Governments and Nonprofits</b>                                |                                          |                                          |
| a. Collection/Processing Fees Paid to Third Party Entities                                                                               | -                                        | -                                        |
| b. Civil Fee Refunds                                                                                                                     | -                                        | -                                        |
| c. Bond Refunds                                                                                                                          | -                                        | -                                        |
| d. Restitution Disbursements to Individuals and Entities, Excluding Governments or a Nonprofit                                           | -                                        | -                                        |
| e. Other Disbursements to Individuals and Entities, Excluding Governments or a Nonprofit                                                 | -                                        | -                                        |
| <b>Total Amounts Disbursed to Individuals and Entities, Excluding Governments and Nonprofits</b>                                         | -                                        | -                                        |
| <b>5. Deductions: Total Disbursements to Other Governments &amp; Nonprofits</b>                                                          | 7,435                                    | 17,667                                   |
| <b>6. Total Amounts Disbursed/Retained</b>                                                                                               | 223,999                                  | 220,232                                  |
| <b>7. Ending Cash Balance</b>                                                                                                            | -                                        | -                                        |
| <b>8. Ending Balance of "Partial Payments" Collected but not Disbursed</b>                                                               | -                                        | -                                        |
| <b>9. Other Information:</b>                                                                                                             |                                          |                                          |
| I. Ending Balance of Amounts Assessed but Not Yet Collected<br>[i.e. total ending receivable balances]                                   | -                                        | -                                        |
| II. Total Waivers During the Fiscal Period<br>[i.e. non-cash reduction of receivable balances, such as time served or community service] | -                                        | -                                        |



# Town of Haughton

## Justice System Funding Schedule - Disbursements to Other Governments & Nonprofits Form

Cash Basis Presentation

As Required by La. R.S. 24:515.2

### 5. Details of Disbursements To Other Governments & Nonprofits (Do not include amounts retained by your entity in this table.)

| Agency Receiving Money                                                  | Disbursement Description<br>[Fund, Program, etc.]<br>(Optional)            | Legal Authority to<br>Disburse Money | Disbursement Type            | Amount for<br>01/01/2025 -<br>06/30/2025 | Amount for<br>07/01/2025 -<br>12/31/2025 |
|-------------------------------------------------------------------------|----------------------------------------------------------------------------|--------------------------------------|------------------------------|------------------------------------------|------------------------------------------|
| Louisiana Department of Health                                          | \$2633. Traumatic Head and Spinal Cord Injury Trust Fund                   | R.S. 46:2633                         | f. Criminal Court Costs/Fees | 45                                       | 80                                       |
| Criminalistics Laboratory North Louisiana                               | \$2266.1.1. Fees and costs of court                                        | R.S. 40:2266.1.1                     | f. Criminal Court Costs/Fees | 6,465                                    | 14,783                                   |
| Department of the Treasury                                              |                                                                            | CCRP 887 (F)(1)                      | f. Criminal Court Costs/Fees | 423                                      | 1,311                                    |
| Supreme Court                                                           | \$86. Judicial College; education account; sources of funds                | R.S. 13:86                           | f. Criminal Court Costs/Fees | 69                                       | 219                                      |
| Louisiana Association of Chiefs of Police                               | \$441. Mayor's court                                                       | R.S. 33:441                          | f. Criminal Court Costs/Fees | 275                                      | 874                                      |
| LA Commission on Law Enforcement and Administration of Criminal Justice | \$1816. Crime Victims Reparations Fund; creation; sources and use of funds | R.S. 46:1816(D)                      | f. Criminal Court Costs/Fees | 45                                       | 91                                       |
| LA Commission on Law Enforcement and Administration of Criminal Justice |                                                                            | R.S. 46:1816(E)                      | f. Criminal Court Costs/Fees | 113                                      | 309                                      |

**Town of Haughton****Justice System Funding Schedule - Receiving Schedule**

Cash Basis Presentation

As Required by La. R.S. 24:515.2

|                                                                 |                              | Amount for<br>01/01/2025 -<br>06/30/2025 | Amount for<br>07/01/2025 -<br>12/31/2025 |
|-----------------------------------------------------------------|------------------------------|------------------------------------------|------------------------------------------|
| <b>1. Ending Balance of Amounts Assessed but Not Received:</b>  |                              | -                                        | -                                        |
| <b>2. Details of Receipts from Collecting/Disbursing Agency</b> |                              |                                          |                                          |
|                                                                 |                              | Amount for<br>01/01/2025 -<br>06/30/2025 | Amount for<br>07/01/2025 -<br>12/31/2025 |
| Agency Remitting Money                                          | Remittance Type              |                                          |                                          |
| Department of Public Safety and Corrections Correction Services | f. Criminal Court Costs/Fees | 50                                       | 50                                       |



**COOK & MOREHART,  
Certified Public Accountants, LLC**

1215 HAWN AVENUE • SHREVEPORT, LOUISIANA 71107 • P.O. BOX 78240 • SHREVEPORT, LOUISIANA 71137-8240

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MEMBER  
AMERICAN INSTITUTE  
CERTIFIED PUBLIC ACCOUNTANTS

SOCIETY OF LOUISIANA  
CERTIFIED PUBLIC ACCOUNTANTS

Report on Internal Control Over Financial Reporting and on  
Compliance and Other Matters Based on an Audit of Financial Statements  
Performed In Accordance With *Government Auditing Standards*

Independent Auditor's Report

The Honorable Hunter Timms, Mayor  
and Members of the Town Council  
Town of Haughton  
Haughton, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, business-type activities, and each major fund of the Town of Haughton, Louisiana, as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the Town of Haughton's basic financial statements, and have issued our report thereon dated June 5, 2026.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Town of Haughton's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Haughton's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Haughton's internal control.

Our consideration of the internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be a material weakness and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2025-001 to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2025-002, 2025-003, and 2025-004 to be significant deficiencies.

#### **Report on Compliance and Other Matters**

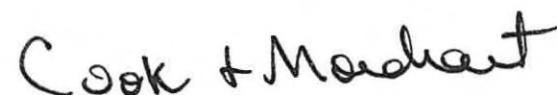
As part of obtaining reasonable assurance about whether Town of Haughton's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

#### **Town of Haughton's Response to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on the Town of Haughton's response to the findings identified in our audit and described in the accompanying Summary Schedule of Current Year Audit Findings. Town of Haughton's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

#### **Purpose of this Report**

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



Cook & Morehart,  
Certified Public Accountants, LLC  
June 5, 2026



**COOK & MOREHART,  
Certified Public Accountants, LLC**

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SOCIETY OF LOUISIANA  
CERTIFIED PUBLIC ACCOUNTANTS

Report on Compliance for Each Major Federal Program  
and on Internal Control Over Compliance Required by the Uniform Guidance

Independent Auditors' Report

The Honorable Hunter Timms, Mayor  
and Members of the Town Council  
Town of Haughton  
Haughton, Louisiana

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited the Town of Haughton's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Town of Haughton's major federal program for the year ended December 31, 2025. The Town of Haughton's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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

***Basis for Opinion on Each Major Federal Program***

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

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



### ***Responsibilities of Management for Compliance***

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

### ***Auditor's Responsibilities for the Audit of Compliance***

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

In performing an audit in accordance with GAAS, *Government auditing Standards*, and the Uniform Guidance, we

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

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

### ***Report on Internal Control Over Compliance***

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

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



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

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

A handwritten signature in black ink that reads "Cook & Morehart". The signature is stylized, with the first letters of "Cook" and "Morehart" being prominent and the "&" symbol in the middle.

Cook & Morehart,  
Certified Public Accountants, LLC  
June 5, 2026



HUNTER J. TIMMS  
Mayor

Office of the Mayor  
HAUGHTON, LOUISIANA

118 W. McKinley Ave.  
P.O. Box 729  
Haughton, La 71037  
(318) 949-9401

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

June 5, 2026

Town of Haughton respectfully submits the following Summary Schedule of Prior Audit Findings for the audit period ended December 31, 2025.

Name and address of independent public accounting firm:

Cook & Morehart, CPAs  
1215 Hawn Ave  
Shreveport, LA 71107

Audit period: Year Ended December 31, 2025

### FINDINGS – FINANCIAL STATEMENT AUDIT

#### 2024-001 Material Weakness – Utility Fund Accounts Receivable

*Condition:* During our audit, we noted that there was not a consistent monitoring of accounts receivable for the Water, Sewer, and Sanitation funds to ensure balances per subsidiary billing software were reconciled with balances per the general ledgers. Adjustments were required at year-end to reconcile the balances between the Water, Sewer, and Sanitation funds. In addition, we noted that there was no supporting documentation for some billing adjustments selected for testing. Furthermore, there was no review of the billing adjustment report on a monthly basis to ensure that all billing adjustments entered into the billing software were approved by supervisory personnel.

*Recommendation:* We recommend a consistent monitoring of accounts receivable for the Water, Sewer, and Sanitation funds to ensure balances per subsidiary billing software are reconciled with balances per the general ledgers. We further recommend a consistent monitoring of all billing adjustments posted in the billing software to ensure all contained appropriate approvals.

*Current Status:* Controls were implemented over billing adjustments to include approved supporting documentation for each billing adjustments. The Town will continue to implement controls over accounts receivable for the Water, Sewer, and Sanitation funds to ensure balances per subsidiary billing software are reconciled with balances per the general ledgers. Additional controls will be implemented over review of billing adjustments to include a review of the billing adjustment report on a monthly basis to ensure that all billing adjustments entered into the billing software were approved by supervisory personnel.



#### **2024-002 Significant Deficiency – Cash Receipts**

*Condition:* During our audit, we noted that daily work for various deposits, including traffic fines and utility funds accounts receivable, was not always initialed by someone independent of the collection process to indicate their review and approval.

*Recommendation:* We recommend that the daily work all receipts be reviewed and approved by someone independent of the collection process and that such review be appropriately documented.

*Current Status:* Controls were implemented over cash receipts to include a review and physical approval by someone independent of the collection process.

#### **2024-003 Significant Deficiency – Interagency Transfers**

*Condition:* During our audit, we noted that certain transfers were not made timely during the year from the Utility Funds to the General Fund for payroll amounts due. In addition, transfers were not made timely from the Water Fund to the Sewer Fund and Sanitation Fund for fees collected.

*Recommendation:* We recommend that amounts due for payroll and other amounts due between funds be transferred timely during the year.

*Current Status:* The Town will continue in developing controls over interagency transfers to ensure amounts due between Town funds are transferred timely.

#### **FINDINGS – MAJOR FEDERAL AWARD PROGRAMS AUDIT :**

##### **U.S. Department of Treasury - Coronavirus State and Local Fiscal Recovery Funds – ALN 21.027**

#### **2024-004 - Reporting**

*Finding:* The Town was unable to provide a printout of the report filed or access detailed expenditure categories in the online reporting portal to substantiate that the required project expenditures were entered and in sufficient detail to provide information on the major activities. In addition, there was no documentation of review of the annual report by someone independent of the report preparation process.

*Recommendation:* We recommend that the Town contact the U.S. Department of Treasury to ensure that all required elements of the Project and Expenditure Report have been completed. We further recommend that the Town submit future annual reports by the reporting deadline, and that such reports be reviewed and physically approved by someone independent of the report preparation process.

*Current Status:* The Town provided the Project and Expenditure Reports from the online portal. Reported expenditures were in agreement with Town's records.

Sincerely,

  
Hunter Timms  
Mayor

Town of Haughton  
Haughton, Louisiana  
Schedule of Finding and Questioned Costs  
December 31, 2025

**A. Summary of Audit Results**

Financial Statements

|                                                        |               |     |               |               |
|--------------------------------------------------------|---------------|-----|---------------|---------------|
| Type of audit report issued                            | Unmodified    |     |               |               |
| Internal control over financial reporting :            |               |     |               |               |
| Material weaknesses identified :                       | <u>  v  </u>  | yes | <u>      </u> | no            |
| Significant deficiencies identified :                  | <u>  v  </u>  | yes | <u>      </u> | none reported |
| Noncompliance material to financial statements noted : |               |     |               |               |
|                                                        | <u>      </u> | yes | <u>  v  </u>  | no            |

Federal Awards

|                                        |               |     |              |               |
|----------------------------------------|---------------|-----|--------------|---------------|
| Internal control over major programs : |               |     |              |               |
| Material weaknesses identified :       | <u>      </u> | yes | <u>  v  </u> | no            |
| Significant deficiencies identified :  | <u>      </u> | yes | <u>  v  </u> | none reported |

Type of auditors' report issued on compliance  
for major federal programs : Unmodified

Any audit findings disclosed that are required to  
be reported in accordance with 2 CFR section  
200.516(a)

|               |     |              |    |
|---------------|-----|--------------|----|
| <u>      </u> | yes | <u>  v  </u> | no |
|---------------|-----|--------------|----|

Identification of major federal programs :  
    Covid-19 Coronavirus State and Local Fiscal Recovery Funds:  
        ALN #21.027

Dollar threshold used to distinguish between  
type A and type B programs : \$1,000,000

|                                 |               |     |              |    |
|---------------------------------|---------------|-----|--------------|----|
| Auditee qualified as low risk : | <u>      </u> | yes | <u>  v  </u> | no |
|---------------------------------|---------------|-----|--------------|----|

(Continued)



Town of Haughton  
Haughton, Louisiana  
Schedule of Finding and Questioned Costs  
December 31, 2025  
(Continued)

**B. Findings – Financial Statements Audit:**

**2025-001 Material Weakness – Utility Fund Accounts Receivable**

*Condition:* During our audit, we noted that there was not a consistent monitoring of accounts receivable for the Water, Sewer, and Sanitation funds to ensure balances per subsidiary billing software were reconciled with balances per the general ledgers. Adjustments were required at year-end to reconcile the balances between the Water, Sewer, and Sanitation funds. Furthermore, there was no review of the billing adjustment report on a monthly basis to ensure that all billing adjustments entered into the billing software were approved by supervisory personnel.

*Criteria:* Internal controls should be in place to ensure that accounts receivable per the subsidiary ledgers were in agreement with/reconciled to accounts receivable per the general ledgers for the Water, Sewer, and Sanitation funds. Controls should also be in place for ensuring that all billing adjustments posted into the billing software were appropriately approved.

*Cause:* Some transactions were posted incorrectly between the Water, Sewer, and Sanitation funds. With regards to billing adjustments, the Town does have procedures for approving billing adjustments. However, the billing adjustment report was not being reviewed on a monthly basis to ensure that all billing adjustments entered contained the appropriate approvals.

*Effect:* Errors could occur and not be detected with regards to utility fund accounts receivable. In addition, billing adjustments could be entered into the billing software without proper approval.

*Recommendation:* We recommend a consistent monitoring of accounts receivable for the Water, Sewer, and Sanitation funds to ensure balances per subsidiary billing software are reconciled with balances per the general ledgers. We further recommend a consistent monitoring of all billing adjustments posted in the billing software to ensure all contained appropriate approvals.

*Views of Responsible Officials and Planned Corrective Actions:* Controls will be implemented to ensure that accounts receivable per the subsidiary software is reconciled with accounts receivable per the general ledger on a periodic basis. Additional controls will be implemented to include a review of all posted billing adjustments on a consistent basis to ensure all contain appropriate approvals.

(Continued)

Town of Haughton  
Haughton, Louisiana  
Schedule of Finding and Questioned Costs  
December 31, 2025  
(Continued)

**2025-002 Significant Deficiency – Interfund Transfers**

*Condition:* During our audit, we noted that certain transfers were not made timely during the year from the Utility Funds to the General Fund for payroll amounts due. In addition, transfers were not made timely from the Water Fund to the Sewer Fund and Sanitation Fund for fees collected. Transfer were also not made between funds for grant reimbursements received.

*Criteria:* Internal controls should be in place to ensure interagency transfers are made timely.

*Cause:* Amounts due from the Utility Funds for payroll were not remitted to the General Fund for several pay periods during the year. In addition, amounts collected and deposited into the Water Fund for certain Sewer and Sanitation fees were not remitted to the Sewer and Sanitation Funds during the year. Grant funds received were also not transferred to the applicable fund in which the funds were expended.

*Effect:* During the year, funds were not transferred timely between the Utility Funds, from the Utility Funds to the General Fund, and to various funds for grant reimbursements received. The Town reclassified amounts due between funds as of December 31, 2025, as interagency receivables/payables.

*Recommendation:* We recommend that controls be implemented to ensure that amounts due for payroll, collections, grant funds, and other amounts due between funds are transferred timely during the year.

*Views of Responsible Officials and Planned Corrective Actions:* Controls will be implemented to ensure that amounts due between funds are properly transferred on a timely basis during the year.

**2025-003 – Significant Deficiency – Accounting Processes**

*Condition:* During our audit, we noted several deficiencies within the Town's accounting processes, including:

- Bank reconciliations were not prepared on a timely basis. Significant additional adjustments were required to reconcile the bank account activity.
- Various vendor payables and payroll-related withholdings were not paid/remitted on a timely basis.
- Deposits were not made timely. Funds received totaling \$41,227 which were received during November and December 2025 were not deposited until January and February 2026.

*Criteria:* Internal controls should be in place to ensure that all Town bank reconciliations are completed on a timely basis, deposits are made timely, and vendor payables and payroll-related withholdings are paid/remitted on a timely basis.

*Cause:* Controls were not in place to ensure that certain accounting processes were consistently performed on a timely basis during the year due in part to staff turnover.

*Effect:* Errors could occur and not be detected on a timely basis with regards to bank reconciliations, deposits, and vendor payables and payroll-related withholdings.

*Recommendation:* We recommend that internal controls be implemented to ensure accounting processes are performed on a timely basis, including timely preparation and review of bank reconciliations, timely deposit of funds received, and timely payment of vendor payables and payroll-related withholdings.

(Continued)



Town of Haughton  
Haughton, Louisiana  
Schedule of Finding and Questioned Costs  
December 31, 2025  
(Continued)

*Views of Responsible Officials and Planned Corrective Actions:* The Town will establish controls to ensure that accounting processes are performed on a timely basis, including timely preparation and review of bank reconciliations, timely deposit of funds received, and timely payment of vendor payables and payroll-related withholdings.

**2025-004 – Significant Deficiency – Payroll Taxes**

*Condition:* Payroll taxes due during 2025 were not remitted timely. Certain amounts due for the 3<sup>rd</sup> quarter of 2025 were not remitted until January 2026, and certain amounts due for the 4<sup>th</sup> quarter of 2025 were not remitted until May 2026. Total taxes due as of December 31, 2025 were \$57,302. This amount is included in payroll liabilities at December 31, 2025.

*Criteria:* Payroll taxes should be remitted timely in accordance with dates payroll is processed.

*Cause:* Controls were not in place for ensuring that payroll taxes were paid timely during the year, due in part to staff turnover.

*Effect:* Payroll taxes were not remitted timely during 2025. Penalties and interest charges will be incurred due to the late payments.

*Recommendation:* We recommend that controls be implemented for ensuring that all payroll taxes are paid/remitted timely.

*Views of Responsible Officials and Planned Corrective Actions:* The Town has subsequently established internal controls over payment of payroll taxes. An individual has been assigned supervisory approval for ensuring that payroll taxes are paid/remitted timely in accordance with dates payroll is processed.

**C. Findings and Questioned Costs – Major Federal Award Programs Audit: None**

Town of Haughton  
Haughton, Louisiana  
Summary Schedule of Findings  
For Louisiana Legislative Auditor  
December 31, 2025

There were four findings for the prior year audit for the year ended December 31, 2024, as described in the accompanying Summary of Schedule of Prior Audit Findings.

There are four findings for the current year audit for the year ended December 31, 2025, as described in the accompanying Schedule of Findings and Questioned Costs.





HUNTER J. TIMMS  
Mayor

**Office of the Mayor**  
HAUGHTON, LOUISIANA

118 W. McKinley Ave.  
P.O. Box 729  
Haughton, La 71037  
(318) 949-9401

## CORRECTIVE ACTION PLAN

June 5, 2026

Town of Haughton respectfully submits the following corrective action plan for the year ended December 31, 2025.

Name and address of independent public accounting firm:

Cook & Morehart, CPAs  
1215 Hawn Ave  
Shreveport, LA 71107

Audit period: Year ended December 31, 2025

The findings from the Schedule of Findings and Questioned Costs are discussed below. The findings are numbered consistently with the number assigned in the schedule.

### FINDINGS – FINANCIAL STATEMENT AUDIT

#### 2025-001 Material Weakness – Utility Fund Accounts Receivable

*Recommendation:* We recommend a consistent monitoring of accounts receivable for the Water, Sewer, and Sanitation funds to ensure balances per subsidiary billing software are reconciled with balances per the general ledgers. We further recommend a consistent monitoring of all billing adjustments posted in the billing software to ensure all contained appropriate approvals.

*Views of Responsible Officials and Planned Corrective Actions:* Controls will be implemented to ensure that accounts receivable per the subsidiary software is reconciled with accounts receivable per the general ledger on a periodic basis. Additional controls will be implemented to include a review of all posted billing adjustments on a consistent basis to ensure all contain appropriate approvals.

## **2025-002 Significant Deficiency – Interfund Transfers**

*Recommendation:* We recommend that controls be implemented to ensure that amounts due for payroll, collections, grant funds, and other amounts due between funds are transferred timely during the year.

*Views of Responsible Officials and Planned Corrective Actions:* Controls will be implemented to ensure that amounts due between funds are properly transferred on a timely basis during the year.

## **2025-003 – Significant Deficiency – Accounting Processes**

*Recommendation:* We recommend that internal controls be implemented to ensure accounting processes are performed on a timely basis, including timely preparation and review of bank reconciliations, timely deposit of funds received, and timely payment of vendor payables and payroll-related withholdings.

*Views of Responsible Officials and Planned Corrective Actions:* The Town will establish controls to ensure that accounting processes are performed on a timely basis, including timely preparation and review of bank reconciliations, timely deposit of funds received, and timely payment of vendor payables and payroll-related withholdings.

## **2025-004 – Significant Deficiency – Payroll Taxes**

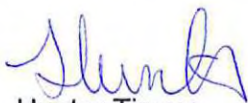
*Recommendation:* We recommend that controls be implemented for ensuring that all payroll taxes are paid/remitted timely.

*Views of Responsible Officials and Planned Corrective Actions:* The Town has subsequently established internal controls over payment of payroll taxes. An individual has been assigned supervisory approval for ensuring that payroll taxes are paid/remitted timely in accordance with dates payroll is processed.

## **FINDINGS – FEDERAL AWARD PROGRAMS AUDIT – None.**

If additional information is needed, please contact me at (318-949-9401).

Sincerely,

  
Hunter Timms  
Mayor





**COOK & MOREHART,  
Certified Public Accountants, LLC**

1215 HAWN AVENUE • SHREVEPORT, LOUISIANA 71107 • P.O. BOX 78240 • SHREVEPORT, LOUISIANA 71137-8240

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MEMBER  
AMERICAN INSTITUTE  
CERTIFIED PUBLIC ACCOUNTANTS

SOCIETY OF LOUISIANA  
CERTIFIED PUBLIC ACCOUNTANTS

Independent Accountants' Report on  
Applying Agreed-Upon Procedures

To the Board of Alderman  
Town of Haughton  
Haughton, Louisiana  
and the Louisiana Legislative Auditor

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

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

The procedures and associated findings are as follows:

**1) Written Policies and Procedures**

- A. Obtain and inspect the entity's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity's operations:
- i. **Budgeting**, including preparing, adopting, monitoring, and amending the budget.
  - ii. **Purchasing**, including (1) how purchases are initiated, (2) how vendors are added to the vendor list, (3) the preparation and approval process of purchase requisitions and purchase orders, (4) controls to ensure compliance with the Public Bid Law, and (5) documentation required to be maintained for all bids and price quotes.
  - iii. **Disbursements**, including processing, reviewing, and approving.
  - iv. **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff



procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

- v. **Payroll/Personnel**, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee rates of pay or approval and maintenance of pay rate schedules.
- vi. **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
- vii. **Travel and Expense Reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- viii. **Credit Cards (and debit cards, fuel cards, purchase cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
- ix. **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.
- x. **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- xi. **Information Technology Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.
- xii. **Prevention of Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

Procedures performed. No exceptions noted.

## 2) Board or Finance Committee

- A. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and
  - i. Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
  - ii. For those entities reporting on the governmental accounting model, review the minutes from all regularly scheduled board/finance committee meetings held during the fiscal year and observe whether the minutes from at least one meeting each month referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual comparisons, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum, on all special revenue funds. *Alternatively, for those entities reporting on the not-for-profit accounting model, observe that the minutes referenced or included*



*financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*

- iii. For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.
- iv. Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.

Procedures performed. Noted the following exception:

*Exception:* Discussion of the prior year audit findings was not documented in the Town council meeting minutes.

### **3) Bank Reconciliations**

- A. Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:
  - i. Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged);
  - ii. Bank reconciliations include written evidence that a member of management or a board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation within 1 month of the date the reconciliation was prepared (e.g., initialed and dated, electronically logged); and
  - iii. Management has documentation reflecting it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Procedures performed. Noted the following exceptions:

*Exception:* Bank reconciliations selected for testing did not contain written evidence that a member of management reviewed each reconciliation.

*Exception:* Four of the bank reconciliations selected for testing were not prepared within 2 months of closing.

*Exception:* Three of the bank reconciliations selected for testing contained 39 items totaling \$12,106.88 that were more than 12 months outstanding.

### **4) Collections (excluding electronic funds transfers)**

- A. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).
- B. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (e.g., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if there are no written policies or procedures, then



inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that

- i. Employees responsible for cash collections do not share cash drawers/registers;
  - ii. Each employee responsible for collecting cash is not also responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit;
  - iii. Each employee responsible for collecting cash is not also responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit; and
  - iv. The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or custodial fund additions, is (are) not also responsible for collecting cash, unless another employee/official verifies the reconciliation.
- C. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe that the bond or insurance policy for theft was in force during the fiscal period.
- D. Randomly select two deposit dates for each of the 5 bank accounts selected for Bank Reconciliations procedure #3A (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternatively, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:
- i. Observe that receipts are sequentially pre-numbered.
  - ii. Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
  - iii. Trace the deposit slip total to the actual deposit per the bank statement.
  - iv. Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).
  - v. Trace the actual deposit per the bank statement to the general ledger.
- Procedures performed. No exceptions noted.

**5) Non-Payroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases)**

- A. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).
- B. For each location selected under procedure #5A above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, then inquire of employees about their job duties), and observe that job duties are properly segregated such that
- i. At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order or making the purchase;
  - ii. At least two employees are involved in processing and approving payments to vendors;



- iii. The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files;
  - iv. Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments; and
  - v. Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.
- C. For each location selected under procedure #5A above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction, and
- i. Observe whether the disbursement, whether by paper or electronic means, matched the related original itemized invoice and supporting documentation indicates that deliverables included on the invoice were received by the entity, and
  - ii. Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under procedure #5B above, as applicable.
- D. Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3A, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g., sign checks) per the entity's policy, and (b) approved by the required number of authorized signers per the entity's policy. Note: If no electronic payments were made from the main operating account during the month selected the practitioner should select an alternative month and/or account for testing that does include electronic disbursements.

Procedures performed. Noted the following exception:

*Exception:* The Town does not have a policy for approving electronic payments. There were no approvals noted on the five transactions selected for testing.

#### **6) Credit Cards/Debit Cards/Fuel Cards/Purchase Cards (Cards)**

- A. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and purchase cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.
- B. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement). Obtain supporting documentation, and
  - i. Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., itemized receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved) by someone other than the authorized card holder (those instances requiring such approval that may constrain the legal authority of certain public officials, such as the mayor of a Lawrason Act municipality, should not be reported); and



- ii. Observe that finance charges and late fees were not assessed on the selected statements.
- C. Using the monthly statements or combined statements selected under procedure #6B above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (e.g., each card should have 10 transactions subject to inspection). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and observe whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.
- D. Using the list of terminated employees obtained in Payroll and Personnel procedure #9C, identify those individuals who had access to cards and randomly select 5 terminated employees (or all terminated employees with card access if less than 5) from this population. Observe evidence that the cards have been deactivated for these terminated employees. In cases where a card is shared by multiple users, obtain evidence that the terminated employees' authorization has been removed.

Procedures performed. Noted the following exceptions:

*Exception:* There was no evidence that the monthly statements selected for testing were reviewed and approved in writing by someone other than the authorized card holder.

*Exception:* One card selected for testing had a late charge of \$39.00 and interest charge of \$56.37.

#### **7) Travel and Travel-Related Expense Reimbursements (excluding card transactions)**

- A. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements and obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected
  - i. If reimbursed using a per diem, observe that the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov));
  - ii. If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased;
  - iii. Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by Written Policies and Procedures procedure #1A(vii); and
  - iv. Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Procedures performed. No exceptions noted.

#### **8) Contracts**

- A. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternatively, the practitioner may use an equivalent selection source, such as an active*



*vendor list*. Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and

- i. Observe whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law;
- ii. Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter);
- iii. If the contract was amended (e.g., change order), observe that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, the documented approval); and
- iv. Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

Procedures performed. No exceptions noted.

#### **9) Payroll and Personnel**

- A. Obtain a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.
- B. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under procedure #9A above, obtain attendance records and leave documentation for the pay period, and
  - i. Observe that all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory);
  - ii. Observe whether supervisors approved the attendance and leave of the selected employees or officials;
  - iii. Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records; and
  - iv. Observe the rate paid to the employees or officials agrees to the authorized salary/pay rate found within the personnel file.
- C. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials and obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee's or official's cumulative leave records, agree the pay rates to the employee's or official's authorized pay rates in the employee's or official's personnel files, and agree the termination payment to entity policy.
- D. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.



Procedures performed. Noted the following exception:

Payroll taxes due during 2025 were not remitted timely. Certain amounts due for the 3<sup>rd</sup> quarter of 2025 were not remitted until January 2026, and certain amounts due for the 4<sup>th</sup> quarter of 2025 were not remitted until May 2026. Total taxes due as of December 31, 2025 were \$57,302. This amount is included in payroll liabilities at December 31, 2025.

#### **10) Ethics**

- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A obtain ethics documentation from management, and
  - i. Observe whether the documentation demonstrates that each employee/official completed one hour of ethics training during the calendar year as required by R.S. 42:1170; and
  - ii. Observe whether the entity maintains documentation which demonstrates that each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.
- B. Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170.

Procedures performed. Noted the following exception:

*Exception:* One of the five employees selected for testing did not complete the ethics training.

#### **11) Debt Service**

- A. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each debt instrument issued as required by Article VII, Section 8 of the Louisiana Constitution.
- B. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

Procedures performed. No exceptions noted.

#### **12) Fraud Notice**

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

Management represented that there were no misappropriations of public funds and assets during the fiscal period.

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

Procedures performed. No exceptions noted.



### **13) Information Technology Disaster Recovery/Business Continuity**

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

- A. Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if there is no written documentation, then inquire of personnel responsible for backing up critical data) and observe evidence that such backup (a) occurred within the past week, (b) was not stored on the government's local server or network, and (c) was encrypted.
- B. Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if there is no written documentation, then inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.
- C. Obtain a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.
- D. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in procedure #9C. Observe evidence that the selected terminated employees have been removed or disabled from the network.
- E. Using the 5 randomly selected employees/officials from Payroll and Personnel procedures #9A, obtain cybersecurity training documentation from management, and observe that the documentation demonstrates that the following employees/officials with access to the agency's information technology assets have completed cybersecurity training as required by R.S. 42:1267. The requirements are as follows:
  - Hired before June 9, 2020 – Completed the training; and
  - Hired on or after June 9, 2020 – Completed the training within 30 days of initial service or employment.

We performed the procedures and discussed the results with management.

### **14) Prevention of Sexual Harassment**

- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain sexual harassment training documentation from management, and observe that the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year as required by R.S. 42:343.
- B. Observe that the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).
- C. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe that the report includes the applicable requirements of R.S. 42:344:
  - i. Number and percentage of public servants in the agency who have completed the training requirements;

- ii. Number of sexual harassment complaints received by the agency;
- iii. Number of complaints which resulted in a finding that sexual harassment occurred;
- iv. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
- v. Amount of time it took to resolve each complaint.

Procedures performed. Noted the following exceptions:

*Exception:* The required sexual harassment report was not completed

*Exception:* One of the five employees selected for testing did not complete the sexual harassment training.

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

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

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

  
Cook & Morehart,  
Certified Public Accountants, LLC  
June 5, 2026





HUNTER J. TIMMS  
Mayor

Office of the Mayor  
HAUGHTON, LOUISIANA

118 W. McKinley Ave.  
P.O. Box 729  
Haughton, La 71037  
(318) 949-9401

June 5, 2026

Cook & Morehart,  
Certified Public Accountants, LLC  
1215 Hawn Ave  
Shreveport, LA 71107

The Town of Haughton submits the following responses to the exceptions identified in the Statewide Agreed-Upon Procedures Report for the year ended December 31, 2025:

**Exception:** Discussion of the prior year audit findings was not documented in the Town council meeting minutes.

**Response:** The Town will ensure findings are discussed in Town council meetings and that such documentation is documented in council meeting minutes.

**Exception:** Bank reconciliations selected for testing did not contain written evidence that a member of management reviewed each reconciliation.

**Response:** The Town will ensure bank reconciliations contain evidence that management reviewed each reconciliation.

**Exception:** Four of the bank reconciliations selected for testing were not prepared within 2 months of closing.

**Response:** The Town will ensure bank reconciliations are prepared timely.

**Exception:** Three of the bank reconciliations selected for testing contained 39 items totaling \$12,106.88 that were more than 12 months outstanding.

**Response:** The Town will research items that have been outstanding for more than 12 months.

**Exception:** The Town does not have a policy for approving electronic payments. There were no approvals noted on the five transactions selected for testing.

**Response:** The Town will add a policy for approving electronic payments.

**Exception:** One credit card selected for testing had a finance charge of \$56.37 and a late fee of \$39.00.

**Response:** The Town will ensure credit card statements are paid timely.

**Exception:** There was no evidence that the monthly credit card statements selected for testing were reviewed and approved in writing by someone other than the authorized card holder.

**Response:** The Town will ensure credit card statements are approved in writing by someone other than the authorized card holder.

**Exception:** Payroll taxes due during 2025 were not remitted timely. Certain amounts due for the 3rd quarter of 2025 were not remitted until January 2026, and certain amounts due for the 4th quarter of 2025 were not remitted until May 2026. Total taxes due as of December 31, 2025 were \$57,302. This amount is included in payroll liabilities at December 31, 2025.

**Response:** The Town has implemented controls for ensuring all payroll taxes are paid timely. All amounts due have been paid.

**Exception:** One of the five employees selected for testing did not complete the ethics training.

**Response:** The Town will ensure all employees obtain ethics training.

**Exception:** The required sexual harassment report was not completed.

**Response:** The Town will ensure sexual harassment report is completed.

**Exception:** One of the five employees selected for testing did not complete the sexual harassment training.

**Response:** The Town will ensure all employees obtain sexual harassment training.

Sincerely,

  
Hunter Timms  
Mayor