

Town of Haughton
Haughton, Louisiana

Financial Statement with Auditors' Report

As of and For the Year Ended December 31, 2023

Town of Haughton
Haughton, Louisiana

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Haughton, Louisiana

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Independent Auditors' Report

The Honorable Kim Gaspard, 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, 2023, 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, 2023, 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 61 – 62, the schedule of proportionate share of net pension liability on page 63, and the schedule of contributions on page 64 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**.

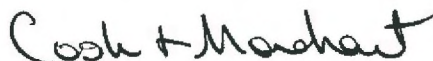
Supplementary Information

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 65 - 69 is presented for purposes of additional analysis and is 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 70 - 71, 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 70 - 71, 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, 2024, 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
June 5, 2024

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, 2023. 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 \$829,987 or 25%.

The Town of Haughton's net position of our business-type activities increased by \$428,088 or 4%.

In the Town's governmental activities, total general and program revenues were \$4,647,561 in 2023 compared to \$4,454,094 in 2022. Total expenses, excluding depreciation, totaled \$3,537,593 for the year ended December 31, 2023 compared to \$3,518,333 for 2022.

In the Town's business-type activities, total general and program revenues decreased by approximately \$1,507,873, while total expenses increased by approximately \$703,957.

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 and Capital Projects ARPA fund are considered major funds 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 \$14,436,204 and \$13,178,130, as of December 31, 2023 and 2022, respectively, an increase of \$1,258,074 or 10%.

As of December 31, 2023, \$10,554,621 or 73% 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 \$9,255,553 or 70% 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 Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Current and Other Assets	\$ 4,680,789	\$ 4,397,590	\$ 3,965,198	\$ 4,285,377	\$ 8,645,987	\$ 8,682,967
Capital Assets	3,470,478	2,685,302	16,348,221	16,316,886	19,818,699	19,002,188
Total Assets	<u>8,151,267</u>	<u>7,082,892</u>	<u>20,313,419</u>	<u>20,602,263</u>	<u>28,464,686</u>	<u>27,685,155</u>
Deferred outflows of resources - pension	<u>1,018,958</u>	<u>1,212,023</u>	<u>194,760</u>	<u>309,988</u>	<u>1,213,718</u>	<u>1,522,011</u>
Other Liabilities	135,632	121,476	373,512	762,012	509,144	883,488
Unearned revenue	1,095,923	1,095,923			1,095,923	1,095,923
Long-term Liabilities Outstanding						
Due within one year	82,847	50,197	331,016	326,003	413,863	376,200
Due in more than one year	3,536,834	3,520,483	9,403,254	9,871,435	12,940,088	13,391,918
Total Liabilities	<u>4,851,236</u>	<u>4,788,079</u>	<u>10,107,782</u>	<u>10,959,450</u>	<u>14,959,018</u>	<u>15,747,529</u>
Deferred inflows of resources - pension	<u>193,691</u>	<u>211,524</u>	<u>89,491</u>	<u>69,983</u>	<u>283,182</u>	<u>281,507</u>
Net investment in capital assets	3,256,264	2,685,302	7,298,357	6,540,251	10,554,621	9,225,553
Restricted						
Debt service			206,229	394,185	206,229	394,185
Unrestricted	869,034	610,010	2,806,320	2,948,382	3,675,354	3,558,392
Total Net Position	<u>\$ 4,125,298</u>	<u>\$ 3,295,312</u>	<u>\$ 10,310,906</u>	<u>\$ 9,882,818</u>	<u>\$ 14,436,204</u>	<u>\$ 13,178,130</u>

Changes in Net Position

The Town's net position increased by \$1,258,075 during the year ended December 31, 2023 compared to an increase of \$3,291,582 in 2022. This decrease is due in part to a decrease in capital grants and contributions.

Approximately \$3,376,945 of the Town's total revenues was derived through charges for services in 2023 compared to \$3,309,112 in 2022. During the year ended December 31, 2023, approximately \$3,840,263 was derived from general revenues including taxes and interest compared to \$3,832,843 during 2022. The Town received \$1,240,461 and \$2,630,120 of its total revenues through program grants and contributions during 2023 and 2022, respectively.

The largest expenses were for public safety, general government, water and sewer. In fiscal year 2023, governmental activity expenses exceeded program revenues resulting in the use of \$2,745,275 in general revenues, mostly taxes. Net business-type activity expenses in fiscal year 2023 were less than program revenues by \$163,086.

Table 2
Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Revenues:						
Program revenues:						
Charges for services	\$ 458,927	\$ 454,991	\$ 2,918,018	\$ 2,854,121	\$ 3,376,945	\$ 3,309,112
Operating grants and contributions	282,567	301,142	14,088	13,850	296,655	314,992
Capital grants and contributions	330,806	129,000	613,000	2,186,128	943,806	2,315,128
General revenues:						
Taxes	3,495,533	3,552,114	260,154	250,309	3,755,687	3,802,423
Interest	10,179	3,109	3,669	3,947	13,848	7,056
Other	69,549	71,004	1,179	9,626	70,728	80,630
Gain (loss) on sale of assets		(57,266)				(57,266)
Total revenues	4,647,561	4,454,094	3,810,108	5,317,981	8,457,669	9,772,075
Expenses:						
General government	648,209	702,111			648,209	702,111
Public safety	2,954,664	2,855,778			2,954,664	2,855,778
Streets and drainage	214,702	244,541			214,702	244,541
Water			1,553,400	1,057,985	1,553,400	1,057,985
Sewer			1,444,573	1,230,537	1,444,573	1,230,537
Sanitation			384,047	389,541	384,047	389,541
Total expenses	3,817,575	3,802,430	3,382,020	2,678,063	7,199,595	6,480,493
Increase (decrease) in net position before transfers	829,986	651,664	428,088	2,639,918	1,258,074	3,291,582
Transfers		(124,826)		124,826		
Change in net position	\$ 829,986	\$ 526,838	\$ 428,088	\$ 2,764,744	\$ 1,258,074	\$ 3,291,582

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 \$3,407,281, an increase of \$242,346 or 8% in comparison with the prior year. Approximately \$1,270,038 is assigned, and the remaining \$2,137,243 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 \$2,136,147 at the end of the current fiscal year, compared to \$2,033,645 at December 31, 2022.

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 \$10,310,906, an increase of \$428,088 in comparison with the prior year's ending net position of \$9,882,818. The Water Fund had an increase in net position of \$86,283, the Sewer Fund had an increase in net position of \$297,246, and the Sanitation Fund had an increase in net position of \$44,559. \$7,298,357 represents investment in capital assets net of accumulated depreciation and related outstanding debt. A total of \$206,229 is reported as restricted for debt service, with a balance of \$2,806,320 classified as unrestricted.

GENERAL FUND BUDGETARY HIGHLIGHTS

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

The Town's General Fund budget was amended one time during 2023.

The actual revenues were \$403,745 over the budgeted amounts and the actual expenditures were \$207,082 less than the budgeted amounts.

CAPITAL ASSET ADMINISTRATION

At the end of December 31, 2023, the Town of Haughton had invested \$19,818,699 in capital assets. See table below:

	Capital Assets at Year End (Net of Depreciation)					
	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Land	\$ 230,721	\$ 230,721	\$ 23,180	\$ 23,180	\$ 253,901	\$ 253,901
Construction in progress	299,028	259,312	58,000	6,928,604	357,028	7,187,916
Buildings	527,984	568,229			527,984	568,229
Improvements other than buildings	1,198,412	1,023,944			1,198,412	1,023,944
Equipment	1,214,333	603,096	290,733	280,333	1,505,066	883,429
Lease assets			31,727	32,109	31,727	
Water system and equipment			3,173,507	3,030,620	3,173,507	3,030,620
Sewer plant			12,771,074	6,022,040	12,771,074	6,022,040
Total assets	<u>\$ 3,470,478</u>	<u>\$ 2,685,302</u>	<u>\$ 16,348,221</u>	<u>\$ 16,316,886</u>	<u>\$ 19,818,699</u>	<u>\$ 18,970,079</u>

This year's major additions included:

Equipment	\$ 732,927	\$ 37,987
Construction in progress	39,716	
Water & sewer system and equipment		738,037
Improvements other than buildings	293,504	
	<u>\$ 1,066,147</u>	<u>\$ 776,024</u>

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

DEBT ADMINISTRATION

At the end of 2023 the Town had \$13,353,951 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	
	2023	2022	2023	2022	2023	2022
Net Pension Liability	\$ 3,371,553	\$ 3,520,483	\$ 684,407	\$ 816,164	\$ 4,055,960	\$ 4,336,647
Compensated Absences	33,914	50,197			33,914	50,197
Lease Liabilities			35,517	35,819	35,517	
Finance purchase	214,214				214,214	
Sewer Revenue Bonds			9,014,346	9,345,455	9,014,346	9,345,455
	<u>\$ 3,619,681</u>	<u>\$ 3,570,680</u>	<u>\$ 9,734,270</u>	<u>\$ 10,197,438</u>	<u>\$ 13,353,951</u>	<u>\$ 13,732,299</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, 2024 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, 2023

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	\$ 3,800,070	\$ 3,205,934	\$ 7,006,004
Investments	264,861	111,629	376,490
Receivables	388,852	372,998	761,850
Prepaid expenses	43,408	12,437	55,845
Restricted assets:			
Cash and cash equivalents		445,798	445,798
Internal balances	183,598	(183,598)	
Capital assets			
Depreciable (net)	2,940,729	16,267,041	19,207,770
Non-depreciable	529,749	81,180	610,929
Total assets	<u>8,151,267</u>	<u>20,313,419</u>	<u>28,464,686</u>
 Deferred outflows of resources - pension related	 <u>1,018,958</u>	 <u>194,760</u>	 <u>1,213,718</u>
Liabilities			
Accounts payable and accrued expenses	135,632	133,943	269,575
Unearned revenue	1,095,923		1,095,923
Payable from restricted assets:			
Customer deposits		239,569	239,569
Non-current liabilities			
Due within one year	82,847	331,016	413,863
Due in more than one year	<u>3,536,834</u>	<u>9,403,254</u>	<u>12,940,088</u>
Total liabilities	<u>4,851,236</u>	<u>10,107,782</u>	<u>14,959,018</u>
 Deferred inflows of resources - pension related	 <u>193,691</u>	 <u>89,491</u>	 <u>283,182</u>
Net Position			
Net investment in capital assets	3,256,264	7,298,357	10,554,621
Restricted			
Debt Service		206,229	206,229
Unrestricted	869,034	2,806,320	3,675,354
Total net position	<u>\$ 4,125,298</u>	<u>\$ 10,310,906</u>	<u>\$ 14,436,204</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, 2023

Functions / Programs	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
Governmental Activities							
General government	\$ 648,209	\$ 247,537	\$	\$ 8,574	\$ (392,098)	\$	\$ (392,098)
Public safety	2,954,664	211,390	37,302	273,993	(2,431,979)		(2,431,979)
Street and drainage	214,702		293,504		78,802		78,802
Total governmental activities	3,817,575	458,927	330,806	282,567	(2,745,275)		(2,745,275)
Business-type Activities							
Water	1,553,400	1,408,742	306,500	7,044		168,886	168,886
Sewer	1,444,573	1,080,918	306,500	7,044		(50,111)	(50,111)
Sanitation	384,047	428,358				44,311	44,311
Total business-type activities	3,382,020	2,918,018	613,000	14,088		163,086	163,086
Total Government	\$ 7,199,595	\$ 3,376,945	\$ 943,806	\$ 296,655	(2,745,275)	163,086	(2,582,189)
General revenues:							
Taxes -							
Ad valorem taxes					137,410	260,154	397,564
Gaming taxes					268,483		268,483
Sales tax					2,879,721		2,879,721
Other taxes					12,385		12,385
Franchise tax					197,534		197,534
Investment earnings					10,179	3,669	13,848
Miscellaneous					69,549	1,179	70,728
Total general revenues					3,575,261	265,002	3,840,263
Change in net position					829,986	428,088	1,258,074
Net position - beginning					3,295,312	9,882,818	13,178,130
Net position - ending					\$ 4,125,298	\$ 10,310,906	\$ 14,436,204

The accompanying notes are an integral part of this statement.

Town of Haughton
Haughton, Louisiana
Balance Sheet
Governmental Funds
December 31, 2023

	General	Capital Projects American Rescue Plan	Total
Assets			
Cash and cash equivalents	\$ 2,703,051	\$ 1,097,019	\$ 3,800,070
Investments	264,861		264,861
Receivables	388,852		388,852
Due from other funds	331,649		331,649
Total assets	<u>\$ 3,688,413</u>	<u>\$ 1,097,019</u>	<u>\$ 4,785,432</u>
Liabilities and Fund Balances			
Liabilities:			
Accounts payable and accrued expenses	\$ 134,177	\$	\$ 134,177
Due to other funds	148,051		148,051
Unearned revenue		1,095,923	1,095,923
Total liabilities	<u>282,228</u>	<u>1,095,923</u>	<u>1,378,151</u>
Fund balances:			
Assigned:			
Capital projects	1,067,964		1,067,964
Public safety	183,395		183,395
Parks and recreation	18,679		18,679
Unassigned	2,136,147	1,096	2,137,243
Total fund balances	<u>3,406,185</u>	<u>1,096</u>	<u>3,407,281</u>
 Total liabilities and fund balances	 <u>\$ 3,688,413</u>	 <u>\$ 1,097,019</u>	 <u>\$ 4,785,432</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, 2023

Fund balances - total governmental funds	\$ 3,407,281
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.	3,470,478
The nonallocation method of accounting for prepayments is used in the fund statements, since the prepayment does not provide expendable financial resources.	43,408
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	1,018,958
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	(3,371,553)
Finance purchase	(214,214)
Accrued interest	(1,455)
Accrued leave	(33,914)
Deferred inflows - pension related	<u>(193,691)</u>
Net position of governmental activities	<u>\$ 4,125,298</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, 2023

		Capital Projects American Rescue	
	General	Plan	Total
Revenues:			
Ad valorem taxes	\$ 137,410	\$	\$ 137,410
Franchise taxes	197,534		197,534
Sales taxes	2,879,721		2,879,721
Gaming taxes	268,483		268,483
Other taxes	12,385		12,385
Licenses and permits	247,537		247,537
Intergovernmental	215,825		215,825
Investment earnings	9,083	1,096	10,179
Fines and forfeitures	211,390		211,390
Other	70,539		70,539
Total revenues	<u>4,249,907</u>	<u>1,096</u>	<u>4,251,003</u>
Expenditures:			
Current:			
General government	546,700		546,700
Public safety	2,732,374		2,732,374
Streets and drainage	171,154		171,154
Capital outlay	772,643		772,643
Total expenditures	<u>4,222,871</u>		<u>4,222,871</u>
Excess of revenues over expenditures	<u>27,036</u>	<u>1,096</u>	<u>28,132</u>
Other financing sources:			
Proceeds from lease	214,214		214,214
Total other financing sources	<u>214,214</u>		<u>214,214</u>
Net change in fund balances	241,250	1,096	242,346
Fund balances at beginning of year	<u>3,164,935</u>		<u>3,164,935</u>
Fund balances at end of year	<u>\$ 3,406,185</u>	<u>\$ 1,096</u>	<u>\$ 3,407,281</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, 2023

Net change in fund balances - total governmental funds	\$ 242,346
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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 (\$772,643) exceeded depreciation expense (\$279,982) in the current period.	492,661
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The net effect of various transactions involving capital assets (sales, trade-ins, donated infrastructure, etc.) is to increase net position.	292,516
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The nonallocation method of accounting for prepayments is used in the fund statements, since the prepayment does not provide expendable financial resources.	28,152
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Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	
Non-employer contributions to cost-sharing pension plan	104,043

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	16,780
Accrued interest	(1,455)
Pension expense	(130,843)

Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets.	
Finance purchase	(214,214)

Change in net position of governmental activities	\$ 829,986
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The accompanying notes are an integral part of this statement.

Town of Haughton
Haughton, Louisiana
Statement of Net Position
Proprietary Funds
December 31, 2023

	Business-type Activities - Enterprise Funds			
	Water Fund	Sewer Fund	Sanitation Fund	Total
Assets				
Current assets:				
Cash and cash equivalents	\$ 1,813,442	\$ 1,326,537	\$ 65,955	\$ 3,205,934
Investments	76,210		35,419	111,629
Prepays	8,047	4,390		12,437
Receivables				
Accounts	180,450	99,913	41,943	322,306
Ad valorem taxes		43,905		43,905
Other	4,196	2,378	213	6,787
Restricted cash and cash equivalents	239,569			239,569
Due from other funds	126,504	172,724	301,915	601,143
Total current assets	<u>2,448,418</u>	<u>1,649,847</u>	<u>445,445</u>	<u>4,543,710</u>
Noncurrent assets:				
Restricted cash		206,229		206,229
Capital assets:				
Land	17,200	5,980		23,180
Construction in progress		58,000		58,000
Plant and equipment	6,316,623	18,837,858		25,154,481
Less: accumulated depreciation	(4,184,826)	(4,702,614)		(8,887,440)
Total noncurrent assets	<u>2,148,997</u>	<u>14,405,453</u>		<u>16,554,450</u>
Total assets	<u>4,597,415</u>	<u>16,055,300</u>	<u>445,445</u>	<u>21,098,160</u>
Deferred outflows of resources - pension related	<u>88,977</u>	<u>105,783</u>		<u>194,760</u>
Liabilities				
Current liabilities:				
Accounts payable and accrued expenses	42,114	51,602	40,227	133,943
Due to other funds	404,388	293,781	86,572	784,741
Current portion of other long term debt	97			97
Payable from restricted assets:				
Customer deposits	239,569			239,569
Revenue bonds		330,919		330,919
Total current liabilities	<u>686,168</u>	<u>676,302</u>	<u>126,799</u>	<u>1,489,269</u>
Noncurrent liabilities:				
Revenue bonds		8,683,427		8,683,427
Other long-term debt	35,420			35,420
Net pension liability	342,204	342,203		684,407
Total noncurrent liabilities	<u>377,624</u>	<u>9,025,630</u>		<u>9,403,254</u>
Total liabilities	<u>1,063,792</u>	<u>9,701,932</u>	<u>126,799</u>	<u>10,892,523</u>
Deferred inflows of resources - pension related	<u>86,224</u>	<u>3,267</u>		<u>89,491</u>
Net position				
Net investment in capital assets	2,113,480	5,184,877		7,298,357
Restricted - debt service		206,229		206,229
Unrestricted	1,422,896	1,064,778	318,646	2,806,320
Total net position	<u>\$ 3,536,376</u>	<u>\$ 6,455,884</u>	<u>\$ 318,646</u>	<u>\$ 10,310,906</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, 2023

	Business-type Activities - Enterprise Funds			
	Water Fund	Sewer Fund	Sanitation Fund	Total
Operating revenues:				
Charges for service -				
Water sales	\$ 1,408,742	\$	\$	\$ 1,408,742
Sewerage service charges		1,080,918		1,080,918
Solid waste collection			428,358	428,358
Total operating revenues	<u>1,408,742</u>	<u>1,080,918</u>	<u>428,358</u>	<u>2,918,018</u>
Operating expenses:				
Salaries	277,657	277,671		555,328
Payroll taxes and benefits	84,969	84,965		169,934
Contractual services	19,868	32,315	378,741	430,924
Supplies and materials	273,884	83,066		356,950
Utilities	107,945	150,298		258,243
Insurance	103,418	97,332		200,750
Repairs and maintenance	373,115	5,875		378,990
Bad debt	51,363		5,219	56,582
Depreciation and amortization	213,280	531,409		744,689
Other	47,901	6,777	87	54,765
Total operating expenses	<u>1,553,400</u>	<u>1,269,708</u>	<u>384,047</u>	<u>3,207,155</u>
Operating income	<u>(144,658)</u>	<u>(188,790)</u>	<u>44,311</u>	<u>(289,137)</u>
Non-operating revenues (expenses):				
Interest income	2,227	1,194	248	3,669
Miscellaneous	1,179			1,179
Ad valorem taxes		260,154		260,154
Non-employer contributions-pension related	7,044	7,044		14,088
Interest expense		(174,865)		(174,865)
Total non-operating revenues (expenses)	<u>10,450</u>	<u>93,527</u>	<u>248</u>	<u>104,225</u>
Other financing sources (uses):				
Capital contributions	306,500	306,500		613,000
Transfer in		86,009		86,009
Transfer out	(86,009)			(86,009)
Total other financing sources (uses)	<u>220,491</u>	<u>392,509</u>		<u>613,000</u>
Change in net position	86,283	297,246	44,559	428,088
Net position - beginning of year	<u>3,450,093</u>	<u>6,158,638</u>	<u>274,087</u>	<u>9,882,818</u>
Net position - end of year	<u>\$ 3,536,376</u>	<u>\$ 6,455,884</u>	<u>\$ 318,646</u>	<u>\$ 10,310,906</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, 2023

	Business-type Activities - Enterprise Funds			
	Water Fund	Sewer Fund	Sanitation Fund	Total
Cash Flows From Operating Activities				
Receipts from customers	\$ 1,364,221	\$ 1,129,832	\$ 424,234	\$ 2,918,287
Cash payments to suppliers for goods and services	(994,017)	(274,235)	(390,198)	(1,658,450)
Cash payments to employees for services	(363,830)	(442,383)		(806,213)
Net cash provided by operating activities	6,374	413,214	34,036	453,624
Cash Flows From Non-Capital Financing Activities				
Advances to other funds		(133,574)	(146,061)	(279,635)
Advances from other funds	474,454	218,607	60,055	753,116
Transfers to other funds	(86,009)			(86,009)
Transfers from other funds		86,009		86,009
Ad valorem taxes		259,898		259,898
Other		(474)		(474)
Net cash provided (used) by non-capital financing activities	388,445	430,466	(86,006)	732,905
Cash Flows From Capital and Related Financing Activities				
Principal paid on capital debt	(302)	(331,109)		(331,411)
Capital Contributions		385,106		385,106
Interest paid on capital debt		(177,645)		(177,645)
Acquisition and construction of capital assets	(87,271)	(471,115)		(558,386)
Net cash (used) by capital and related financing activities	(87,573)	(594,763)		(682,336)
Cash Flows From Investing Activities				
Interest received	2,227	1,194	248	3,669
Other	1,179	3,254		4,433
Purchase of investments	(191)		(177)	(368)
Net cash provided by investing activities	3,215	4,448	71	7,734
Net increase (decrease) in cash, cash equivalents, and restricted cash	310,461	253,365	(51,899)	511,927
Cash, cash equivalents, and restricted cash, beginning of year	1,742,550	1,279,401	117,854	3,139,805
Cash, cash equivalents, and restricted cash, end of year	\$ 2,053,011	\$ 1,532,766	\$ 65,955	\$ 3,651,732
Cash and cash equivalents are reflected on the Statement of Net Position as follows:				
Cash and cash equivalents	\$ 1,813,442	\$ 1,326,537	\$ 65,955	\$ 3,205,934
Cash and cash equivalents - restricted	239,569	206,229		445,798
Total	\$ 2,053,011	\$ 1,532,766	\$ 65,955	\$ 3,651,732
Reconciliation of Operating Income to Net Cash Provided (Used) By Operating Activities:				
Operating income (loss)	\$ (144,658)	\$ (188,790)	\$ 44,311	\$ (289,137)
Adjustments to reconcile operating (loss) to net cash provided (used) by operating activities:				
Depreciation and amortization expense	213,280	531,409		744,689
Customer deposits	13,529			13,529
Accounts receivable	(66,586)	40,381	(4,124)	(30,329)
Accounts payable and accrued expenses	(22,382)	21,865	(6,151)	(6,668)
Prepaid	4,657	(184)		4,473
Pension related	8,534	8,533		17,067
Net Cash Flows From Operating Activities	\$ 6,374	\$ 413,214	\$ 34,036	\$ 453,624
Non-cash investing and financing transaction:				
Acquisition of property				
Cost of property and equipment	\$ 393,771	\$ 777,615	\$	\$ 1,171,386
Donated	(306,500)	(306,500)		(613,000)
Cash down payment for property and equipment	\$ 87,271	\$ 471,115	\$	\$ 558,386

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

Town of Haughton
Haughton, Louisiana
Notes to Financial Statements
December 31, 2023

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
Haughton, Louisiana
Notes to Financial Statements
December 31, 2023
(Continued)

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
Haughton, Louisiana
Notes to Financial Statements
December 31, 2023
(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.

Capital Projects – American Rescue Plan Fund – accounts for proceeds from the American Rescue Plan Act (ARPA).

(Continued)

Town of Haughton
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Notes to Financial Statements
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Water fund – accounts for the provision of water services to the residents of the Town.

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

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

D. Basis of Accounting

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

1. Accrual:

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

2. Modified Accrual:

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

E. Budget and Budgetary Accounting

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

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

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

F. Cash, Cash Equivalents, and Investments

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

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

G. Capital Assets

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

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

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

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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.

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Town of Haughton
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Notes to Financial Statements
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K. Compensated Absences

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

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

L. Interfund Activity

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

M. Use of Estimates

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

N. Long-Term Obligations

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

O. Bad Debts

Uncollectible amounts due for ad valorem taxes, customer's utility receivables, and special assessments are recognized as bad debts through the establishment of an allowance account at the time information becomes available which would indicate the uncollectibility of the particular receivable. Accounts receivable for the water, sewer, and sanitation funds are shown net of an allowance of \$103,587, \$35,865, and \$31,614, respectively.

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Town of Haughton
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Notes to Financial Statements
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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.

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Town of Haughton
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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.

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Notes to Financial Statements
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(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:

	Authorized Millage	Levied Millage	Expiration Date
General	4.50	4.50	N/A
Sewerage system	8.52	8.52	2035

Approximately 14% of the Town's ad valorem tax revenues are derived from 10 taxpayers.

(3) Cash, Cash Equivalents, and Investments

At December 31, 2023, the Town has cash, cash equivalents, and investments (book balances) totaling \$7,828,292 as detailed below:

A. Cash and Cash Equivalents

Cash and cash equivalents at December 31, 2023 (book balances) totaled \$7,451,802, of which \$445,798 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, 2023, the Town had investments totaling \$376,490 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, 2023, \$7,471,223 of the Town's bank balance of \$7,971,243 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	\$ 7,075,757
Certificates of Deposit	<u>395,466</u>
Total	<u>\$ 7,471,223</u>

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(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, 2023:

<u>Class of Receivable</u>	
Governmental activities –	
Ad valorem taxes	\$ 17,397
Sales taxes	289,879
Gaming taxes	14,028
Franchise taxes	45,019
Miscellaneous	<u>22,529</u>
	<u>388,852</u>
Business-type activities –	
Accounts receivable – water, sewer, and and sanitation charges	322,306
Property taxes	43,905
Other	<u>6,787</u>
	<u>372,998</u>
 Total	 <u>\$ 761,850</u>

The accounts receivable-water, sewer, and sanitation charges of \$322,306 is shown net of a reserve for uncollectible accounts of \$171,066.

(5) Restricted Assets

Restricted assets were applicable to the following at December 31, 2023:

Business-type activities:	
Debt service	\$ 206,229
Customer deposits	<u>239,569</u>
	<u>\$ 445,798</u>

(6) On-behalf Payments

The Town received a total of \$87,000 in police supplemental pay and a total of \$65,550 in firemen supplemental pay from the State of Louisiana. The Town recognizes this supplemental pay received by the employees 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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Town of Haughton
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Notes to Financial Statements
December 31, 2023
(Continued)

(7) Capital Assets

Capital asset activity for the year ended December 31, 2023, was as follows:

	Balance at Jan. 1, 2023	Additions	Deletions	Balance at Dec. 31, 2023
<u>Governmental Activities:</u>				
Capital assets, not being depreciated:				
Land	\$ 230,721	\$	\$	\$ 230,721
Construction in progress	259,312	39,716		299,028
Total capital assets, not being depreciated	490,033	39,716		529,749
Capital assets, being depreciated:				
Buildings	1,125,000			1,125,000
Improvements other than buildings	2,536,237	293,504		2,829,741
Equipment	2,677,188	732,927	(53,945)	3,356,170
Total capital assets, being depreciated, at historical cost	6,338,425	1,026,431	(53,945)	7,310,911
Less accumulated depreciation:				
Buildings	(556,771)	(40,245)		(597,016)
Improvements other than buildings	(1,512,293)	(119,036)		(1,631,329)
Equipment	(2,074,092)	(120,701)	52,956	(2,141,837)
Total accumulated depreciation	(4,143,156)	(279,982)	52,956	(4,370,182)
Total capital assets, being depreciated, net	2,195,269	746,449	(989)	2,940,729
Governmental activities capital assets, net	\$ 2,685,302	\$ 786,165	\$ (989)	\$ 3,470,478

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Town of Haughton
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Notes to Financial Statements
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	Balance at Jan. 1, 2023	Additions	Deletions	Transfers	Balance at Dec. 31, 2023
<u>Business-Type Activities:</u>					
Capital assets, not being depreciated:					
Land	\$ 23,180	\$	\$	\$	\$ 23,180
Construction in progress	6,928,604			(6,870,604)	58,000
Total capital assets, not being depreciated, at historical cost	6,951,784			(6,870,604)	81,180
Capital assets, being depreciated:					
Buildings	10,359				10,359
Equipment	577,509	37,987	(48,658)		566,838
Water system and equipment	6,997,534	355,783			7,353,317
Sewer plant	9,933,267	382,254		6,870,604	17,186,125
Total capital assets, being depreciated, at historical cost	17,518,669	776,024	(48,658)	6,870,604	25,116,639
Less accumulated depreciation:					
Buildings	(10,359)				(10,359)
Equipment	(297,176)	(27,587)	48,658		(276,105)
Water system and equipment	(3,966,914)	(212,896)			(4,179,810)
Sewer plant	(3,911,227)	(503,824)			(4,415,051)
Total accumulated depreciation	(8,185,676)	(744,307)	48,658		(8,881,325)
Leased assets					
Equipment	37,842				37,842
Total leased assets, being amortized	37,842				37,842
Less accumulated amortization for:					
Leased equipment	(5,733)	(382)			(6,115)
Total accumulated amortization, leased equipment	(5,733)	(382)			(6,115)
Total capital assets, being depreciated/amortized, net	9,365,102	31,335		6,870,604	16,267,041
Business-type activities capital assets, net	<u>\$16,316,886</u>	<u>\$ 31,335</u>	<u>\$</u>	<u>\$</u>	<u>\$16,348,221</u>

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

	Governmental Activities	Business-type Activities	Total
General government	\$ 93,709	\$	\$ 93,709
Public safety	142,724		142,724
Streets and drainage	43,549		43,549
Water		213,278	213,278
Sewer		531,411	531,411
Total	<u>\$ 279,982</u>	<u>\$ 744,689</u>	<u>\$ 1,024,671</u>

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December 31, 2023
(Continued)

(8) Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses at December 31, 2023, consisted of the following:

<u>Class of Payable</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Accounts	\$ 67,550	\$ 103,829	\$ 171,379
Accrued leave	4,825	8,983	13,808
Payroll liabilities	61,802		61,802
Other		10,416	10,416
Accrued interest	1,455	10,715	12,170
Total	<u>\$ 135,632</u>	<u>\$ 133,943</u>	<u>\$ 269,575</u>

(9) Customers' Deposits

Deposits held for customers that are currently active on the water system total \$239,569 at December 31, 2023.

(10) Interfund Transfers

Interfund transfers for the year ended December 31, 2023 consisted of the following:

	<u>Transfer In</u>	<u>Transfer Out</u>	<u>Net</u>
Enterprise Funds:			
Water		(86,009)	(86,009)
Sewer	<u>86,009</u>	<u></u>	<u>86,009</u>
	<u>\$ 86,009</u>	<u>\$(86,009)</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.

(12) Litigation and Claims

At December 31, 2023, 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.

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Notes to Financial Statements
December 31, 2023
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(13) Interfund Balances

Interfund balances at December 31, 2023 consisted of the following:

	Due From Other Fund	Due To Other Fund	Net
Governmental Funds:			
General	\$ 331,649	\$ (148,051)	\$ 183,598
Enterprise Funds:			
Water	126,504	(404,388)	(277,884)
Sewer	172,724	(293,781)	(121,057)
Sanitation	301,915	(86,572)	215,343
Total Enterprise Funds	<u>601,143</u>	<u>(784,741)</u>	<u>(183,598)</u>
Total	<u>\$ 932,792</u>	<u>\$ (932,792)</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, 2023, consisting of the following:

	Governmental Activities	Business-type Activities	Total
Pension related - MERS	\$ 3,394	\$ 89,491	\$ 92,885
Pension related - MPERS	90,661		90,661
Pension related - Firefighters	99,636		99,636
	<u>\$ 193,691</u>	<u>\$ 89,491</u>	<u>\$ 283,182</u>

The Statement of Net Position reports deferred outflows of resources at December 31, 2023, consisting of the following:

	Governmental Activities	Business-type Activities	Total
Pension related - MERS	\$ 168,586	\$ 194,760	\$ 363,346
Pension related - MPERS	408,206		408,206
Pension related - Firefighters	442,166		442,166
	<u>\$ 1,018,958</u>	<u>\$ 194,760</u>	<u>\$ 1,213,718</u>

Information about each retirement plan is detailed in Note 16.

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Notes to Financial Statements
December 31, 2023
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(15) Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2023, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Governmental Activities:					
Long-term liabilities					
Net pension					
liability - MERS	\$ 371,662	\$ 22,291	\$	\$ 393,953	\$
Net pension					
liability - MPERS	1,687,779		(52,945)	1,634,834	
Net pension					
liability - Firefighters	1,461,042		(118,276)	1,342,766	
Compensated absences	56,177		(17,438)	38,739	38,739
Finance purchase		214,214		214,214	48,933
Total - Governmental Activities					
long-term liabilities	<u>\$ 3,576,660</u>	<u>\$ 236,505</u>	<u>\$ (188,659)</u>	3,624,506	87,672
Less amounts due within period of availability				(4,825)	(4,825)
Total long-term liabilities,				<u>\$ 3,619,681</u>	<u>\$ 82,847</u>
Government-wide Statements					
Business-type Activities:					
Long-term liabilities					
Direct borrowings and direct placements:					
Revenue Bonds:					
Utility revenue bonds					
Series 2013	\$ 1,767,000	\$	\$ (149,000)	\$ 1,618,000	\$ 150,000
Utility revenue bonds					
Series 2019	804,600		(67,500)	737,100	64,000
Utility revenue bonds					
Series 2023	6,773,855		(114,609)	6,659,246	116,919
Total revenue bonds	<u>9,345,455</u>		<u>(331,109)</u>	<u>9,014,346</u>	<u>330,919</u>
Other long-term liabilities:					
Compensated absences	5,814	3,169		8,983	8,983
Lease liability	35,819		(302)	35,517	97
Net pension					
liability - MERS	465,385	219,022		684,407	
Total - Business-type Activities					
long-term liabilities	<u>\$ 9,852,473</u>	<u>\$ 222,191</u>	<u>\$ (331,411)</u>	9,743,253	339,999
Less amounts due within period of availability				(8,983)	(8,983)
Total long-term liabilities,				<u>\$ 9,734,270</u>	<u>\$ 331,016</u>
government-wide statements					

Information about each retirement plan is detailed in Note 16.

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Notes to Financial Statements
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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.

\$ 1,618,000

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.

\$ 737,100

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.

\$ 6,659,246

Future debt service requirements at December 31, 2023, were as follows:

Fiscal Year	Principle	Interest	Total
2024	\$ 330,919	\$ 165,782	\$ 496,701
2025	337,279	160,728	498,007
2026	342,686	155,541	498,227
2027	349,142	150,239	499,381
2028	354,648	144,822	499,470
2029-2033	1,921,733	631,669	2,553,402
2034-2038	743,313	501,867	1,245,180
2039-2043	821,420	423,760	1,245,180
2044-2048	907,733	337,446	1,245,179
2049-2053	1,003,117	242,063	1,245,180
2054-2058	1,108,524	136,656	1,245,180
2059-2063	793,832	27,124	820,956
	<u>\$ 9,014,346</u>	<u>\$ 3,077,697</u>	<u>\$ 12,092,043</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 \$6,115 as of December 31, 2023. 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:

Fiscal Year	Principle	Interest	Total
2024	\$ 97	\$ 1,103	\$ 1,200
2025	100	1,100	1,200
2026	103	1,097	1,200
2027	107	1,093	1,200
2028	110	1,090	1,200
2029-2033	603	5,397	6,000
2034-2038	703	5,297	6,000
2039-2043	819	5,181	6,000
2044-2048	955	5,045	6,000
2049-2053	1,113	4,887	6,000
2054-2058	1,297	4,703	6,000
2059-2063	1,512	4,488	6,000
2064-2068	1,762	4,238	6,000
2069-2073	2,054	3,946	6,000
2074-2078	2,395	3,605	6,000
2079-2083	2,791	3,209	6,000
2084-2088	3,253	2,747	6,000
2089-2093	3,792	2,208	6,000
2094-2098	4,420	1,580	6,000
2099-2103	5,152	847	5,999
2104-2105	2,379	107	2,486
	<u>\$ 35,517</u>	<u>\$ 62,968</u>	<u>\$ 98,485</u>

Finance Purchase

During 2023, 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, as of December 31, 2023. Interest has been imputed at a rate of 6.047%, and the Town will make monthly payments through 2027. Future payments due under the finance purchase agreement are as follows:

Fiscal Year	Principle	Interest	Total
2024	\$ 48,933	\$ 12,954	\$ 61,887
2025	51,892	9,995	61,887
2026	55,030	6,857	61,887
2027	58,359	3,528	61,887
	<u>\$ 214,214</u>	<u>\$ 33,334</u>	<u>\$ 247,548</u>

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December 31, 2023
(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 thirty-five hours per week. Those individuals paid jointly by a participating employer and the parish are not eligible for membership in the System with exceptions as outlined in the statutes.

Retirement Benefits:

Any member of Plan A who was hired before January 1, 2013 can retire providing the member meets one of the following criteria:

1. Any age with twenty-five (25) or more years of creditable service.
2. Age 60 with a minimum of ten (10) years of creditable service.
3. Any age with five (5) years of creditable service eligible for disability benefits.
4. Survivor's benefits require five (5) years creditable service at death of member.
5. Any age with 20 years of creditable service, exclusive of military service with an actuarially reduced early benefit.

Eligibility for retirement for Plan A members hired on or after January 1, 2013 is as follows:

1. Age 67 with seven (7) or more years of creditable service
2. Age 62 with ten (10) or more years of creditable service
3. Age 55 with thirty (30) or more years of creditable service
4. Any age with twenty five (25) years of creditable service, exclusive of military service and unused side leave. However, any member retiring under this subsection shall have their benefit actuarially reduced from the earliest age of which the member would be entitled to a vested deferred benefit under any provision of this section, if the member had continued in service to that age.

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Notes to Financial Statements
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(Continued)

Generally, the monthly amount of the retirement allowance for any member of Plan A shall consist of an amount equal to three percent of the member's monthly average final compensation multiplied by his years of creditable service. However, under certain conditions as outlined in the statutes, the benefits are limited to specified amounts.

Survivor Benefits:

Upon death of any member of Plan A with five (5) or more years of creditable service, not eligible for retirement, the plan provides for benefits for the surviving spouse and/or 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.

DROP Benefits:

In lieu of terminating employment and accepting a service retirement allowance, any member of Plan A 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 the plan, 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.

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 forty-five percent of his final average compensation or three percent of his final average compensation multiplied by his years of creditable service whichever is greater or an amount equal to three percent of the member's final average compensation multiplied by his years of creditable service projected to his earliest normal retirement age.

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Notes to Financial Statements
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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. Member contributions are at 9.5% of earnable compensation for Plan A. According to state statute, contribution requirements for all employers are actuarially determined each year. For the plan year ending June 30, 2023, the actual employer contribution rate was 29.50% for Plan A. The Town's contributions to the System for the years ended December 31, 2023, 2022, and 2021 were \$174,237, \$167,102, and \$155,457, respectively. Included in contributions for the year ended December 31, 2023, are contributions for the month of December 2023 totaling \$14,132 which were paid subsequent to December 31, 2023.

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 \$22,196 are recognized as revenue during the year ended December 31, 2023 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, 2023, the Town reported a liability of \$1,078,360 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, 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, 2023 as compared to the total of all employers' contributions received by the System during the fiscal year ended June 30, 2023. The Town's proportion as measured at June 30, 2023, was .295048%, which was an increase of .00905% from its proportion measured as of June 30, 2022.

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(Continued)

For the year ended December 31, 2023, the Town recognized pension expense of \$208,464, plus employer's amortization of change in proportionate share and the difference between employer contributions and proportionate share of contributions, \$(7,341).

At December 31, 2023, 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 Activities</u>	<u>Business-type Activities</u>
Differences between expected and actual experience	\$ 3,394	\$ 6,213
Changes in proportion and differences between employer contributions and proportionate share of contributions		<u>83,278</u>
Total	<u>\$ 3,394</u>	<u>\$ 89,491</u>
	<u>Deferred Outflows of Resources</u>	
	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Differences between expected and actual experience	\$ 268	\$ 455
Changes of assumptions	3,567	7,939
Changes in proportion and differences between employer contributions and proportionate share of contributions	87,251	54,405
Net difference between projected and actual earnings on pension plan investments	45,848	78,066
Employer contributions subsequent to the measurement Date	<u>31,652</u>	<u>53,895</u>
Total	<u>\$ 168,586</u>	<u>\$ 194,760</u>

The Town reported a total of \$85,547 as deferred outflow of resources related to pension contributions made subsequent to the measurement period of June 30, 2023, which will be recognized as a reduction in net pension liability in the year ended December 31, 2024.

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>
2024	\$ 85,819
2025	16,940
2026	89,787
2027	<u>(7,632)</u>
Total	<u>\$ 184,914</u>

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Actuarial Methods and Assumptions

The net pension liability was measured as the portion of the present value of projected benefit payments to be provided through the pension plan to current active and inactive employees that is attributed to those employees' past periods of service, less the amount of the pension plan's fiduciary net position. A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2023 are as follows:

Valuation Date	June 30, 2023
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 4 years of service	6.4%
More than 4 years of service	4.5%
Annuitant and beneficiary mortality	PubG-2010(B) Healthy Retiree table set equal to 120% for males and females, each adjusted using their respective male and female MP2018 scales.
Employee mortality	PubG-2010(B) Healthy Retiree table set equal to 120% for males and females, each adjusted using their respective male and female MP2018 scales.
Disabled lives mortality	PubNS-2010(B) Disabled Retiree table set equal to 120% for males and females with full generational MP2018 scale.
Expected Remaining Service Lives	3 years

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Examples include assumptions about future employment mortality and future salary increases. Actuarially determined amounts regarding the net pension liability are subject to continual revision as actual results are compared to past expectations, and new estimates are made about the future. The actuarial assumptions used in the June 30, 2023 valuation was based on the results of an experience study, for the period July 1, 2013 to June 30, 2018. The required Schedules of Employers' Net pension Liability located in the required supplementary information following the notes to the Financial Statements present multi-year trend information regarding whether the plan fiduciary net positions are increasing or decreasing over time relative to the total pension liability. The Total Pension Liability as of June 30, 2023 is based on actuarial valuations for the same period, updates using generally accepted actuarial principles.

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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, 2023 are summarized in the following table:

	Target Asset Allocation	Long-Term Expected Portfolio Real Rate of Return
Public equity	56%	2.44%
Public fixed income	29%	1.26%
Alternatives	15%	.65%
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%. 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 approved by the Board of Trustees and PRSAC taking into consideration the recommendation of the System's actuary. 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, 2023:

	<u>Changes in Discount Rate</u>		
	1% Decrease <u>5.85%</u>	Current Discount Rate <u>6.85%</u>	1% Increase <u>7.85%</u>
Net Pension Liability	\$1,495,009	\$1,078,360	\$726,417

Changes in Net Pension Liability

The changes in the net pension liability for the year ended December 31, 2023 were recognized in the current reporting period **except** as follows:

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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, 2023.

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, 2023. Access to these reports can be found on the Louisiana Legislative Auditor's website, 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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Notes to Financial Statements
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(Continued)

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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Notes to Financial Statements
December 31, 2023
(Continued)

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, 2023, total contributions due from employers and employees was 39.25%. 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 31.25% and 10%, respectively. The employer and employee contribution rates for all Non-Hazardous Duty members hired after January 1, 2013 were 31.25% 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 33.75% and 7.5%, respectively. The Town contributions to the System for the years ended December 31, 2023, 2022, and 2021 were \$172,083, \$156,712, and \$159,177, respectively. Included in contributions for the year ended December 31, 2023, are contributions for the month of December 2023 totaling \$14,942 which were paid subsequent to December 31, 2023.

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 \$35,688 are recognized as revenue during the year ended December 31, 2023 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, 2023, the Town reported a liability of \$1,634,834 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, 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, 2023, as compared to the total of all employers' contributions to the System for the year ended June 30, 2023. At June 30, 2023, the Town's proportion was .154741%, which was a decrease of .01038% from its proportion measured as of June 30, 2022.

For the year ended December 31, 2023, the Town recognized pension expense of \$208,209, plus employer's amortization of change in proportionate share and the difference between employer contributions and proportionate share of contributions, \$1,566.

At December 31, 2023, 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 of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 115,158	\$ 685
Changes of assumptions	27,280	
Net difference between projected and actual earnings on pension plan investments	176,490	
Changes in proportion and differences between employer contributions and proportionate share of contributions	834	89,976
Employer contributions subsequent to the measurement date	88,444	
Total	<u>\$ 408,206</u>	<u>\$ 90,661</u>

The Town reported a total of \$88,444 as deferred outflow of resources related to pension contributions made subsequent to the measurement period of June 30, 2023, which will be recognized as a reduction in net pension liability in the year ended December 31, 2024. 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>
2024	\$ 57,903
2025	25,112
2026	154,858
2027	(8,772)
Total	<u>\$ 229,101</u>

Actuarial Methods and Assumptions

The actuarial assumptions used in the June 30, 2023 valuation were based on the assumptions used in the June 30, 2023 actuarial funding valuation, and were based on the results of an actuarial experience study for the period July 1, 2009 – June 30, 2014. 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, 2023 are as follows:

Valuation Date	June 30, 2023
Actuarial Cost Method	Entry Age Normal Cost
Investment Rate of Return	6.750%, net of investment expense
Expected Remaining Service Lives	4 years
Inflation Rate	2.5%

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(Continued)

	<u>Years of Service</u>	<u>Salary Growth Rate</u>
Salary increases, including inflation and merit	1-2 Above 2	12.3% 4.70%
Mortality	<p>For annuitants and beneficiaries, the Pub-2010 Public Retirement Plan Mortality Table for Safety Below-Median Healthy Retirees multiplied by 115% for males and 125% for females, each with full generational projection using the MP2019 scale was used.</p> <p>For disabled lives, the Pub-2010 Public Retirement Plans Mortality Table for Safety Disable Retirees multiplied by 105% for males and 115% for females, each with full generational projection using the MP2019 scale was used.</p> <p>For employees, the Pub-2010 Public Retirement Plans Mortality Table for Safety Below-Median Employees multiplied by 115% for males and 125% for females, each with full generational projection using the MP2019 scale was used.</p>	
Cost-of-Living Adjustments	<p>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.</p>	

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

Best estimates of arithmetic nominal rates of return for each major asset class included in the System's target allocation as of June 30, 2023 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	52.00%	3.29%
Fixed income	34.00%	1.12%
Alternatives	14.00%	0.95%
Other	0%	0.00%
Totals	100%	5.36%
Inflation		2.54%
Expected Arithmetic Nominal Return		7.90%

(Continued)

Town of Haughton
Haughton, Louisiana
Notes to Financial Statements
December 31, 2023
(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, 2023:

	<u>Changes in Discount Rate</u>		
	1% Decrease 5.75%	Current Discount Rate 6.75%	1% Increase 7.75%
Net Pension Liability	\$2,300,340	\$ 1,634,834	\$1,078,891

Change in Net Pension Liability

The changes in the net pension liability for the year ended December 31, 2023 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, 2023
(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, 2023. Access to these reports can be found on the Louisiana Legislative Auditor's website, www.la.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, 2023
(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 of 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, 2023
(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, 2023, 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, 2023, 2022, and 2021 were \$198,274, \$182,794, and \$174,707, respectively. Included in contributions for the year ended December 31, 2023, are contributions for the month of December 2023 totaling \$18,518 which were paid subsequent to December 31, 2023.

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, 2023 and were excluded from pension expense. Non-employer contributions received by the System and attributable to the Town during the year ended December 31, 2023 were \$60,246.

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

At December 31, 2023, the Town reported a liability of \$1,342,766, for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, 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, 2023 as compared to the total of all combined contributions to the System during the fiscal year ended June 30, 2023. At June 30, 2023, the Town's proportion was .205731%, which was a decrease of .001471% from its proportion measured as of June 30, 2022.

(Continued)

Town of Haughton
Haughton, Louisiana
Notes to Financial Statements
December 31, 2023
(Continued)

For the year ended December 31, 2023, the Town recognized pension expense of \$281,717, plus employer's amortization of change in proportionate share and the difference between employer contributions and proportionate share of contributions, \$(611) .

At December 31, 2023, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 41,923	\$ 46,004
Changes of assumptions	81,250	
Changes in proportion and differences between employer contributions and proportionate share of contributions	30,260	53,632
Net difference between projected and actual earnings on pension plan investments	181,995	
Employer contributions subsequent to the measurement date	106,738	
Total	<u>\$ 442,166</u>	<u>\$ 99,636</u>

The Town reported a total of \$106,738 as deferred outflow of resources related to pension contributions made subsequent to the measurement period of June 30, 2023, which will be recognized as a reduction in net pension liability in the year ended December 31, 2023.

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>
2024	\$ 59,526
2025	22,825
2026	166,929
2027	(15,082)
2028	(4,283)
2029	5,877
Total	<u>\$ 235,792</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
Haughton, Louisiana
Notes to Financial Statements
December 31, 2023
(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 longterm 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, 2023, the reasonable range was set at 6.67% through 7.91% and the Board of Trustees elected to set the System's assumed rate of return at 6.90% for Fiscal 2023. The remaining actuarial assumptions utilized for this report are based on the results of an actuarial experience study completed September 24, 2020, for the period July 1, 2014 – June 30, 2019, unless otherwise specified in this report. Additional details are given in the actuary's complete 2020 Experience Study Report for the period July 1, 2014 – June 30, 2019 which can be obtained from the Firefighters' Retirement System website at www.ffret.com under the Finance tab, Actuarial Valuations section.

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2023, are as follows:

Valuation Date	June 30, 2023
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	14.10% in the first two years of service and 5.20% with 3 or more years of service; includes inflation and merit increases
Cost of Living Adjustments	For the purpose of determining the present value of benefits, COLAs were deemed not to be substantively automatic and only those previously granted were included.

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

(Continued)

Town of Haughton
Haughton, Louisiana
Notes to Financial Statements
December 31, 2023
(Continued)

The June 30, 2023, 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 2023 and the Curran Actuarial Consulting average study for 2023. 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 longterm 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 2023, 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 longterm assumed rate of inflation of 2.50% was used in this process for the fiscal year ended June 30, 2023. 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, 2023, 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	20.00%	1.89 %
U.S. TIPS	2.00%	1.72%
Emerging Market Debt	2.00%	4.30%
Multisector Fixed Income	2.00%	
Equity		
US Equity	29.50%	6.24%
Non-US Equity	11.50%	6.49%
Global Equity	10.00%	6.49%
Emerging Market Equity	5.00%	8.37%
Multi-Asset Strategies		
Global Tactical Asset Allocation	0.00%	4.02%
Alternatives		
Real Estate	6.00%	4.41%
Real Assets	3.00%	5.62%
Private Equity	9.00%	9.57%
Totals	<u>100%</u>	

(Continued)

Town of Haughton
Haughton, Louisiana
Notes to Financial Statements
December 31, 2023
(Continued)

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, 2023.

	<u>Changes in Discount Rate</u>		
	1% Decrease 5.90%	Current Discount Rate 6.90%	1% Increase 7.90%
Net Pension Liability	\$ 2,071,485	\$1,342,766	\$ 734,982

Change in Net Pension Liability

The changes in the net pension liability for the year ended June 30, 2023 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 average of the expected remaining service lives of all employees that are provided with pensions through the pension plan.

(Continued)

Town of Haughton
Haughton, Louisiana
Notes to Financial Statements
December 31, 2023
(Continued)

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, 2023. Access to these reports can be found on the Louisiana Legislative Auditor's website, www.la.la.gov.

Retirement System Audit Report

Firefighters' Retirement System issued a stand-alone audit report on its financial statements for the year ended June 30, 2023. Access to the audit report can be found on the System's website: www.ffret.com or on the Office of Louisiana Legislative Auditor's official website: www.la.la.gov.

(17) Unearned Revenue

Unearned revenue at December 31, 2023, consists of funds received under the Coronavirus State and Local Fiscal Recovery Funds which had not yet been used/expended. The Town plans to use those funds in the subsequent year.

(18) Commitments

The Town has signed engineering and construction contracts for various projects in the amount of \$548,918. As of December 31, 2023, the Town has incurred \$338,682 under these contracts. The remaining \$210,236, will be incurred in the subsequent year.

(19) Subsequent Events

Subsequent events have been evaluated through June 5, 2024, 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, 2023

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
Revenues:				Positive
				(Negative)
Ad valorem taxes	\$ 109,000	\$ 129,000	\$ 140,194	\$ 11,194
Franchise taxes	150,000	150,000	199,351	49,351
Sales taxes	2,500,000	2,700,000	2,870,568	170,568
Licenses and permits	217,500	217,500	260,282	42,782
Intergovernmental	490,400	490,400	506,828	16,428
Interest		1,000	9,059	8,059
Fines and forfeits	160,000	160,000	208,863	48,863
Other	20,500	17,000	73,500	56,500
Total revenues	3,647,400	3,864,900	4,268,645	403,745
Expenditures:				
Current:				
General government	518,750	591,950	532,239	59,711
Public safety	2,872,300	2,872,300	2,746,576	125,724
Street and drainage	260,150	260,150	179,734	80,416
Capital outlay	90,000	470,000	528,049	(58,049)
Total expenditures	3,741,200	4,194,400	3,986,598	207,802
Excess (deficiency) of revenues over (under) expenditures	(93,800)	(329,500)	282,047	611,547
Fund balances at beginning of year	1,787,631	2,668,984	2,668,984	
Fund balances at end of year	\$ 1,693,831	\$ 2,339,484	\$ 2,951,031	\$ 611,547

Town of Haughton
Haughton, Louisiana
Notes to Required Supplementary Information
December 31, 2023

The Town's budget is adopted on a cash basis for all funds. There was one amendment to the 2023 budget. Budget comparison statements included in the accompanying financial statements include the original and adopted budgets and all amendments. The schedule below reconciles excess (deficiency) of revenues and other sources over expenditures and other uses on the budget basis with GAAP basis:

	<u>General Fund</u>
Excess of revenues and other sources over expenditures and other uses (budget basis)	\$ 282,047
Adjustments:	
Revenue accruals – net	195,476
Expenditure accruals – net	<u>(236,273)</u>
Excess of revenues and other sources over expenditures and other uses (GAAP) basis	<u>\$ 241,250</u>

Town of Haughton
Haughton, Louisiana
Schedule of Proportionate Share of Net Pension Liability
For the Year Ended December 31, 2023

Year Ended June 30	Proportion of the net pension liability (asset)	Proportionate share of the net pension liability (asset)	Covered-employee payroll	Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	Plan fiduciary net position as a percentage of the total pension liability
<u>Municipal Employees Retirement System of Louisiana</u>					
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%
2015	0.23066%	823,954	389,691	211.44%	66.18%
<u>Municipal Police Employees Retirement System of Louisiana</u>					
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%
2015	0.15897%	1,245,340	422,377	294.84%	70.73%
<u>Firefighters Retirement System</u>					
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%
2015	0.18052%	974,281	383,637	253.96%	72.45%

Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Town of Haughton
Haughton, Louisiana
Schedule of Contributions
For the Year Ended December 31, 2023

<u>Year Ended June 30</u>	<u>Statutorily Required Contribution</u>	<u>Contributions in relation to the statutorily required contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered-employee payroll</u>	<u>Contributions as a percentage of covered-employee payroll</u>
<u>Municipal Employees Retirement System of Louisiana</u>					
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%
2015	83,694	83,694		423,765	19.75%
<u>Municipal Police Employees Retirement System of Louisiana</u>					
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>					
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%

*Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

**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, 2023

Mayor Kim Gaspard	\$ 55,000
Town Council:	
Carlton Anderson	6,000
Buck McGee	7,200
Doug Adams	6,000
Colby Isom	6,000
Phillip Smith	<u>6,000</u>
	<u>\$ 86,200</u>

Town of Haughton
Haughton, Louisiana
Schedule of Compensation, Benefits, and Other Payments to Agency Head
For the Year Ended December 31, 2023

Agency Head: Kim Gaspard, Mayor

Purpose	Amount
Salary	\$ 55,000
Reimbursements	327

Town of Haughton
Haughton, Louisiana
Schedule of Rates - User Fees
For the Year Ended December 31, 2023

	Usage	Base
WATER		
Inside Town Limits:		
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 3: Inside (x3)	0-2,000 Gallons	\$60.00
	2,001 Gallons - 15,000	\$12.00
	over 15,000	\$15.00
Class 4: Flat Rates	0-2,000 Gallons	\$20.00
	2,001 Gallons - 15,000	\$4.00
	over 15,000	\$5.00
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

(Continued)

Haughton, Louisiana
Schedule of Rates - User Fees
For the Year Ended December 31, 2023
(Continued)

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

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 8: Outside (x2)	0-2,000 Gallons	\$80.00
	2,001 Gallons - 15,000	\$16.00
	over 15,000	\$20.00
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

(Continued)

Town of Haughton
Haughton, Louisiana
Schedule of Rates - User Fees
For the Year Ended December 31, 2023
(Continued)

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

System Users

System users at December 31, 2023 was as follows:

	Number of Customers
Water customers only	2,079
Sewer customers only	1,890
	<u>3,969</u>

Aggregate Dollar Billed For Services Rendered by the System 1/1/2023 - 12/31/2023:

Water	\$ 951,504
Sewer	<u>1,121,232</u>
	2,072,736
Users	<u>4,119</u>
Average Monthly Billing Per User:	\$ 42

Town of Haughton
Haughton, Louisiana
Other Supplementary Information
Justice System Funding Schedule
Collecting/Disbursing Schedule
As Required by Act 87 of the 2020 Regular Legislative Session
For the Year Ended December 31, 2023

Cash Basis Presentation	January 2023 - June 2023	July 2023 - December 2023
Beginning Balance of Amounts Collected (i.e. cash on hand)	<u>3,254</u>	<u>6,434</u>
Add: Collections		
Criminal Fines - Other	123,150	83,675
Subtotal Collections	<u>123,150</u>	<u>83,675</u>
Less: Disbursements to Governments and Nonprofits		
Louisiana Traumatic Head and Spinal Cord Injury Trust Fund - Criminal Fines - Other	65	30
North Louisiana Criminalistics Laboratory Commission - Criminal Fines - Other	10,674	10,888
State of Louisiana Treasurer - Criminal Fines - Other	843	777
Louisiana Judicial College - Criminal Fines - Other	141	130
Louisiana Association of Chiefs of Police - Criminal Fines - Other	712	518
Louisiana Commission on Law Enforcement, POST Law Enforcement Training and Assistance Fund - Criminal Fines - Other	94	108
Louisiana Commission on Law Enforcement, Crime Victims Reparation Fund - Criminal Fines - Other	353	413
Less: Amounts Retained by Collecting Agency		
Amounts self-disbursed to collecting agency - Criminal fines - Other	107,088	73,133
Less: Disbursements to Individuals/3rd Party Collection or Processing Agencies		
Subtotal Disbursements/Retainage	<u>119,970</u>	<u>85,997</u>
Total: Ending Balance of Amounts Collected but not Disbursed/Retained (i.e. cash on hand)	<u>6,434</u>	<u>4,112</u>
Ending Balance of "Partial Payments" Collected but not Disbursed	<u>0</u>	<u>0</u>

Other Information:

Ending Balance of Total Amounts Assessed but not yet Collected (i.e. receivable balance)	<u>0</u>	<u>0</u>
Total Waivers During the Fiscal Period (i.e. non-cash reduction of receivable balances, such as time served or community service)	<u>0</u>	<u>0</u>

Town of Haughton
Haughton, Louisiana
Other Supplementary Information
Justice System Funding Schedule
Receiving Schedule - General Fund
As Required by Act 87 of the 2020 Regular Legislative Session
For the Year Ended December 31, 2023

Cash Basis Presentation	<u>January 2023 - June 2023</u>	<u>July 2023 - December 2023</u>
Receipts From:		
Louisiana Department of Public Safety - Criminal Court Cost/Fees	\$ 358	\$ 500
Bossier Parish Sheriff - Criminal Fines - Other	1,000	
District Attorney for the Twenty-Sixth Judicial District - asset forfeiture/sale		
District Attorney for the Twenty-Sixth Judicial District - Restitution	6,018	
Subtotal Receipts	<u>7,376</u>	<u>500</u>
Ending Balance of Amounts Assessed but Not Received	<u>-</u>	<u>-</u>

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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 Kim Gaspard, 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, 2023, 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, 2024.

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.

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. 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.

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section 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 have not been identified. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying Summary Schedule of Current Year Audit Findings as items 2023-001, 2023-002, 2023-003, and 2023-004, that we consider 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
June 5, 2024

Town of Haughton
Haughton, Louisiana
Summary Schedule of Prior Year Audit Findings
Schedule For Louisiana Legislative Auditor
December 31, 2023

There were no findings for the prior year audit for the year ended December 31, 2022.

Summary Schedule of Current Year Audit Findings
Schedule For Louisiana Legislative Auditor
December 31, 2023

Summary Schedule of Current Year Audit Findings

There are four (4) findings for the current year audit for the year ended December 31, 2023.

2023-001 Significant Deficiency – 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.

Criteria: 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.

Cause: Some transactions were posted incorrectly between the Water, Sewer, and Sanitation funds.

Effect: Errors could occur and not be detected with regards to 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.

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.

2023-002 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.

Criteria: Controls should be in place to ensure that daily work for all receipts is approved by someone independent of the collection process and that such review is documented.

Cause: Reviews of daily work were not always documented.

(Continued)

Town of Haughton
Haughton, Louisiana
Summary Schedule of Current Year Audit Findings
Schedule For Louisiana Legislative Auditor
December 31, 2023
(Continued)

Effect: Errors could occur and not be detected with regards to various receipts.

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.

Views of Responsible Officials and Planned Corrective Actions: Controls will be implemented to ensure that daily work for all receipts is reviewed and approved by someone independent of the collection process and that such review is appropriately documented

2023-003 Significant Deficiency – Payroll

Condition: During our audit, we noted certain timesheets did not contain documentation of supervisory approval on the timesheets. Some of those timesheets did reflect overtime hours worked. We also noted that certain timesheets did not contain employee signatures.

Criteria: Controls should be in place to ensure that all timesheets are signed by employees and are physically approved by supervisors, including approval for overtime hours worked.

Cause: Payroll for certain employees was not physically approved on the individual timesheets but was instead approved with overall payroll reports. In addition, supervisors completed the timesheets for some employees without having the employees sign their timesheets.

Effect: Errors could occur and not be detected on a timely basis with regards to payroll.

Recommendation: We recommend that all employee timesheets be signed by employees and physically approved by supervisors, with specific approval for any overtime hours worked.

Views of Responsible Officials and Planned Corrective Actions: Controls will be implemented to ensure that all employee timesheets are signed by employees and are physically approved by supervisors, with specific approval for any overtime hours worked.

2023-004 Significant Deficiency – Interagency Transfers

Condition: During our audit, we noted 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 Sanitation Fund for Sanitation fees collected.

Criteria: 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 during the year. In addition, amounts collected and deposited into the Water Fund for Sanitation fees were not remitted to the Sanitation Fund for the months of September 2023 to December 2023.

Effect: During the year, funds were not transferred timely between the Utility Funds and from the Utility Funds to the General Fund. As a result, interagency transfers were overstated during the year. The Town reclassified amounts due between funds as of December 31, 2023, as interagency receivables/payables.

(Continued)

Town of Haughton
Haughton, Louisiana
Summary Schedule of Current Year Audit Findings
Schedule For Louisiana Legislative Auditor
December 31, 2023
(Continued)

Recommendation: We recommend that amounts due for payroll and other amounts due between funds be 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.

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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, 2023 through December 31, 2023. 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, 2023 through December 31, 2023. 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, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, 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. No exceptions noted.

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 (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 exception:

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

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 agency 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. No exceptions noted.

6) Credit Cards/Debit Cards/Fuel Cards/P-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., original 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 #7B 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.

Procedures performed. Noted the following exceptions:

Exception: There were eight (8) missing receipts on three (3) cards selected for testing totaling \$413.48. Business purpose was not documented for those charges.

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.

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);
 - 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. No exceptions noted.

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. No exceptions noted.

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 provided representation that there were no misappropriations of public funds or 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

- A. Perform the following procedures, verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."
 - i. 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.
 - ii. 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.
 - iii. 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.
- B. 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.

- C. 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
1. Hired before June 9, 2020 – Completed the training; and
 2. 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. No exceptions noted.

We were engaged by the Town of Houghton, 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 Houghton, 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.

A handwritten signature in black ink that reads "Cook & Morehart". The signature is written in a cursive, flowing style.

Cook & Morehart
Certified Public Accountants
June 5, 2024



K.W. Gaspard

118 W. McKinley Ave. Haughton, Louisiana 71037

P.O. Box 729 TEL. (318) 949-9401 FAX (318) 949-2609

June 5, 2024

Cook & Morehart, CPAs
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, 2023:

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

Response: The Town will ensure a member of management reviews monthly bank reconciliations and documents review.

Exceptions: There were eight (8) missing receipts on three (3) credit cards selected for testing totaling \$413.48. Business purpose was not documented for those charges.

Response: The Town will ensure all receipts are attached to the credit card statement prior to payment. All payments are approved by management.

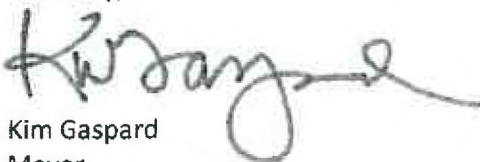
Exception: There was no evidence that the monthly statements selected for testing were reviewed and approved in writing by someone other than the authorized card holder.

Response: The Town will ensure all credit card statements are reviewed and approved in writing by someone other than the authorized card holder. All payments are approved by management.

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

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

Sincerely,


Kim Gaspard
Mayor