

NOTE 11 - LEASE OBLIGATIONS

The City's Enterprise fund has acquired three pieces of equipment with a combined basis of \$82,000 under a capital lease. Total depreciation taken on leased assets totals approximately \$21,336 year to date. No governmental funds have any significant leases. The City does rent various equipment from time to time on a short-term basis.

The following is a schedule by years of future minimum lease payments under a capital lease together with the present value of the net minimum lease payments as of April 30, 1996:

April 1997	\$ 15,605
April 1998	14,505
April 1999	<u>3,276</u>
Total minimum lease payments	\$ 33,386
Less: Amount representing interest	(<u>3,377</u>)
Present value of net minimum lease payments	\$ <u>30,009</u>

NOTE 12 - LONG-TERM DEBT

The following is a summary of the City's long-term debt transactions for the year ended April 30, 1996:

	<u>General Long-term Debt Account Group</u>	<u>Utility Revenue Bonds</u>	<u>Total</u>
Balance at May 1, 1995	\$2,359,514	\$ 805,000	\$3,164,514
Additions	1,945,124	600,000	2,545,124
Deductions	(<u>1,439,204</u>)	(<u>815,000</u>)	(<u>2,254,204</u>)
Balance at April 30, 1996	\$ <u>2,875,434</u>	\$ <u>590,000</u>	\$ <u>3,455,434</u>

Bonds and Notes payable at April 30, 1996 are comprised of the following individual issues:

General Obligation Bonds:

\$1,425,000 Public Improvements Sales Tax Refinancing Bonds, Series 1995, dated April 11, 1996; due in annual installments of \$20,000 to \$220,000 through December 1, 2004, interest at 3.8 to 4.6 per cent; secured by a pledge of the City's portion of the three-fourths of one percent (3/4%) parish wide sales and use tax, payable from the Sales Tax Bond Sinking Fund

\$1,425,000

CITY OF FRANKLIN
CAPITAL PROJECTS FUNDS
RESURFACING/DRAINAGE PROJECT

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL

Year Ended April 30, 1996

With Comparative Totals for the Year Ended April 30, 1995

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)	<u>1995</u>
Expenditures:				
Capital outlay				
Streets and drainage	\$26,708	\$26,740	(\$32)	\$78,579
Culture and recreation	76,589	76,549	40	
Total expenditures	<u>103,297</u>	<u>103,289</u>	<u>8</u>	<u>78,579</u>
Excess (deficiency) of revenues over expenditures	<u>(103,297)</u>	<u>(103,289)</u>	<u>8</u>	<u>(78,579)</u>
Other financing sources:				
Operating transfers in				
General fund	40,040	40,040		8,000
LCDBG Willow street reconstruction project				25,589
Willow Street Drainage Project	<u>63,257</u>	<u>61,979</u>	<u>(1,278)</u>	<u>46,742</u>
Total other financing sources (uses)	<u>103,297</u>	<u>102,019</u>	<u>(1,278)</u>	<u>80,331</u>
Excess (deficiency) of revenues over expenditures and other financing sources (uses)		(1,270)	(1,270)	1,752
Fund balance, beginning		1,752	1,752	
Fund balance, ending	--	<u>\$482</u>	<u>\$482</u>	<u>\$1,752</u>

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

CITY OF FRANKLIN

STATEMENT OF CHANGES IN GENERAL FIXED ASSETS

Year Ended April 30, 1996

	<u>Land</u>	<u>Buildings</u>	<u>Improvements Other Than Buildings</u>	<u>Equipment</u>	<u>Construction In Progress</u>	<u>Total</u>
General Fixed Assets, beginning of year	\$433,255	\$1,087,982	\$7,980,135	\$1,128,426	\$368,563	\$10,998,361
Additions:						
General Fund		14,500		33,612		48,112
Liquid and Solid Waste Fund				48,359		48,359
Capital Projects Resurfacing Consolidated Sewerage Project 1993 assessment Jail Construction Center	2,000	76,549			41,289	81,838
	2,000	91,049	--	81,971	41,289	216,309
Reductions:						
Reclassification to improvements			61,218		(61,218)	--
General Fixed Assets end of year	\$435,255	\$1,179,031	\$8,041,353	\$1,210,397	\$348,634	\$11,214,670

\$

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

GENERAL FIXED ASSETS ACCOUNT GROUP

To account for fixed assets not used in proprietary fund operations.

CITY OF FRANKLIN

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 -ALL AGENCY FUNDS
 Year Ended April 30, 1996

	Payroll Fund	Accounts Payable Clearing	Retired Employees' Insurance	Total All Agency Funds
Cash - beginning	\$13,910	\$7,323	\$6,713	\$27,946
Additions	2,162,323	2,574,382	44,900	4,781,605
Deductions	(2,152,619)	(2,570,476)	(48,895)	(4,771,990)
Cash - ending	23,614	11,229	2,718	37,561
Due from other funds - beginning	940	66,748		67,688
Additions		2,098,415		2,098,415
Deductions		(2,099,667)		(2,099,667)
Due from other funds - ending	940	65,496	--	66,436
Total assets	\$24,554	\$76,725	\$2,718	\$103,997
Accounts payable - beginning			\$6,713	\$6,713
Additions			44,900	44,900
Deductions			(48,895)	(48,895)
Accounts payable - ending	--	--	2,718	2,718
Accrued salaries payable - beginning				--
Additions	1,646,435			1,646,435
Deductions	(1,646,435)			(1,646,435)
Accrued salaries payable - ending	--	--	--	--
Due to other funds - beginning	8,841	74,071		82,912
Additions	7,513	764,429		771,942
Deductions		(761,775)		(761,775)
Due to other funds - ending	16,354	76,725	--	93,079
Payroll deductions payable - beginning	6,009			6,009
Additions	642,437			642,437
Deductions	(640,246)			(640,246)
Payroll deductions payable - ending	8,200	--	--	8,200
Total liabilities	\$24,554	\$76,725	\$2,718	\$103,997

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

CITY OF FRANKLIN
FIDUCIARY FUNDS

COMBINING BALANCE SHEET

Year Ended April 30, 1996
With Comparative Totals for Year Ended April 30, 1995

	<u>Expendable Trust</u>		<u>Agency</u>		<u>Totals</u>	
	<u>Mausoleum</u> <u>Endowed</u> <u>Care</u>	<u>Payroll</u> <u>Fund</u>	<u>Accounts</u> <u>Payable</u> <u>Clearing</u>	<u>Retired</u> <u>Employees'</u> <u>Insurance</u>	<u>1996</u>	<u>1995</u>
ASSETS						
Cash and cash equivalents	\$16,902	\$23,613	\$11,229	\$2,717	\$54,461	\$45,902
Due from other funds	73	941	65,496		66,510	67,761
Total assets	\$16,975	\$24,554	\$76,725	\$2,717	\$120,971	\$113,663
LIABILITIES AND FUND EQUITY						
Liabilities:						
Accounts payable				\$2,717	\$2,717	\$6,716
Due to other funds		\$16,354	\$76,725		93,079	82,912
Payroll deductions payable		8,200			8,200	6,009
Total liabilities	-- --	24,554	76,725	2,717	103,996	95,637
Fund Equity:						
Fund balances	\$16,975				16,975	18,026
Total liabilities and fund balances	\$16,975	\$24,554	\$76,725	\$2,717	\$120,971	\$113,663

\$

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

FIDUCIARY FUNDS

Expendable Trusts:

Mausoleum Endowed Care - The Mausoleum Endowed Care Fund was established to account for the receipt and expenditure of the portion of crypt sales dedicated to the upkeep and maintenance of the mausoleum.

Agency:

Three agency accounts handle the payroll, accounts payable, and retired employees' insurance program transactions for the various funds and departments of the City.

LIABILITIES AND FUND EQUITY	1996	1995
Liabilities:		
Current liabilities (payable from current assets):		
Accounts payable and accrued expenses	\$48,902	\$47,865
Accrued wages payable	13,855	21,814
Customer deposits	102,339	94,599
Due to other funds	237,885	356,182
Current portion of obligation under capital lease	15,605	1,488
Total current liabilities (payable from current assets)	418,586	521,948
Current liabilities (payable from restricted assets):		
Current portion of revenue bonds	15,000	535,000
Accrued revenue bond interest		19,206
Due to CLECO		1,519,661
Total current liabilities (payable from restricted assets)	15,000	2,073,867
Long -term liabilities:		
Revenue bonds (net of current portion)	575,000	270,000
Obligation under capital lease (net of current portion)	14,403	22,167
Total long-term liabilities	589,403	292,167
Total liabilities	1,022,989	2,887,982
Fund equity:		
Retained earnings		
Reserved for revenue bond retirement	101,462	210,550
Unreserved	689,499	361,205
Total fund equity	790,961	571,755
Total liabilities and fund equity	\$1,813,950	\$3,459,737

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

CITY OF FRANKLIN
ENTERPRISE FUND
UTILITY FUND

COMPARATIVE BALANCE SHEET
April 30,

	1996	1995
ASSETS		
Current assets		
Cash and cash equivalents	\$530,270	\$41,324
Receivables		
Accounts	189,558	218,044
Interest	2,000	5,128
Due from other funds	89,142	63,609
Prepaid expenses	12,779	7,004
Total current assets	823,749	335,109
Restricted assets, cash and investments		
Revenue Bond Sinking Account	8,752	165,704
Revenue Bond Reserve Account	52,200	605,613
Capital Additions and Contingencies Account	55,510	55,612
Construction Trust Account		1,457,488
Total restricted assets, cash and investments	116,462	2,284,417
Restricted assets, leases net investment in sales-type lease		469,350
Property, plant, and equipment		
Land	10,000	10,000
Building, improvements and equipment	3,186,287	2,621,460
Automotive equipment	99,013	97,213
Furniture and fixtures	115,052	115,052
	3,410,352	2,843,725
Less: Accumulated depreciation	2,536,613	2,472,864
Net property, plant and equipment	873,739	370,861
Total assets	\$1,813,950	\$3,459,737

ENTERPRISE FUND

Utility Fund - To account for providing water service to residents of the City. All activities necessary to provide such services are accounted for in this fund, including but not limited to, administration, operation, maintenance, financing and related debt service, and billing and collection.

CITY OF FRANKLIN
CAPITAL PROJECTS FUNDS
JAIL CONSTRUCTION FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
Year Ended April 30, 1996

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:			
Intergovernmental-			
St. Mary Parish Council	\$38,000	\$38,000	
Local grant			
Interest earned		129	\$129
Total revenues	<u>38,000</u>	<u>38,129</u>	<u>129</u>
Expenditures:			
Capital outlay			
Public Safety			
Construction	37,000	41,288	(4,288)
Total expenditures	<u>37,000</u>	<u>41,288</u>	<u>(4,288)</u>
Excess (deficiency) of revenues over expenditures	1,000	(3,159)	(4,159)
Fund balance, beginning			
Fund balance, (deficit) ending	<u>\$1,000</u>	<u>(\$3,159)</u>	<u>(\$4,159)</u>

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

CITY OF FRANKLIN
CAPITAL PROJECTS FUNDS
YOKELY PROJECT

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL

Year Ended April 30, 1996

With Comparative Totals for the Year Ended April 30, 1995

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)	<u>1995 Actual</u>
Revenues:				
Intergovernmental-				
St. Mary Parish Council	\$25,000	\$25,000		\$175,000
Consolidated Drainage				
District No. 1	90,000	90,000		90,000
Interest earned	24,000	12,606	(\$11,394)	4,712
Total revenues	<u>139,000</u>	<u>127,606</u>	<u>(11,394)</u>	<u>269,712</u>
Expenditures:				
Capital outlay				
Drainage				
Engineering	60,840	60,840		20,280
Other costs		344	(344)	101
Total expenditures	<u>60,840</u>	<u>61,184</u>	<u>(344)</u>	<u>20,381</u>
Excess (deficiency) of revenues over expenditures	<u>78,160</u>	<u>66,422</u>	<u>(11,738)</u>	<u>249,331</u>
Other financing sources:				
Operating transfer in				
General fund	20,280	20,392	112	6,760
Total other sources	<u>20,280</u>	<u>86,814</u>	<u>112</u>	<u>6,760</u>
Excess (deficiency) of revenues over expenditures and other financing sources	98,440	86,814	(11,626)	256,091
Fund balance, beginning	275,000	256,091	(18,909)	
Fund balance, ending	<u>\$373,440</u>	<u>\$342,905</u>	<u>(\$30,535)</u>	<u>\$256,091</u>

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

CITY OF FRANKLIN
CAPITAL PROJECTS FUNDS
LCDBG SEWER REHABILITATION FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL

Year Ended April 30, 1996

With Comparative Totals for the Year Ended April 30, 1995

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)	<u>1995 Actual</u>
Revenues:				
Intergovernmental-				
Federal grant	\$279,643	\$279,643		\$52,510
Miscellaneous				
Total revenues	<u>279,643</u>	<u>279,643</u>		<u>52,510</u>
Expenditures:				
Capital outlay				
Sanitation				
Construction	259,122	249,926	\$9,196	39,191
Engineering	8,838	8,838		16,014
Other costs	25,635	25,634	1	
Total expenditures	<u>293,595</u>	<u>284,398</u>	<u>9,197</u>	<u>55,205</u>
Excess (deficiency) of revenues over expenditures	<u>(13,952)</u>	<u>(4,755)</u>	<u>9,197</u>	<u>(2,695)</u>
Other financing sources:				
Proceeds from loan	2,016		(2,016)	2,016
Operating transfers in				
Liquid and Solid Waste	13,952	2,272	(11,680)	727
Total other sources	<u>15,968</u>	<u>2,272</u>	<u>(13,696)</u>	<u>2,743</u>
Excess (deficiency) of revenues over expenditures and other financing sources	2,016	(2,483)	(4,499)	48
Fund balance (deficit), beginning		10	10	(38)
Fund balance, ending	<u>\$2,016</u>	<u>(\$2,473)</u>	<u>(\$4,489)</u>	<u>\$10</u>

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

CITY OF FRANKLIN
 CAPITAL PROJECTS FUNDS
 LCDBG WILLOW STREET RECONSTRUCTION PROJECT

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCES - BUDGET AND ACTUAL

Year Ended April 30, 1996

With Comparative Totals for the Year Ended April 30, 1995

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)	<u>1995 Actual</u>
Revenues:				
Intergovernmental-				
Federal grant	\$388,070	\$404,659	\$16,589	\$74,131
Interest earned				333
Total revenues	<u>388,070</u>	<u>404,659</u>	<u>16,589</u>	<u>74,464</u>
Expenditures:				
Capital outlay				
Streets and Drainage				
Construction	704,392	363,890	340,502	46,905
Engineering	19,242	19,198	44	42,469
Other costs	3,050	22,710	(19,660)	1,500
Total expenditures	<u>726,684</u>	<u>405,798</u>	<u>320,886</u>	<u>90,874</u>
Excess (deficiency) of revenues over expenditures	<u>(338,614)</u>	<u>(1,139)</u>	<u>337,475</u>	<u>(16,410)</u>
Other financing sources (uses):				
Operating transfers in				
General fund	354,000		(354,000)	43,000
Liquid and Solid Waste	23,317		(23,317)	
Operating transfers out				
Liquid and Solid Waste				50
Resurfacing/Drainage Project	(63,257)		63,257	(25,588)
Total other financing sources (uses)	<u>314,060</u>	<u>--</u>	<u>(314,060)</u>	<u>17,462</u>
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	<u>(24,554)</u>	<u>(1,139)</u>	<u>23,415</u>	<u>1,052</u>
Fund balance, beginning	<u>24,554</u>	<u>1,139</u>	<u>(23,415)</u>	<u>87</u>
Fund balance, ending	<u>--</u>	<u>--</u>	<u>--</u>	<u>\$1,139</u>

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

CITY OF FRANKLIN
DEBT SERVICE FUND
CONSOLIDATED SEWERAGE DISTRICT NO. 1
SINKING FUND - 1993

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL
Year Ended April 30, 1996

	1996		Variance Favorable (Unfavorable)
	Budget	Actual	
Revenues:			
Special assessments	\$4,990		(\$4,990)
Miscellaneous -			
Interest on investments	\$110	\$116	\$6
Total revenues	5,100	116	(4,984)
Expenditures:			
Debt service			
Other	89	89	0
Total expenditures	89	89	0
Excess (deficiency) of revenues over expenditures	5,011	27	(4,984)
Other financing sources			
Operating transfers in Liquid and Solid Waste Fund	5,348	12,462	7,114
Total other financing sources	5,348	12,462	7,114
Excess (deficiency) of revenues over expenditures and other financing sources	10,359	12,489	2,130
Fund balance, beginning	--	--	--
Fund balance, ending	\$10,359	\$12,489	\$2,130

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

CITY OF FRANKLIN
CAPITAL PROJECTS FUNDS
CONSOLIDATED SEWERAGE PROJECT 1993

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL

Year Ended April 30, 1996

With Comparative Totals for the Year Ended April 30, 1995

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)	1995 Actual
Revenues:				
Intergovernmental-				
St. Mary Parish Council				\$18,784
Interest earned	\$107	\$5,509	\$5,402	12
Assessments	50,124	53,764	3,640	2,898
Total revenues	<u>50,231</u>	<u>59,273</u>	<u>9,042</u>	<u>21,694</u>
Expenditures:				
Capital outlay				
Sanitation				
Construction	400,000	377,659	22,341	
Engineering	30,478	30,633	(155)	19,262
Other costs	18,603	29,446	(10,843)	8
Total expenditures	<u>449,081</u>	<u>437,738</u>	<u>11,343</u>	<u>19,270</u>
Excess (deficiency) of revenues over expenditures	<u>(398,850)</u>	<u>(378,465)</u>	<u>20,385</u>	<u>2,424</u>
Other financing sources (uses):				
Operating transfers in				
Liquid and Solid Waste				500
Operating transfers out				
Consolidated Sewer Sinking Fund 1993	(5,348)	(12,461)	(7,113)	
Bond Proceeds	400,000	400,000		
Sewer Certificates	50,124	50,124		
Total other financing sources (uses)	<u>444,776</u>	<u>437,663</u>	<u>(7,113)</u>	<u>500</u>
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	45,926	59,198	13,272	2,924
Fund balance, beginning	2,829	2,829		(95)
Fund balance, ending	<u>\$48,755</u>	<u>\$62,027</u>	<u>\$13,272</u>	<u>\$2,829</u>

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

CITY OF FRANKLIN
Analysis of Additions, Replacements, and Improvements
Water and Sewer Systems
For the Year Ended April 30, 1996

	<u>Additions</u>	<u>Improvements</u>	<u>Total</u>
Sewer System	\$2,000	\$42,759	\$44,759
Water System	18,121	511,059	529,180
Total	<u>\$20,121</u>	<u>\$553,818</u>	<u>\$573,939</u>

CITY OF FRANKLIN
CAPITAL PROJECTS FUNDS
WILLOW STREET DRAINAGE PROJECT

STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
Year Ended April 30, 1996
With Comparative Totals for the Year Ended April 30, 1995

	<u>1996</u>	<u>1995</u>
Revenues:		
Interest earned	\$501	\$946
Total revenues	<u>501</u>	<u>946</u>
Expenditures:		
Capital outlay		
Sanitation		
Construction	316,524	74,829
Engineering	705	20,797
Other costs	10	5
Total expenditures	<u>317,239</u>	<u>95,631</u>
Excess (deficiency) of revenue over expenditures	<u>(316,738)</u>	<u>(94,685)</u>
Other financing sources (uses):		
Operating transfers in		
General fund	354,259	156,229
Operating transfers out		
Liquid and Solid Waste		(51,041)
Resurfacing/Drainage		
Project	(61,980)	(46,743)
Total other financing sources (uses)	<u>292,279</u>	<u>58,445</u>
Excess of revenues over expenditures and other financing sources (uses)	(24,459)	(36,240)
Fund balance, beginning of year	<u>24,538</u>	<u>60,778</u>
Fund balance, end of year	<u>\$79</u>	<u>\$24,538</u>

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

CITY OF FRANKLIN
CAPITAL PROJECTS FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
Year Ended April 30, 1996
With Comparative Totals for the Year Ended April 30, 1995

	Willow Street Drainage Project	Resurfacing/ Drainage Project	Consolidated Sewerage Project 1993	Northwest Blvd. Project	LCDBG Willow St. Reconstruction Project	LCDBG Sewer Rehabilitation Fund	Jail Construction Fund	Totals
								1996 1995
Revenues:								
Intergovernmental -								
Federal grant					\$404,659	\$279,643	\$38,000	\$684,302
State grant								25,000
St. Mary Parish Council						\$25,000		193,784
Local grant	\$501		\$5,509			90,000		90,000
Interest earned			53,764			12,606	129	18,745
Assessments								6,399
Total revenues	501	--	59,273	--	404,659	279,643	38,129	909,811
Expenditures:								
Capital outlay								
Sanitation								
Construction	316,524	\$26,740	377,659	\$6,633	363,890	249,926		1,314,632
Street and drainage								26,740
Engineering	705	76,549	30,633	9,791	19,198	8,838		130,005
Culture and recreation							41,288	76,549
Public Safety								41,288
Capital assets	10		29,446	82	22,710	25,634		2,000
Other costs								2,185
Total expenditures	317,239	103,289	437,738	16,506	405,798	284,398	41,288	1,667,440
Excess (deficiency) of revenues over expenditures	(316,738)	(103,289)	(378,465)	(16,506)	(1,139)	(4,755)	(3,159)	(757,629)
Other financing sources (uses):								
Bond Proceeds			400,000					400,000
Proceeds from Sewer Cert.			50,124					50,124
Operating transfers in	354,259	102,019	(12,461)	1,190		2,272		480,132
Operating transfers out	(61,980)							(74,441)
Total other sources (uses)	292,279	102,019	437,663	1,190	--	2,272	--	855,815
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	(24,459)	(1,270)	59,198	(15,316)	(1,139)	(2,483)	(3,159)	98,186
Fund balance, beginning	24,538	1,752	2,829	117	\$1,139		256,091	286,476
Residual equity transfer out								
Fund balance, ending	\$79	\$482	\$62,027	(\$15,199)	--	(\$2,473)	(\$3,159)	\$384,662
								(198,856)
								\$286,476

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

CITY OF FRANKLIN
CAPITAL PROJECTS FUNDS

COMBINING BALANCE SHEET

April 30, 1996

With Comparative Totals for April 30, 1995

	Willow Street Drainage Project	Resurfacing/ Drainage Project	Consolidated Sewerage Project 1993	Northwest Blvd. Project	LCDBG Willow St. Reconstruction Project	LCDBG Sewer Rehabilitation Fund	Yokely Project	Jail Construction Fund	Totals
									1996
ASSETS									
Cash and cash equivalents	\$79	\$100	\$86,234	\$35	\$11	\$11	\$25,955	\$6,831	\$119,245
Assessments receivable			2,084						2,084
Due from other funds		382							382
Due from governmental units					\$13,883		316,950		13,883
Investments									30,456
Total assets	\$79	\$482	\$88,318	\$35	\$13,883	\$11	\$342,905	\$6,831	\$452,544
LIABILITIES AND FUND EQUITY									
Liabilities:									
Accounts payable				\$4,565				\$9,990	\$14,555
Contracts payable			\$25,988						25,988
Due to other funds			303	10,669	\$13,883	\$2,484			27,339
Total liabilities	--	--	26,291	15,234	13,883	2,484	--	9,990	67,882
Fund equity:									
Fund balance									
Unreserved, undesignated				(15,199)		(2,473)		(3,159)	(20,831)
Reserved for incomplete contracts	\$79	\$482	62,027				\$342,905		405,493
Total fund balance	79	482	62,027	(15,199)	--	(2,473)	342,905	(3,159)	384,662
Total liabilities and fund balance	\$79	\$482	\$88,318	\$35	\$13,883	\$11	\$342,905	\$6,831	\$452,544
Comparative Totals for April 30, 1995									\$317,232

CAPITAL PROJECTS FUNDS

Willow Street Drainage Project - To account for the receipt and expenditure of funds that are independent of federal grants used to reconstruct and rehabilitate Willow Street.

Capital Project Resurfacing/Drainage Project - To account for the receipt and expenditure of funds used to improve/repair city infrastructure (road, water lines, etc.).

Consolidated Sewerage Project 1993 - To account for the receipt and use of funds to install sewer lines along the streets of Truiel, Twelfth, Hamm and Willow.

Northwest Blvd. Project - To account for the receipt and expenditure of funds used to install sewer lines along Northwest Boulevard.

LCDBG Willow St. Reconstruction Project - To account for the receipt and expenditure of federal grants awarded for the purpose of reconstructing Willow Street.

LCDBG Sewer Rehabilitation Fund - To account for the receipt and expenditure of federal grants awarded for the purpose of sewer rehabilitation.

Yokely Project - To account for the receipt and expenditure of funds used to build a pumping station to relieve drainage during floods.

Jail Construction - To account for the receipt and expenditures of funds related to the construction of the City Jail.

CITY OF FRANKLIN
DEBT SERVICE FUND
CERTIFICATES OF INDEBTEDNESS SERIES 1995

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL
Year Ended April 30, 1996

	1996		Variance Favorable (Unfavorable)
	<u>Budget</u>	<u>Actual</u>	
Revenues:			
Miscellaneous -			
Interest on investments		\$28	\$28
Total revenues	--	28	28
Expenditures:			
Debt service			
Miscellaneous	51	78	(27)
Total expenditures	51	78	(27)
Excess (deficiency) of revenues over expenditures	(51)	(50)	1
Other financing sources			
Operating transfers in General fund	4,050	4,050	
Total other financing sources	4,050	4,050	--
Excess (deficiency) of revenues over expenditures and other financing sources	3,999	4,000	1
Fund balance, beginning			
Fund balance, ending	\$3,999	\$4,000	\$1

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

CITY OF FRANKLIN
DEBT SERVICE FUND
MUNICIPAL FACILITIES LOAN OF 1995 - RESERVE FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL
Year Ended April 30, 1996

	1996		Variance Favorable (Unfavorable)
	Budget	Actual	
Revenues:			
Special assessments			
Miscellaneous -			
Interest on investments	\$33	\$31	(\$2)
Total revenues	<u>33</u>	<u>31</u>	<u>(2)</u>
Expenditures:			
Debt service			
Bond payments			
Interest and bank charges			
Miscellaneous			
Total expenditures	<u>--</u>	<u>--</u>	<u>--</u>
Excess (deficiency) of revenues over expenditures	<u>33</u>	<u>31</u>	<u>(2)</u>
Other financing sources			
Operating transfers in Liquid and Solid Waste Fund	6,260		(6,260)
Total other financing sources	<u>6,260</u>	<u>--</u>	<u>(6,260)</u>
Excess (deficiency) of revenues over expenditures and other financing sources	<u>6,293</u>	<u>31</u>	<u>(6,262)</u>
Fund balance, beginning			
Fund balance, ending	<u>\$6,293</u>	<u>\$31</u>	<u>(\$6,262)</u>

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

CITY OF FRANKLIN
DEBT SERVICE FUND
MUNICIPAL FACILITIES LOAN OF 1995 - SINKING FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL
Year Ended April 30, 1996

	1996		Variance Favorable (Unfavorable)
	Budget	Actual	
Revenues:			
Miscellaneous -			
Interest on investments	\$106	\$69	(\$37)
Total revenues	<u>106</u>	<u>69</u>	<u>(37)</u>
Expenditures:			
Debt service			
Miscellaneous		16	(16)
Total expenditures	<u>--</u>	<u>16</u>	<u>(16)</u>
Excess (deficiency) of revenues over expenditures	<u>106</u>	<u>53</u>	<u>(53)</u>
Other financing sources			
Operating transfers in Liquid and Solid Waste Fund	25,038		(25,038)
Total other financing sources	<u>25,038</u>	<u>--</u>	<u>(25,038)</u>
Excess (deficiency) of revenues over expenditures and other financing sources	25,144	53	(25,091)
Fund balance, beginning			
Fund balance, ending	<u>\$25,144</u>	<u>\$53</u>	<u>(\$25,091)</u>

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

CITY OF FRANKLIN
DEBT SERVICE FUND
'95 WATER & SEWER REVENUE BOND RESERVE FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL
Year Ended April 30, 1996

	1996		Variance Favorable (Unfavorable)
	Budget	Actual	
Revenues:			
Miscellaneous -			
Interest on investments	\$1,400	\$1,396	(\$4)
Total revenues	1,400	1,396	(4)
Expenditures:			
Debt service			
Total expenditures	--	--	--
Excess (deficiency) of revenues over expenditures	1,400	1,396	(4)
Other financing sources			
Operating transfers in			
Liquid and Solid Waste Fund	34,800	34,800	
Water & Sewer Construction Fund	52,200		(52,200)
Total other financing sources	87,000	34,800	(52,200)
Excess (deficiency) of revenues over expenditures and other financing sources	88,400	36,196	(52,204)
Fund balance, beginning			
Fund balance, ending	\$88,400	\$36,196	(\$52,204)

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

CITY OF FRANKLIN
DEBT SERVICE FUND
'95 WATER & SEWER REVENUE BOND SINKING FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL
Year Ended April 30, 1996

	1996		Variance Favorable (Unfavorable)
	Budget	Actual	
Revenues:			
Miscellaneous -			
Interest on investments	\$230	\$279	\$49
Total revenues	<u>230</u>	<u>279</u>	<u>49</u>
Expenditures:			
Debt service			
Bond payments	10,000	4,988	5,012
Interest and bank charges	27,142		27,142
Miscellaneous		41	(41)
Total expenditures	<u>37,142</u>	<u>5,029</u>	<u>32,113</u>
Excess (deficiency) of revenues over expenditures	<u>(36,912)</u>	<u>(4,750)</u>	<u>32,162</u>
Other financing sources			
Operating transfers in			
Liquid and Solid Waste Fund	12,762	12,762	
Utility fund	40,906		(40,906)
Total other financing sources	<u>53,668</u>	<u>12,762</u>	<u>(40,906)</u>
Excess (deficiency) of revenues over expenditures and other financing sources	<u>16,756</u>	<u>8,012</u>	<u>(8,744)</u>
Fund balance, beginning			
Fund balance, ending	<u>\$16,756</u>	<u>\$8,012</u>	<u>(\$8,744)</u>

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

CITY OF FRANKLIN
DEBT SERVICE FUND
D.E.Q. LOAN RESERVE FUND 1989

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL
Year Ended April 30, 1996

	1996		Variance Favorable (Unfavorable)
	<u>Budget</u>	<u>Actual</u>	
Revenues:			
Miscellaneous -			
Interest on investments	\$545	\$536	(\$9)
Total revenues	<u>545</u>	<u>536</u>	<u>(9)</u>
Expenditures:			
Debt service			
Total expenditures	<u>--</u>	<u>--</u>	<u>--</u>
Excess (deficiency) of revenues over expenditures	<u>545</u>	<u>536</u>	<u>(9)</u>
Other financing sources			
Operating transfers in			
Liquid and Solid Waste Fund	67,600	67,600	
Sales tax reserve 1987	32,000	32,000	
Total other financing sources	<u>99,600</u>	<u>99,600</u>	
Excess (deficiency) of revenues over expenditures and other financing sources	<u>100,145</u>	<u>100,136</u>	<u>(9)</u>
Fund balance, beginning			
Fund balance, ending	<u>\$100,145</u>	<u>\$100,136</u>	<u>(\$9)</u>

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

CITY OF FRANKLIN
DEBT SERVICE FUND
D.E.Q. LOAN SINKING FUND 1989

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL
Year Ended April 30, 1996
With Comparative Actual Amounts for Year Ended April 30, 1995

	1996		Variance Favorable (Unfavorable)	1995 Actual
	Budget	Actual		
Revenues:				
Miscellaneous -				
Interest on investments	\$1,388	\$1,404	\$16	\$1,024
Total revenues	1388	1,404	16	4,758
Expenditures:				
Debt service				
Bond payments	56,000	56,000		52,000
Interest and bank charges	40,442	40,442		42,718
Total expenditures	96,442	96,442	--	94,718
Excess (deficiency) of revenues over expenditures	(95,054)	(95,038)	16	(93,694)
Other financing sources				
Operating transfers in Liquid and Solid Waste Fund	99,600	99,600		99,600
Total other financing sources	99,600	99,600	--	99,600
Excess (deficiency) of revenues over expenditures and other financing sources	4,546	4,562	16	5,906
Fund balance, beginning	55,265	55,225	(40)	49,319
Fund balance, ending	\$59,811	\$59,787	(\$24)	\$55,225

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

CITY OF FRANKLIN
DEBT SERVICE FUND
SALES TAX BOND RESERVE FUND 1987

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL
Year Ended April 30, 1996
With Comparative Actual Amounts for Year Ended April 30, 1995

	1996		Variance Favorable (Unfavorable)	1995 Actual
	Budget	Actual		
Revenues:				
Miscellaneous -				
Interest on investments	\$18,193	\$15,422	(\$2,771)	\$23,671
Total revenues	<u>18,193</u>	<u>15,422</u>	<u>(2,771)</u>	<u>23,671</u>
Expenditures:				
Debt service				
Miscellaneous		80	(80)	331
Total expenditures		<u>80</u>	<u>(80)</u>	<u>331</u>
Excess (deficiency) of revenues over expenditures	<u>18,193</u>	<u>15,342</u>	<u>(2,851)</u>	<u>23,340</u>
Other financing sources				
Operating transfers in				
Liquid and Solid Waste Fund		5,194	5,194	2,400
Operating transfers out				
Liquid and Solid Waste Fund	(18,000)		18,000	(21,600)
Sales Tax reserve 1989	(32,000)	(32,000)		
Total other financing sources	<u>(50,000)</u>	<u>(26,806)</u>	<u>23,194</u>	<u>(19,200)</u>
Excess (deficiency) of revenues over expenditures and other financing sources	<u>(31,807)</u>	<u>(11,464)</u>	<u>20,343</u>	<u>4,140</u>
Fund balance, beginning	282,000	259,657	(22,343)	255,517
Fund balance, ending	<u>\$250,193</u>	<u>\$248,193</u>	<u>(\$2,000)</u>	<u>\$259,657</u>

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

NOTE 8 - DUE FROM/TO OTHER GOVERNMENTAL UNITS

Amounts due from/to other governmental units by fund at April 30, 1996 consisted of the following:

	<u>GENERAL FUND</u>	<u>LIQUID AND SOLID WASTE FUND</u>
Due from		
St. Mary Parish Council		\$37,017
St. Mary Parish School Board	\$4,887	
	<u>LCDBG HOUSING FUND</u>	<u>LCDBG WILLOW STREET RECON- STRUCTION PROJECT</u>
State of Louisiana		
Division of Administration	\$ <u>4,288</u>	\$ <u>13,883</u>

NOTE 9 - FIXED ASSETS

Primary Government

A summary of changes in general fixed assets for the year ended April 30, 1996 follows:

	Balance May 1, <u>1995</u>	<u>Additions</u>	<u>Deletions</u>	Balance April 30, <u>1996</u>
Land	\$ 433,255	\$ 2,000		\$ 435,255
Buildings	1,087,982	91,049		1,179,031
Improvements other than buildings	7,980,135	61,218		8,041,353
Equipment	1,128,426	81,971		1,210,397
Construction in progress	<u>368,563</u>	<u>41,295</u>	\$(61,224)	<u>348,634</u>
Total	\$ <u>10,998,361</u>	\$ <u>277,533</u>	\$(<u>61,224</u>)	\$ <u>11,214,670</u>

A summary of proprietary fund type property, plant and equipment at April 30, 1996 follows:

	<u>1996</u>
Land	\$ 10,000
Building improvements and equipment	3,186,287
Automotive equipment	99,013
Furniture and fixtures	<u>115,052</u>
Total	3,410,352
Less: Accumulated depreciation	<u>2,536,613</u>
	\$ <u>873,739</u>

CITY OF FRANKLIN
CAPITAL PROJECTS FUNDS
NORTHWEST BLVD. PROJECT

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL

Year Ended April 30, 1996

With Comparative Totals for the Year Ended April 30, 1995

	<u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>	1995 <u>Actual</u>
Revenues:				
Intergovernmental-				
State grant				\$25,000
Interest earned				396
Assessments	\$10,000		(\$10,000)	12,152
Total revenues	<u>10,000</u>	--	<u>(10,000)</u>	<u>37,548</u>
Expenditures:				
Capital outlay				
Sanitation				
Constuction	16,424	\$6,633	9,791	52,774
Engineering		9,791	(9,791)	8,144
Capital assets				2,000
Other costs		82	(82)	571
Total expenditures	<u>16,424</u>	<u>16,506</u>	<u>(82)</u>	<u>63,489</u>
Excess (deficiency) of revenues over expenditures	(6,424)	(16,506)	(10,082)	(25,941)
Other financing sources:				
Operating transfers in				
Liquid and Solid Waste	6,424	1,190	(5,234)	1,000
Total other financing sources	<u>6,424</u>	<u>1,190</u>	<u>(5,234)</u>	<u>1,000</u>
Excess (deficiency) of revenues over expenditures and other financing sources		(15,316)	(15,316)	(24,941)
Fund balance, beginning		117	117	25,058
Fund balance, ending	--	<u>(\$15,199)</u>	<u>(\$15,199)</u>	<u>\$117</u>

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

In planning and performing our audit for the year ended April 30, 1996, we considered the internal control structure of the City of Franklin, Louisiana in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements of the City of Franklin, Louisiana, and on the compliance of the City of Franklin, Louisiana, with requirements applicable to major programs and to report on the internal control structure in accordance with OMB Circular A-128. This report addresses our consideration of internal control structure policies and procedures relevant to compliance with requirements applicable to federal financial assistance programs. We have addressed internal control structure policies and procedures relevant to our audit of the general purpose financial statements in a separate report dated October 25, 1996.

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

For the purpose of this report, we have classified the significant internal control structure policies and procedures used in administering federal financial assistance programs in the following categories:

FEDERAL PROGRAM ADMINISTRATIVE CONTROLS

General Requirements

- Political activity
- Davis-Bacon Act
- Civil rights
- Cash management
- Federal financial reports
- Allowable costs/cost principles
- Drug-free Workplace Act
- Administrative requirements

CITY OF FRANKLIN
 Schedule of Findings and Questioned Costs
 For the Year Ended April 30, 1996

IMMATERIAL ITEM OF NONCOMPLIANCE WITH SPECIFIC REQUIREMENT
 APPLICABLE TO FEDERAL FINANCIAL ASSISTANCE PROGRAMS

<u>Program/ CFDA Number</u>	<u>Finding/Noncompliance</u>	<u>Questioned Costs</u>
USDA Food & Nutrition Service Summer Feeding Program 10.599	<p><u>Condition:</u> For the year ended April 30, 1996, it was noted that the City did not spend all funds allocated for this program.</p> <p><u>Criteria:</u> The code of federal regulations requires any unobligated balance of cash to be refunded to the awarding agency.</p> <p><u>Effect:</u> Grantor may request that unexpended funds be returned.</p> <p><u>Cause:</u> Program was operated at less than budgeted cost.</p>	<p><u>\$5,104</u></p>

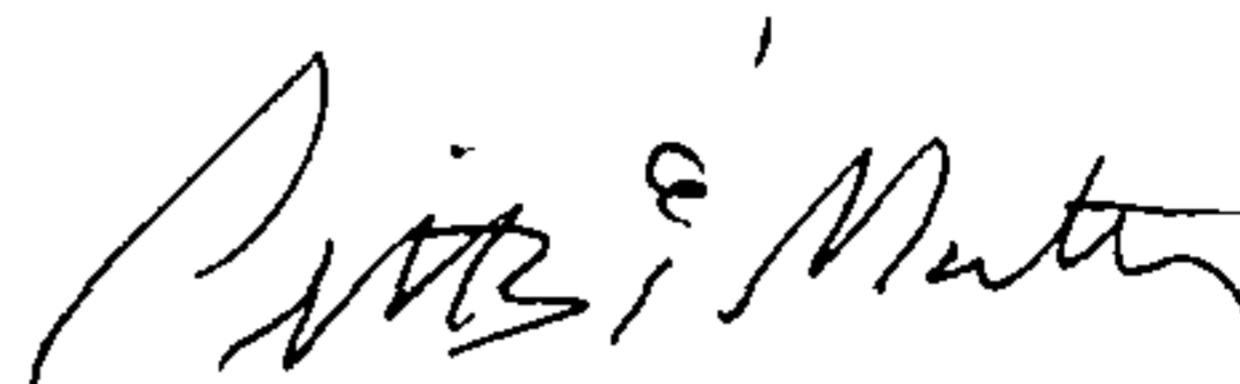
Management's Comments:

The cost of operating the program was less than budgeted. Next year this program will be operated by St. Mary Community Action Agency, in the City's behalf.

SCHEDULE OF FINDINGS AND
QUESTIONED COSTS

A similar letter issued by us dated October 27, 1995, for the year ended April 30, 1995, also reported no material instances of noncompliance.

This report is intended solely for the information of management, Federal regulatory agencies, and the Legislative Auditor. This restriction is not intended to limit the distribution of this report, which is a matter of public record.



CERTIFIED PUBLIC ACCOUNTANTS



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
WITH SPECIFIC REQUIREMENTS APPLICABLE TO NONMAJOR
FEDERAL FINANCIAL ASSISTANCE PROGRAM TRANSACTIONS

October 25, 1996

The Mayor and Members of the City Council
City of Franklin
Franklin, Louisiana

We have audited the general purpose financial statements and the combining and individual fund and account group financial statements of the City of Franklin, Louisiana as of and for the year ended April 30, 1996, and have issued our report thereon dated October 25, 1996, which was qualified due to the lack of proper reporting of certain pension related costs. We did not audit the financial statements of the City's component units (City Court of the City of Franklin and Marshal's Fund of the City Court). Those financial statements were audited by other auditors who have issued reports similar to these on the component units. Therefore, this report does not include any information related to the component units.

In connection with our audit of the general purpose financial statements of the City of Franklin, Louisiana and with our consideration of the City of Franklin, Louisiana's control structure used to administer federal financial assistance programs, as required by Office of Management and Budget (OMB) Circular A-128, "Audits of State and Local Governments," we selected certain transactions applicable to certain nonmajor federal financial assistance programs for the year ended April 30, 1996. As required by OMB Circular A-128, we have performed auditing procedures to test compliance with the requirements governing types of costs allowed or unallowed; and claims for advances and reimbursements that are applicable to those transactions. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the City of Franklin, Louisiana's compliance with these requirements. Accordingly, we do not express such an opinion.

With respect to the items tested, the results of those procedures disclosed no material instances of noncompliance with the requirements listed in the preceding paragraph. With respect to items not tested, nothing came to our attention that caused us to believe that the City of Franklin, Louisiana had not complied, in all material respects, with those requirements. However, the results of our procedures disclosed an immaterial instance of noncompliance with those requirements, which is described in the accompanying Schedule of Findings and Questioned Costs.



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

October 25, 1996

The Mayor and Members of the City Council
City of Franklin
Franklin, Louisiana

We have audited the general purpose financial statements and the combining and individual fund and account group financial statements of the City of Franklin, Louisiana as of and for the year ended April 30, 1996, and have issued our report thereon dated October 25, 1996, which was qualified due to the lack of proper reporting of certain pension related costs. We did not audit the financial statements of the City's component units (City Court of the City of Franklin and Marshal's Fund of the City Court). Those financial statements were audited by other auditors who have issued reports similar to these on the component units. Therefore, this report does not include any information related to the component units.

We have applied procedures to test the City of Franklin, Louisiana's compliance with the following requirements applicable to its federal financial assistance programs, which are identified in the Schedule of Federal Financial Assistance, for the year ended April 30, 1996, political activity, civil rights, cash management, federal financial reports, allowable costs/cost principles, Drug-Free Workplace Act, Davis-Bacon Act and administrative requirements.

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

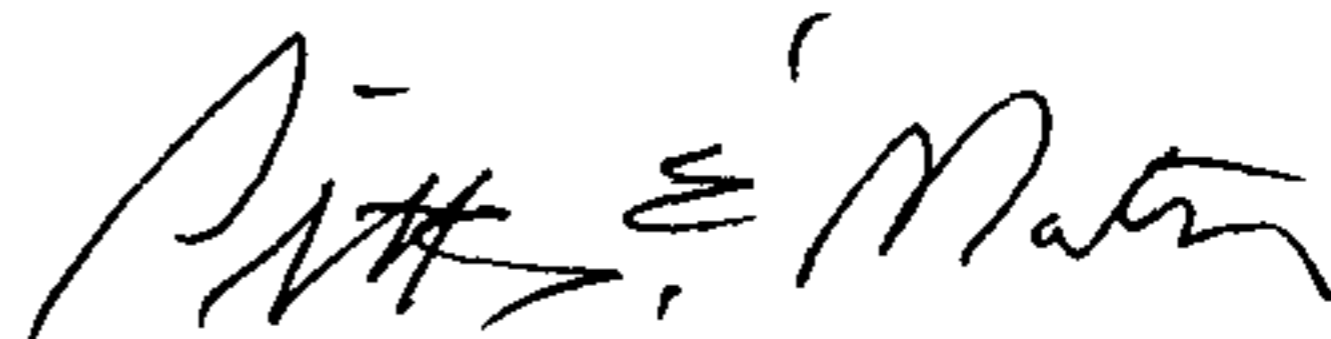
We conducted our audit of compliance with those requirements in accordance with generally accepted auditing standards; Government Auditing Standards, issued by the Comptroller General of the United States; and Office of Management and Budget Circular A-128, Audits of State and Local Governments. Those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

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

In our opinion, the City of Franklin, Louisiana, complied, in all material respects, with the requirements governing types of services allowed or unallowed, claims for advances and reimbursements, matching, level of effort, and/or earmarking requirements, amounts claimed or used for matching, requirements of funds not being obligated or expended prior to receipt of HUD's approval of a request for release of funds, requirement for an environmental review that are applicable to its major federal financial assistance program for the year ended April 30, 1996.

A similar report issued by us dated October 27, 1995, for the year ended April 30, 1996, reported no instances of noncompliance.

This report is intended solely for the use of management, Federal regulatory agencies, and the Legislative Auditor and should not be used for any other purposes. This restriction is not intended to limit the distribution of this report, which is a matter of public record.



CERTIFIED PUBLIC ACCOUNTANTS



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH
SPECIFIC REQUIREMENTS APPLICABLE TO MAJOR
FEDERAL FINANCIAL ASSISTANCE PROGRAMS

October 25, 1996

The Mayor and Members of the City Council
City of Franklin
Franklin, Louisiana

We have audited the general purpose financial statements and the combining and individual fund and account group financial statements of the City of Franklin, Louisiana as of and for the year ended April 30, 1996, and have issued our report thereon dated October 25, 1996, which was qualified due to the lack of proper reporting of certain pension related costs. We did not audit the financial statements of the City's component units (City Court of the City of Franklin and Marshal's Fund of the City Court). Those financial statements were audited by other auditors who have issued reports similar to these on the component units. Therefore, this report does not include any information related to the component units.

We have also audited the City of Franklin, Louisiana's compliance with the requirements governing types of services allowed or unallowed, claims for advances and reimbursements, matching, level of effort, and/or earmarking requirements, amounts claimed or used for matching, requirement of funds not being obligated or expended prior to release of funds, requirement for an environmental review that are applicable its major federal financial assistance program, which is identified in the accompanying Schedule of Federal Financial Assistance, for the year ended April 30, 1996. The management of the City of Franklin, Louisiana is responsible for the City of Franklin, Louisiana's compliance with those requirements. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

Notification was not made and the following budgets were not amended although actual expenditures exceeded budgeted expenditures by five percent or more.

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Special Revenue Funds:			
Liquid & Solid Waste	\$984,464	\$1,079,784	\$(95,320)
Shell Housing	3,800	9,172	(5,372)
Debt Service Fund:			
Sales Tax Bond Sinking	247,780	260,092	(12,312)
Capital Projects Fund:			
Jail Construction	37,000	41,288	(4,288)

Notification was not made and the following budgets were not amended although actual beginning fund balances failed to come within five percent of budgeted beginning fund balance.

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Debt Service Funds:			
Sales Tax Bond Sinking Fund 1987	\$117,067	\$103,556	\$(13,511)
Capital Projects Fund:			
LCDBG Willow Street	24,554	1,139	(23,415)

Management's Comments

Although a number of funds had significant percentage variances from budget, only one fund, Liquid and Solid Waste, had a large actual dollar variance.

It is difficult to remain within the five percent limit, particularly on funds with very small dollar budgets. We have been successful in budgeting for capital projects funds over the life of the project. However it is difficult to budget for them on an annual basis, due to the timing of the actual construction work.

BUDGET AMENDMENT COMPLIANCE

Condition: We noted during our review of budget to actual comparisons that several funds had expenditures in excess of appropriations.

Criteria: Louisiana statutes require that the chief executive or administrative officer advise the governing authority or independently elected official in writing when:

1. Total actual revenues within a fund are failing to meet budgeted revenues by five percent or more.
2. Total expenditures in a fund are exceeding the estimated budgeted expenditures by five percent or more.
3. Actual beginning fund balance within a fund, fails to meet estimated beginning fund balance by five percent or more and fund balance is being used to fund current year expenditures.

Effect: Noncompliance with State law.

Cause: Failure of the system for amending budgets to capture all adjustments within the 5% range.

Notification was not made and the following budgets were not amended although actual revenues failed to come within five percent of budgeted revenues:

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<u>Debt Service Funds:</u>			
Consolidated Sewerage District No. 1	\$ 8,646	\$ 1,405	\$(7,241)
Consolidated Sewerage District No. 1 Sinking	5,100	116	(4,984)
Sales Tax Bond Sinking 1987	12,000	2,205	(9,795)
Sales Tax Bond Reserve 1987	18,193	15,422	(2,771)
<u>Capital Projects:</u>			
Northwest Blvd.	10,000		(10,000)
Yokely	139,000	127,606	(11,394)

AUDIT COMPLETION DEADLINE

Auditors' Comments

Condition: Completion of annual audit has exceeded the deadline.

Criteria: State law requires that audits be completed within six months of the close of the entity's fiscal year.

Effect: Noncompliance with state law.

Cause: For the year ended April 30, 1996, the City implemented Governmental Accounting Standards Board (GASB) statement 10 related to risk management. In addition, during the year, the City terminated its lease - purchase for the sale of its utility system to CLECO. Due to the technical complexities of implementing these two items, a longer time than usual was required to close the books and make year end adjustments.

Management's Comments

The City has complied with the deadline for submission of its audit report over the last ten years, except for the year when Hurricane Andrew struck.

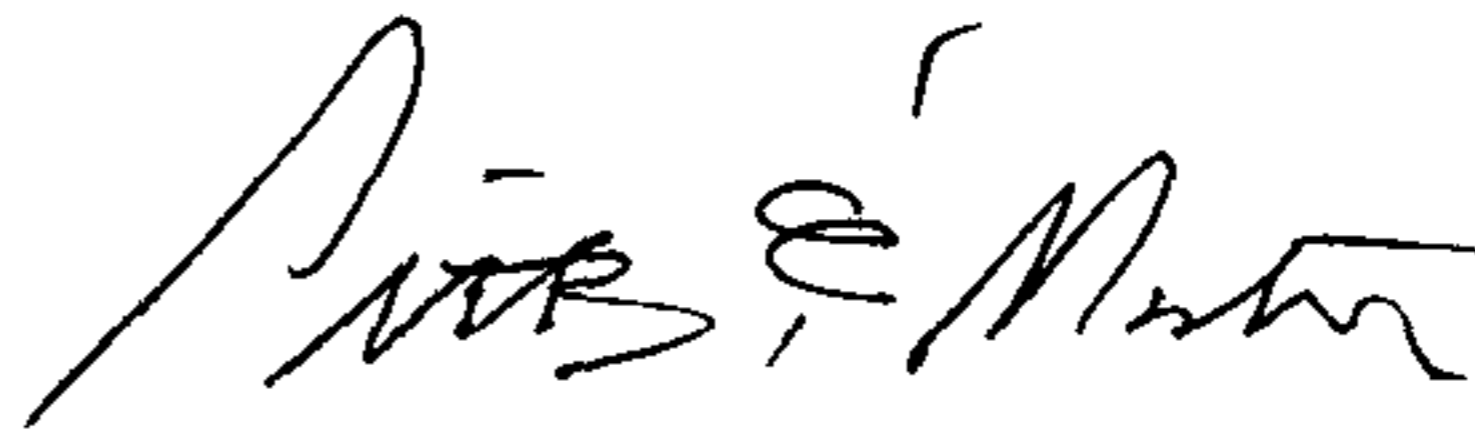
This year the City ended its lease-purchase agreement with CLECO and transferred the electrical utility system to them. As part of this transaction, the City paid the bonds related to the electrical system. In addition to this, the City changed the way it accounts for its self insured medical plan, to comply with new accounting rules. Both of these transactions were very complicated and required longer than usual for us to close our books and have the audit finished.

ITEMS OF NONCOMPLIANCE

We considered these instances of noncompliance in forming our opinion on whether the City of Franklin's 1996 general purpose financial statements are presented fairly, in all material respects, in conformity with generally accepted accounting principles, and this report does not affect our report dated October 25, 1996, on those general purpose financial statements.

A similar report issued by us dated October 27, 1995 for the year ended April 30, 1995 reported no instances of noncompliance.

This report is intended solely for the use of management, Federal regulatory agencies, and the Legislative Auditor. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

A handwritten signature in black ink, appearing to read "P. J. & M. J.", written in a cursive style.

CERTIFIED PUBLIC ACCOUNTANTS



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

October 25, 1996

The Mayor and Members of the City Council
City of Franklin
Franklin, Louisiana

We have audited the general purpose financial statements of the City of Franklin, Louisiana as of and for the year ended April 30, 1996 and have issued our report thereon dated October 27, 1996, which was qualified due to the lack of proper reporting of certain pension related costs. We did not audit the financial statements of the City's component units (City Court of the City of Franklin and Marshal's Fund of the City Court). Those financial statements were audited by other auditors who have issued reports similar to these on the component units. Therefore, this report does not include any information related to the component units.

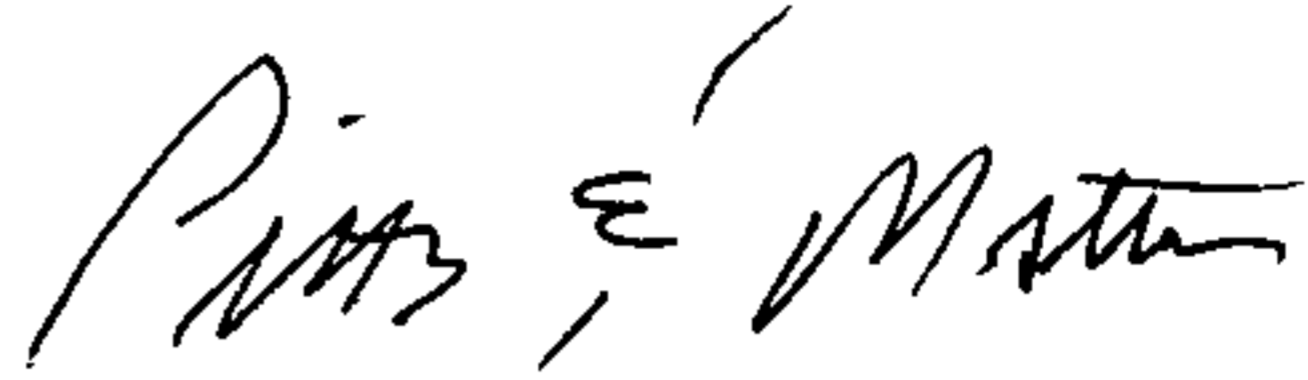
We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are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

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

The results of our tests disclosed certain instances of noncompliance that are required to be reported herein under Government Auditing Standards. These items of noncompliance are described in the items of noncompliance section of this report.

SUPPLEMENTARY INFORMATION

subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion based on our audit and the reports of other auditors, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

A handwritten signature in cursive script, appearing to read "Pitts & Martin".

CERTIFIED PUBLIC ACCOUNTANTS

CITY OF FRANKLIN
DEBT SERVICE FUND
CONSOLIDATED SEWERAGE DISTRICT NO. 1 - 1989

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL
Year Ended April 30, 1996
With Comparative Actual Amounts for Year Ended April 30, 1995

	1996		Variance Favorable (Unfavorable)	1995 Actual
	Budget	Actual		
Revenues:				
Special assessments	\$8,646		(\$8,646)	\$2,162
Miscellaneous -				
Interest on investments		\$1,405	1,405	2,596
Total revenues	8,646	1,405	(7,241)	4,758
Expenditures:				
Debt service				
Interest and bank				
charges		775	(775)	358
Bond payments	8,646	4,205	4,441	5,045
Total expenditures	8,646	4,980	3,666	5,403
Excess (deficiency) of				
revenues over expenditures	--	(3,575)	(3,575)	(645)
Other financing sources				
Operating transfers in				
Liquid and Solid Waste Fund				1,000
Total other financing				
sources	--	--	--	1,000
Excess (deficiency) of				
revenues over expenditures				
and other financing				
sources		(3,575)	(3,575)	355
Fund balance, beginning	--	15,886	15,886	15,531
Fund balance, ending	--	\$12,311	\$12,311	\$15,886

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

CITY OF FRANKLIN

Schedule of Sewerage Rates and Billings
For the Year Ended April 30, 1996

	<u>Rates</u>	<u>Billing Amounts</u>
May 1995	Fee based upon consumption	\$ 34,694
June 1995		31,610
July 1995		38,662
August 1995		45,584
September 1995		32,833
October 1995		30,163
November 1995		32,469
December 1995		22,586
January 1996		30,485
February 1996		29,605
March 1996		28,292
April 1996		<u>29,634</u>
		<u>\$386,617</u>

- The number of system users at the end of the fiscal year was 2,998.

- The average monthly billing per user was approximately \$10.74

*The fee is based on water consumption set at:

- a. \$2.00 minimum up to 2000 gallons
- b. \$1.40 per 1,000 gallons thereafter

CITY OF FRANKLIN

Schedule of Water Rates and Billings
For the Year Ended April 30, 1996

	<u>Rates</u>	<u>Billing Amounts</u>
May 1995	Fee based upon consumption	\$ 57,381
June 1995		53,900
July 1995		66,271
August 1995		77,131
September 1995		58,210
October 1995		58,597
November 1995		70,951
December 1995		52,107
January 1996		60,480
February 1996		52,062
March 1996		49,948
April 1996		<u>51,953</u>
		<u>\$708,991</u>

- The number of system users at the end of the fiscal year was 3,056.

- The average monthly billing per user was approximately \$19.33.

*The fee is based on water consumption set at:

- a. \$4.18 minimum up to 2000 gallons
- b. \$2.31 per 1,000 gallons from 2001 to 13,000 gallons
- c. \$2.17 per 1,000 gallons from 13,001 to 50,000 gallons
- d. \$2.09 per 1,000 gallons to 50,001 and thereafter

Unaudited

CITY OF FRANKLIN
Schedule of Insurance Policies In Force
As of April 30, 1996

Coverage	Amounts or Limits	Expires	Company
Business Automobile	auto liability - \$600,000 collision - \$500 Specified causes of loss - \$500	01/08/97	Clarendon National Insurance Co.
Mobile Machinery Floater	\$18,600	07/02/97	Continental Casualty
Blanket Policy (Property)	\$4,265,474	3/11/97	Lexington Ins. Co.
Premises Liability	\$1,000,000, bodily injury & damage combined	5/1/97	Markel - Essex Ins.
Accident & Life	\$25,000/\$5,000 medical expenses	5/12/96	Home Insurance Company
Surety Bond	\$60,000 - Mayor \$60,000 - City Clerk \$20,000 - other employees \$60,000 - Tax collector	9/20/97	Western Surety
Boiler & Machinery	\$7,000,000	1/8/97	Hartford
Computer Coverage	\$105,571	11/22/96	Hartford
Workers' Compensation	Statutory Louisiana Benefits \$500,000 - each accident \$500,000 - each employee \$500,000 - each policy	1/8/97	Physician Corporation of American of Solutions, Inc.
Health Coverage	\$10,000 life/accidental death & dismemberment	8/31/97	PCA Solutions
Hospitalization	\$1,000,000 individual major medical \$20,000 individual mental & nervous \$25,000 lifetime nursing care	03/01/97	PCA Solutions
Dental Coverage	\$5,000 dependent life \$10,000 life only	08/31/96	Anthem Health
Fire & Extended Coverage on building	\$820,000	05/10/97	Scottsdale Ins. Co.

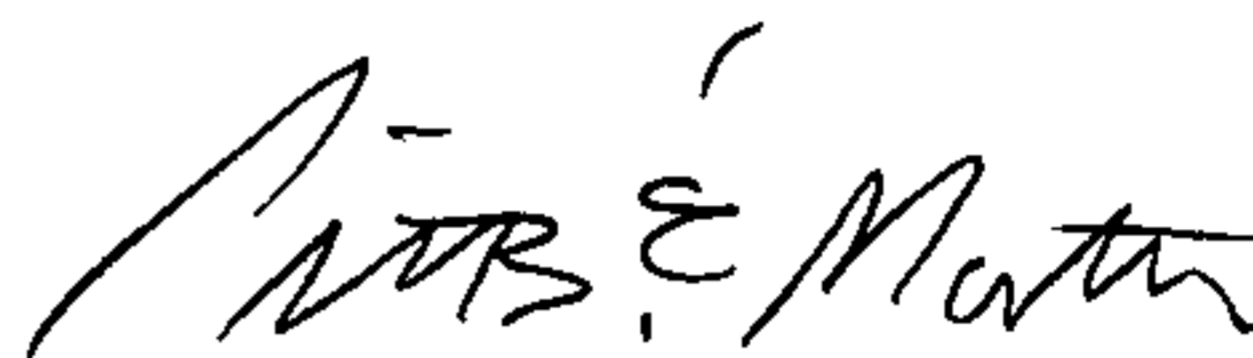
CITY OF FRANKLIN
 Compensation Paid to Members of Governing Board
 For the Year Ended April 30, 1996

	<u>Salary</u>	<u>Expense Allowance</u>	<u>Car Allowance</u>
<u>Mayor</u>			
Sam Jones	\$38,400	\$ 4,293	\$5,400
<u>Council Members</u>			
Carl Foulcard	3,600	1,800	
Sarah Belle Minor	3,600	1,800	
John O'Niell	3,600	1,800	
Craig Pellerin	3,600	1,800	
Kenny Scelfo	<u>3,600</u>	<u>1,800</u>	_____
	<u>\$56,400</u>	<u>\$13,293</u>	<u>\$5,400</u>

Unaudited

A similar report issued by us dated October 27, 1995, for the year ended April 30, 1995 reported one reportable condition in internal controls over federal financial assistance which was corrected in the current period.

This report is intended solely for the use of management, Federal regulatory agencies, and the Legislative Auditor and should not be used for any other purpose. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

A handwritten signature in cursive script, appearing to read "A. B. & Martin".

CERTIFIED PUBLIC ACCOUNTANTS



INDEPENDENT AUDITORS' REPORT ON SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE

October 25, 1996

The Mayor and Members of the City Council
City of Franklin
Franklin, Louisiana

We have audited the general purpose financial statements of the City of Franklin, Louisiana as of and for the year ended April 30, 1996, and have issued our report thereon dated October 25, 1996, which was qualified due to the lack of proper reporting of certain pension related costs. These general purpose financial statements are the responsibility of the City of Franklin, Louisiana's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit. We did not audit the financial statements of the City's component units (City Court of the City of Franklin and Marshal's Fund of the City Court). Those financial statements were audited by other auditors who have issued reports similar to these on the component units. Therefore, this report does not include any information related to the component units.

We conducted our audit in accordance with generally accepted auditing standards, Government Auditing Standards issued by the Comptroller General of the United States, and the provisions of Office of Management and Budget Circular A-128, "Audits of State and Local Governments". Those standards and OMB Circular A-128 require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of the other auditors provides a reasonable basis for our opinion.

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

Specific Requirements

Types of costs allowed or unallowed
Claims for advances and reimbursements
Matching, level of effort, and/or earmarking requirements
Amounts claimed or used for matching
Requirement that funds cannot be obligated or expended prior to receipt of HUD's approval of a request for release of funds
Requirement for an environmental review

For all of the internal control structure categories listed above, we obtained an understanding of the design of relevant policies and procedures and determined whether they have been placed in operation, and we assessed control risk.

During the year ended April 30, 1996, the City of Franklin, Louisiana expended 91% of its total federal financial assistance under the following major federal financial assistance programs:

U.S. Department of Housing and Urban Development -
Community Development Block Grants - Small Cities Program
(Willow Street, Sewer Rehabilitation and Housing)

We performed tests of controls, as required by OMB Circular A-128, to evaluate the effectiveness of the design and operation of internal control structure policies and procedures that we considered relevant to preventing or detecting material noncompliance with specific requirements, general requirements, and requirements governing claims for advances and reimbursements and amounts claimed or used for matching that are applicable to each of the City of Franklin, Louisiana's major federal financial assistance programs, which are identified in the accompanying Schedule of Federal Financial Assistance. Our procedures were less in scope than would be necessary to render an opinion on these internal control structure policies and procedures. Accordingly, we do not express such an opinion.

Our consideration of the internal control structure policies and procedures used in administering federal financial assistance would not necessarily disclose all matters in the internal control structure that might constitute material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that noncompliance with laws and regulations that would be material to a federal financial assistance program may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control structure and its operations that we consider to be material weaknesses as defined above.

City of Franklin
 Schedule of Federal Financial Assistance
 Year Ended April 30, 1996

Federal Grantor/ Pass-Through Grantor Program Title	Federal CFDA Number	Revenue	Expenditures
<u>U.S. Department of Agriculture</u> <u>Food and Nutrition Service</u>			
Passed through Louisiana Department of Education			
Summer Food Service Program for Children (Summer Feeding Program)	10.599	\$79,498	\$74,394
 <u>U.S. Department of Housing & Urban Development</u>			
Passed through Louisiana Division of Administration			
* Community Development Block Grant Program - Small Cities			
(Willow Street)	14.219	404,659	404,659
(Sewer Rehabilitation)	14.219	279,643	279,643
(Housing Fund)	14.219	227,002	227,002
 <u>U.S. Department of Justice</u>			
Office of Community Oriented Policing Services			
Public Safety and Community Policing Grants ("COPS" Grant)	16.710	8,365	8,365
 Total Federal Financial Assistance		<u>\$999,167</u>	<u>\$994,063</u>

* Major Program

The accompanying notes are an integral part of this schedule.

CITY OF FRANKLIN

NOTES TO THE SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE
Year Ended April 30, 1996

Note 1 - REPORTING METHOD

In some instances, revenues and expenditures per this schedule do not equal amounts reported in the basic financial statements because revenues and expenditures in this schedule are reported on the basis of grant reporting requirements rather than on the basis of generally accepted accounting principles.



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

October 25, 1996

The Mayor and Members of the City Council
City of Franklin
Franklin, Louisiana

We have audited the general purpose financial statements of the City of Franklin, Louisiana as of and for the year ended April 30, 1996, and have issued our report thereon dated October 25, 1996, which was qualified due to the lack of proper reporting of certain pension related costs. We did not audit the financial statements of the City's component units (City Court of the City of Franklin and Marshal's Fund of the City Court). Those financial statements were audited by other auditors who have issued reports similar to these on the component units. Therefore, this report does not include any information related to the component units.

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

The management of the City of Franklin, Louisiana is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are

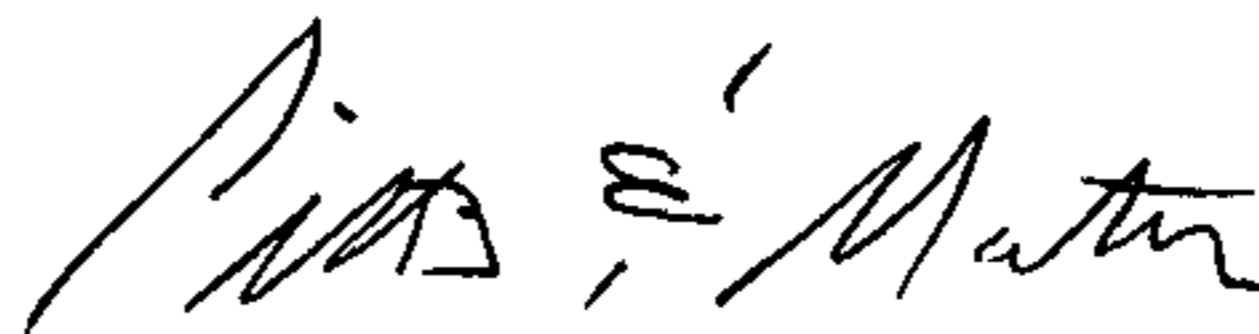
executed in accordance with management's authorization and recorded properly to permit the preparation of general purpose financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

In planning and performing our audit of the general purpose financial statements of the City of Franklin, Louisiana, for the year ended April 30, 1996, we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

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

A similar letter issued by us dated October 27, 1995, for the year ended April 30, 1995, reported no material weaknesses in internal accounting control.

This report is intended solely for the use of management, Federal regulatory agencies, and the Legislative Auditor and should not be used for any other purpose. This restriction is not intended to limit the distribution of this report, which is a matter of public record.



CERTIFIED PUBLIC ACCOUNTANTS



INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL STRUCTURE USED IN ADMINISTERING FEDERAL FINANCIAL ASSISTANCE PROGRAMS

October 25, 1996

The Mayor and Members of the City Council
City of Franklin
Franklin, Louisiana

We have audited the general purpose financial statements and the combining and individual fund and account group financial statements of the City of Franklin, Louisiana as of and for the year ended April 30, 1996, and have issued our report thereon dated October 25, 1996, which was qualified due to the lack of proper reporting of certain pension related costs. We have also audited the compliance of the City of Franklin, Louisiana, with requirements applicable to major federal financial assistance programs and have issued our report thereon dated October 25, 1996. We did not audit the financial statements of the City's component units (City Court of the City of Franklin and Marshal's Fund of the City Court). Those financial statements were audited by other auditors who have issued reports similar to these on the component units. Therefore, this report does not include any information related to the component units.

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

CITY OF FRANKLIN
 Schedule of Changes in Assets Related to
 1995 Water and Revenue Bond Debt Service
 For the Year Ended April 30, 1996

	Sinking Funds			Reserve Funds			
	'95 Water & Sewer Renewal & Replacement Fund	'95 Water & Sewer Revenue Bond	Utility Fund	Total Sinking Funds	'95 Water & Sewer Revenue Bonds	Utility Fund	Total Reserve Funds
Cash, May 1, 1995	--	--	--	--	--	--	--
Cash receipts:							
Transfers from Liquid & Solid Waste Fund		\$12,762		\$12,762	\$34,800		\$34,800
Interest earned on cash account	\$849	279		279	1,396		1,396
Transfer of cash from maintenance reserve from prior bond issue which are now paid	36,482			36,482			36,482
Transfers from operating account	29,983		\$40,906	40,906		\$52,200	52,200
Deposit of portion of bond proceeds							
Total cash receipts	67,314	13,041	40,906	53,947	36,196	52,200	88,396
Total cash available	67,314	13,041	40,906	53,947	36,196	52,200	88,396
Cash disbursements:							
Interest and bank charges		5,029	22,154	27,183			
Principal payments			10,000	10,000			
Transfers to operating account	11,804			11,804			
Total cash disbursements	11,804	5,029	32,154	37,183	--	--	--
Cash, April 30, 1996	\$55,510	\$8,012	\$8,752	\$16,764	\$36,196	\$52,200	\$88,396

FEDERAL FINANCIAL ASSISTANCE, INTERNAL ACCOUNTING
CONTROL, AND COMPLIANCE SECTION

CITY OF FRANKLIN

FIDUCIARY FUND
 MAUSOLEUM ENDOWED CARE
 The Government's Only Expendable Trust Fund

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 Year Ended April 30, 1996

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:			
Interest income	\$464	\$466	\$2
Mausoleum sales			
Total revenues	<u>464</u>	<u>466</u>	<u>2</u>
Expenditures:			
Repairs and maintenance	1,517	1,517	
Total expenditures	<u>1,517</u>	<u>1,517</u>	<u>-- --</u>
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	<u>(1,053)</u>	<u>(1,051)</u>	<u>2</u>
Fund balance, beginning of year	<u>17,956</u>	<u>18,026</u>	<u>70</u>
Fund balance, end of year	<u>\$16,903</u>	<u>\$16,975</u>	<u>(\$68)</u>

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

S. Total Columns on Combined Statements - Overview

The total columns on the combined statements - overview are captioned Memorandum Only to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position or results of operations in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

T. Comparative Data

Comparative total data for the prior year have been presented in the accompanying financial statements in order to provide an understanding of changes in the government's financial position and operations. However, comparative data have not been presented in all statements because their inclusion would make certain statements unduly complex and difficult to understand or of no use to intended users due to inactivity in the fund for the prior year.

NOTE 2 - FUND DEFICITS

The following individual funds of the City had deficit fund balances/retained earnings at April 30, 1996:

<u>Fund</u>	<u>Deficit Amount</u>
Capital Projects Funds:	
Northwest Blvd.	\$(15,199)
LCDBG Sewer Rehabilitation	(2,473)
Jail Construction	(3,159)

Management plans to eliminate these deficits with transfers from other funds in the future.

NOTE 3 - EXPENDITURES - EXCESS OF ACTUAL OVER BUDGETED

The following individual funds had significant actual expenditures in excess of appropriated expenditures for the year ended April 30, 1996:

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The City does not reserve its fund balances for encumbrances outstanding. Encumbrances outstanding at April 30, 1996 are immaterial.

O. Compensated Absences

Compensated absences are absences for which employees will be paid, such as vacation and sick leave. In accordance with GASB No. 16, the City is required to accrue vacation and sick pay based upon an employee's length of service and the characteristics of the vacation and sick pay. It is the policy of the City to compensate employees for vacation leave based on the rendering of past service. An accrual is made for the liability representing vacation pay. With regard to sick pay, the City is not required to accrue a liability for sick leave because an employee receives sick pay only if he or she is absent from work because of illness. GASB No. 16 requires an accrual of sick pay if an employee can receive sick pay for reasons other than illness (i.e. retirement, termination).

Compensated absences by fund are approximately as follows: accrued vacation time - General Fund \$41,000, Utility Fund \$14,000, and Liquid & Solid Waste \$11,000.

P. Long-term Obligations

Long-term debt is recognized as a liability of a governmental fund when due. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. The remaining portion of such obligation is reported in the general long-term debt account group.

Q. Fund Equity

Reserves represent those portions of fund equity not appropriable for expenditure or legally segregated for a specific future use. Designated fund balances represent tentative plans for future use of financial resources.

R. Interfund Transactions

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Fixed Assets

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures in governmental funds, and the related assets are reported in the general fixed assets account group. Substantially all purchased fixed assets are valued at cost. Where historical records do not exist purchased fixed assets are valued at estimated cost at date of acquisition. Donated fixed assets are valued at their estimated fair market value on the date received.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

The City has elected not to capitalize public domain ("infrastructure") fixed assets consisting of certain improvements other than buildings, including roads, bridges, sidewalks, and drainage improvements.

Assets in the general fixed assets account group are not depreciated.

Depreciation of all exhaustible fixed assets used by the proprietary fund is charged as an expense against its operations. Depreciation has been provided over the estimated useful lives of the fixed assets using the straight-line method. The estimated useful lives are as follows:

Water utility -	
Water plant	20 years
Lines and meters	6 - 20 years
Other equipment	3 - 10 years
Automotive equipment	3 years
Furniture and fixtures	5 - 20 years

M. Capitalization of Interest Expense

It is the policy of the City to capitalize material amounts of interest resulting from borrowings in the course of the construction of fixed assets. For the year ended April 30, 1996, \$22,000 of interest was capitalized in the Utility Fund.

N. Encumbrances

Funds are encumbered when purchase orders are issued. The City intends to honor any commitments entered into at year end even though all appropriations, except for capital projects under contract, lapse at year end.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Cash and Cash Equivalents

For financial statement purposes, cash and cash equivalents include demand deposits, money market accounts, and certificates of deposit and other investments with original maturities of less than three months.

Cash and cash equivalents are stated at cost, which approximates market.

G. Due From/To Other Funds

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet.

H. Investments

Investments include Federal Home Loan Bank Mortgage Certificates and certificates of deposit with original maturities of greater than three months.

Investments are stated at cost.

I. Receivables

Receivables are stated at net realizable value after provision for estimated uncollectible accounts, which are immaterial to the primary government. Provision for uncollectible accounts in the City Court total approximately \$21,000.

J. Prepaid Expenses

Payments made to suppliers for services that will benefit periods beyond April 30, 1996 are recorded as prepaid expenses in the Enterprise Fund.

K. Restricted Assets

Certain assets of the Enterprise Fund are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

6. All budgetary appropriations lapse at the end of each fiscal year.
7. Budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP). All governmental funds have adopted budgets except for two special revenue funds and one capital project fund. The omitted special revenue funds are: Narcotics Aid and Center Theatre. The omitted capital projects fund is the Willow Street Drainage Project. Accordingly the Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual omits actual activity for those funds without budgets.

The following is a reconciliation of the funds omitted:

Special Revenue Funds:

Excess (deficiency) of revenues and other sources over expenditures and other uses (all Special Revenue Funds)	\$(129,059)
--	-------------

Deduct excess add deficiency of revenues over expenditures for omitted funds:

Narcotics Aid	(2,775)
---------------	----------

Center Theatre Restoration Committee	<u>2,140</u>
--------------------------------------	--------------

Excess (deficiency) of revenues and other sources over expenditures and other uses (budgeted Special Revenue Funds only)	\$(<u>129,694</u>)
--	----------------------

Capital Projects Funds:

Excess of revenues and other sources over expenditures and other uses (all Capital Projects Funds)	\$ 98,186
--	-----------

Add deficiency of revenues over expenditures for omitted funds:

Willow Street Drainage Project	<u>24,459</u>
--------------------------------	---------------

Excess of revenues and other sources over expenditures and other uses (budgeted Capital Projects Funds only)	\$ <u>122,645</u>
--	-------------------

8. Budgetary comparisons include all budget amendments for the year.
9. No budgetary data is presented for Discretely Presented Component Units.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The City reports deferred revenue on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period or when resources are received by the City before it has a legal claim. In subsequent periods, when both revenue recognition criteria are met, or when the City has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized.

2. Basis of Accounting - Discretely Presented Component Units

The City Court and City Marshall use the current financial resources measurement focus and modified accrual accounting.

E. Budgets and budgetary accounting

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

1. The Mayor and City Clerk prepare a proposed budget and submit the same to the City Council 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 is notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
3. A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing.
4. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of an ordinance prior to the commencement of the fiscal year for which the budget is being adopted.
5. Budgetary amendments involving the transfer of funds from one fund, department, program or function to another or involving increases in expenditures resulting from revenues exceeding amounts estimated require the approval of the City Council.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The modified accrual basis of accounting is used by all governmental fund types, expendable trust funds and agency funds. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period.

The following is a summary of the City's revenue recognition policies for its major revenue sources:

Revenues:

Ad valorem taxes and the related State revenue sharing (which is based on population and homesteads in the City) are recorded in the year the taxes are assessed.

Federal, State and Parish aid and grants are recorded when the City is entitled to the funds.

Interest income on investments is recorded when the investments have matured and the income is available.

Sales and use tax revenues are recorded in the month collected by the sales tax collection department of St. Mary parish.

Substantially all other revenues are recorded when received.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred, except principal and interest on general long-term debt which is not recognized until due.

Transfers between funds which are not expected to be repaid and proceeds from the sale of bonds are accounted for as other financing sources (uses).

The Proprietary Fund is reported in the accompanying financial statements on the accrual basis of accounting. Revenues are recognized when they are earned and expenses are recognized when they are incurred.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Debt Service Funds

Debt service funds are used to account for the accumulation of resources for, and the payment of general long-term debt principal, interest and related costs.

Capital Projects Funds

Capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds or trust funds).

Proprietary Fund

Enterprise Fund

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of the net income is necessary or useful to sound financial administration.

Fiduciary Funds

Trust and agency funds

Fiduciary funds are used to account for assets held on behalf of outside parties or on behalf of other funds within the City. The terms "nonexpendable" and "expendable" refer to whether or not the City is under an obligation to maintain the trust principal. Assets held by the City under the terms of its trust agreement, are expendable. Agency funds generally are used to account for assets that the City holds on behalf of others as their agent.

D. Basis of Accounting

1. Primary Government

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES(cont'd)

Statements of Revenues, Expenses, and Changes in Equity

Revenues:

Charges for services	<u>\$25,370</u>	<u>\$ 8,737</u>	<u>\$34,107</u>
Total revenues	<u>25,370</u>	<u>8,737</u>	<u>34,107</u>

Expenditures:

Current			
General and admin.	<u>15,708</u>	<u>8,552</u>	<u>24,260</u>
Excess (deficiency) of revenue over expenses	9,662	185	9,847
Fund balance--beginning	<u>23,861</u>	<u>5,316</u>	<u>29,177</u>
Fund balance - ending	<u>\$33,523</u>	<u>\$ 5,501</u>	<u>\$39,024</u>

C. Fund Accounting

The City uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

Funds are classified into three categories: governmental, proprietary and fiduciary. Each category, in turn, is divided into separate "fund types".

Governmental Funds

General Fund

The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in other funds.

Special Revenue Funds

Special revenue funds are used to account for the proceeds of specific revenue sources (other than expendable trusts, or major capital projects) that are legally restricted to expenditures for specific purposes.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES(cont'd)

2. The Marshal's Fund of the City Court of the City of Franklin accounts for the activities of the Marshal in carrying out the duties of the Court. The expenses of carrying out these duties are defrayed by court costs collected through the City Court. The fiscal year of the Marshal's Fund of the City Court of the City of Franklin ends on June 30, which is different from that of the primary government. The amounts shown in this report reflect information as of June 30, 1995, the most recent information available at this time. The City provides the facilities in which the Marshall operates and has approval authority over certain expenditures made by the Marshall.

Complete financial statements of the individual component units can be obtained from their respective offices located at 319 Willow Street, Franklin, Louisiana, 70538. Condensed financial statements are presented below for both of the discretely presented component units.

City Court of the City of Franklin
 Marshal's Fund of the City Court
 Franklin, Louisiana

Condensed Financial Statements
 - Discretely Presented Component Units
 Balance Sheets

	<u>City Court of the City of Franklin</u>	<u>Marshal's Fund of the City Court</u>	<u>Total</u>
Assets:			
Cash	\$ 45,322	\$ 3,131	\$ 48,453
Receivables-Other	26,202	2,370	28,572
Due from other funds	15,127		15,127
Fixed assets	<u>17,484</u>	<u>7,028</u>	<u>24,512</u>
	<u>\$104,135</u>	<u>\$12,529</u>	<u>\$116,664</u>
Liabilities:			
Accounts payable	\$ 21,302		\$ 21,302
Accrued expenses	476		476
Due to other funds	15,127		15,127
Due to other governments	<u>16,223</u>		<u>16,223</u>
	<u>53,128</u>	<u>--</u>	<u>53,128</u>
Fund equity:			
Investment in general fixed assets	17,484	\$ 7,028	24,512
Fund balance	<u>33,523</u>	<u>5,501</u>	<u>39,024</u>
	<u>51,007</u>	<u>12,529</u>	<u>63,536</u>
	<u>\$104,135</u>	<u>\$12,529</u>	<u>\$116,664</u>

CITY OF FRANKLIN

NOTES TO THE FINANCIAL STATEMENTS
April 30, 1996

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Franklin was incorporated April 15, 1876 under provisions of a special charter. The City operates under a Mayor - Council form of government.

The accounting and reporting policies of the City of Franklin conform to generally accepted accounting principles as applicable to governments.

The following is a summary of certain significant accounting policies:

A. Reporting Entity

This report includes all funds, account groups, and component entities for which the City has financial accountability. Financial accountability is determined by the City by applying the following criteria established by the GASB:

- a. Financial benefit or burden
- b. Appointment of a voting majority
- c. Imposition or will
- d. Fiscally dependent

Based on the foregoing criteria, the City Court and City Marshal, are considered to be component entities.

B. Individual Component Unit Disclosures

Discretely Presented Component Units - The component unit columns in the combined financial statement include the financial data of the City's component units. They are reported in a separate column to emphasize that they are legally separate from the City.

1. The City Court of the City of Franklin establishes a court for the City of Franklin and the territorial jurisdiction throughout Ward Three of St. Mary Parish, Louisiana. The purpose of the City Court is to collect all fines, forfeitures, penalties, and costs assessed. The judge and marshal are elected to six year terms. The fiscal year of the City Court of the City of Franklin ends on June 30, which is different from that of the primary government. The amounts shown in this report reflect information as of June 30, 1995, the most recent information available at this time. The City provides the facilities in which the Court operates and has approval authority over certain expenditures made by the Court.

	<u>1996</u>	<u>1995</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating loss	<u>(\$96,123)</u>	<u>(\$107,862)</u>
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:		
Depreciation	63,749	54,000
Change in assets and liabilities:		
(Increase) Decrease in accounts receivable	28,486	16,973
(Increase) Decrease in interest receivable	3,128	(160)
(Increase) in prepaid expenses	(5,775)	
Increase (Decrease) in accounts payable and accrued expenses	1,037	(895)
Increase (Decrease) in accrued wages payable	(7,959)	4,313
Increase (Decrease) in customer deposits	7,740	(1)
Decrease in accrued bond interest payable	<u>(19,206)</u>	<u>69,569</u>
Total adjustments	<u>71,200</u>	<u>143,799</u>
Net cash provided (used) by operating activities	<u>(\$24,923)</u>	<u>\$35,937</u>

Cash and cash equivalents at the end of the year are reported on the combined balance sheet as follows:

Current assets		
Cash and cash equivalents	\$530,270	\$41,324
Restricted assets		
Revenue Bond Sinking Account	8,752	165,704
Revenue Bond Reserve Account	52,200	5,613
1995 Water and Sewer System Renewal and Replacement Fund	55,510	55,611
Construction trust account		<u>1,457,488</u>
	<u>\$646,732</u>	<u>\$1,725,740</u>

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

CITY OF FRANKLIN
DEBT SERVICE FUND
SALES TAX BOND SINKING FUND 1987

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL
Year Ended April 30, 1996
With Comparative Actual Amounts for Year Ended April 30, 1995

	1996		Variance Favorable (Unfavorable)	1995 Actual
	Budget	Actual		
Revenues:				
Interest on investments	\$12,000	\$2,205	(\$9,795)	\$2,482
Total revenues	12,000	2,205	(9,795)	2,482
Expenditures:				
Debt service				
Interest and bank charges	132,780	145,092	(12,312)	140,700
Bond payments	115,000	115,000		110,000
Total expenditures	247,780	260,092	(12,312)	250,700
Excess (deficiency) of revenues over expenditures	(235,780)	(257,887)	(22,107)	(248,218)
Other financing sources				
Payment to refunding bond escrow agent		(1,445,207)	(1,445,207)	
Proceeds from refunding bonds		1,412,329	1,412,329	
Operating transfers in				
Liquid and Solid Waste Fund	245,270	233,270	(12,000)	248,483
Operating transfers out				
Liquid and Solid Waste Fund	(12,000)		12,000	
Total other financing sources	233,270	200,392	(32,878)	248,483
Excess (deficiency) of revenues over expenditures and other financing sources	(2,510)	(57,495)	(54,985)	265
Fund balance, beginning	117,067	103,556	(13,511)	86,136
Residual equity transfer in				17,155
Fund balance, ending	\$114,557	\$46,061	(\$68,496)	\$103,556

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

CITY OF FRANKLIN

COMPARATIVE STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN RETAINED EARNINGS - UTILITY ENTERPRISE FUND
The Government's Only Proprietary Fund
Years Ended April 30,

	<u>1996</u>	<u>1995</u>
Operating revenues:		
Charges for services -		
Water sales	\$667,461	\$679,926
Delinquent penalties	5,771	14,166
Street light fees	90,748	93,997
Miscellaneous revenues	7,526	16,828
Total operating revenues	<u>771,506</u>	<u>804,917</u>
Operating expenses:		
Administrative and finance	22,722	24,172
Tax collector	17,511	18,341
Inspection	37,872	39,284
Purchasing	18,828	17,880
Water production	216,999	248,363
Water distribution	138,456	129,258
Billings and collections	214,734	235,369
Meter department	43,440	41,773
Depreciation	63,749	54,000
Bad debts	4,958	2,900
Street light fees	88,360	101,439
Total operating expenses	<u>867,629</u>	<u>912,779</u>
Operating income (loss)	<u>(96,123)</u>	<u>(107,862)</u>
Non-operating revenues (expenses)		
Franchise fee	1,508	169,782
Earned income from sales-type lease	45,424	210,680
Interest income	26,434	41,879
Interest expense and fiscal charges	(34,239)	(82,673)
Total non-operating revenues	<u>39,127</u>	<u>339,668</u>
Income (loss) before extraordinary item and operating transfers	<u>(56,996)</u>	<u>231,806</u>
Extraordinary item		
Gain on early extinguishment of debt	251,202	
Income before operating transfers	<u>194,206</u>	<u>231,806</u>
Other financing sources (uses)		
Operating transfers in	25,000	
Operating transfers out		(145,000)
Total other financing sources (uses)	<u>25,000</u>	<u>(145,000)</u>
Net income	<u>219,206</u>	<u>86,806</u>
Retained earnings, beginning of year	571,755	447,640
Residual equity transfer in		37,309
Retained earnings, end of year	<u>\$790,961</u>	<u>\$571,755</u>

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

NOTE 7 - DUE FROM/TO OTHER FUNDS

The following is a listing of due from/to other funds by individual fund as of April 30, 1996:

<u>Funds</u>	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
General Fund	\$ 22,133	\$ 56,952
Special Revenue Funds -		
LCDBG Housing		100
Liquid & Solid Waste	287,759	73
Summer Feeding Program	23	
Revolving Loan Fund		500
Debt Service Funds -		
Consolidated Sewerage District No. 1	788	6,000
Sales Tax Bond Sinking Municipal Facilities Loan of 1995 Sinking Municipal Facilities Loan of 1995 Reserve	34,738	48,249 25,038 6,260
Capital Project Funds -		
Consolidated Sewerage Project 1993		303
LCDBG Sewer Rehabilitation LCDBG Willow St. Reconstruction Project		2,484 13,883
Resurfacing/Drainage Project Fund	382	
Northwest Blvd. Project		10,669
Enterprise Fund -		
Utility Fund	89,142	237,885
Fiduciary Fund -		
Expendable Trust:		
Mausoleum Endowed Care	73	
Agency:		
Payroll Fund	941	16,354
Accounts Payable Clearing	65,496	76,725
	<u>\$ 501,475</u>	<u>\$ 501,475</u>

CITY OF FRANKLIN
CERTAIN CAPITAL PROJECTS FUNDS

COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
Year Ended April 30, 1996

	<u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
Revenues:			
Intergovernmental-			
Federal Grant	\$667,713	\$684,302	\$16,589
St. Mary Parish Council	63,000	63,000	
Local Grant	90,000	90,000	
Interest earned	24,107	18,244	(5,863)
Assessments	60,124	53,764	(6,360)
Total revenues	<u>904,944</u>	<u>909,310</u>	<u>4,366</u>
Expenditures:			
Capital outlay			
Sanitation			
Construction	1,379,938	998,108	381,830
Engineering	58,558	68,460	(9,902)
Drainage	60,840	60,840	
Street and drainage	26,708	26,740	(32)
Culture and recreation	76,589	76,549	40
Public Safety	37,000	41,288	(4,288)
Other costs	47,288	78,216	(30,928)
Total expenditures	<u>1,686,921</u>	<u>1,350,201</u>	<u>336,720</u>
Excess (deficiency) of revenues over expenditures	<u>(781,977)</u>	<u>(440,891)</u>	<u>341,086</u>
Other financing sources (uses):			
Bond Proceeds	402,016	400,000	(2,016)
Proceeds from Sewer Certificates	50,124	50,124	
Operating transfers in	521,270	125,873	(395,397)
Operating transfers out	(166,605)	(12,461)	154,144
Total other sources (uses)	<u>806,805</u>	<u>563,536</u>	<u>(243,269)</u>
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	24,828	122,645	97,817
Fund balance, beginning of year	302,383	261,929	(40,454)
Fund balance, end of year	<u>\$327,211</u>	<u>\$384,574</u>	<u>\$57,363</u>

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

CITY OF FRANKLIN
DEBT SERVICE FUNDS

COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
Year Ended April 30, 1996

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:			
Special assessments	\$13,636		(\$13,636)
Interest	34,005	\$22,891	(11,114)
Total revenues	47,641	22,891	(24,750)
Expenditures:			
Debt service	390,010	366,502	23,508
Miscellaneous	140	304	(164)
Total expenditures	390,150	366,806	23,344
Excess (deficiency) of revenues over expenditures	(342,509)	(343,915)	(1,406)
Other financing sources (uses):			
Payment to refunding bond escrow agent		(1,445,207)	(1,445,207)
Proceeds from refunding bonds		1,412,329	1,412,329
Operating transfers in	625,834	501,738	(124,096)
Operating transfers out	(62,000)	(32,000)	30,000
Total other financing sources (uses)	563,834	436,860	(126,974)
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	221,325	92,945	(128,380)
Fund balances, beginning of year	454,332	434,324	(20,008)
Fund balances, end of year	\$675,657	\$527,269	(\$148,388)

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

CITY OF FRANKLIN
CERTAIN SPECIAL REVENUE FUNDS

COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
Year Ended April 30, 1996

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:			
Taxes			
Sales	\$767,000	\$766,488	(\$512)
Ad valorem	60,763	58,488	(2,275)
Charges for service	757,126	759,589	2,463
Federal grant	367,915	407,290	39,375
Miscellaneous	1,050	1,061	11
Interest	43,300	8,157	(35,143)
Total revenue	<u>1,997,154</u>	<u>2,001,073</u>	<u>3,919</u>
Expenditures:			
Sanitation	1,031,000	1,086,608	(55,608)
Health and welfare	73,308	68,929	4,379
Urban redevelopment	297,346	332,508	(35,162)
Total expenditures	<u>1,401,654</u>	<u>1,488,045</u>	<u>(86,391)</u>
Excess of revenues over expenditures	<u>595,500</u>	<u>513,028</u>	<u>(82,472)</u>
Other financing sources (uses)			
Operating transfers in	31,600	72,642	41,042
Operating transfers out	(771,000)	(780,821)	(9,821)
Total other financing sources (uses)	<u>(739,400)</u>	<u>(708,179)</u>	<u>31,221</u>
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	<u>(143,900)</u>	<u>(195,151)</u>	<u>(51,251)</u>
Fund balance, beginning of year	647,845	659,655	11,810
Residual equity transfer		144,392	144,392
Fund balance, end of year	<u>\$503,945</u>	<u>\$608,896</u>	<u>\$104,951</u>

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

CITY OF FRANKLIN
GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
Year Ended April 30, 1996

	<u>Budget</u>	<u>Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
Revenues:			
Taxes	\$1,348,000	\$1,427,271	\$79,271
Licenses and permits	535,810	567,986	32,176
Intergovernmental	569,394	570,626	1,232
Fines	50,285	48,560	(1,725)
Mineral royalties	20,000	22,465	2,465
Miscellaneous	86,939	98,719	11,780
Donations	12,000	12,000	
Total revenues	<u>2,622,428</u>	<u>2,747,627</u>	<u>125,199</u>
Expenditures:			
Current:			
General government			
Finance and administrative	173,000	209,552	(36,552)
Judicial	88,000	87,730	270
Public safety			
Police and fire department	1,063,000	1,101,797	(38,797)
Inspection	40,000	39,850	150
Tax collector	18,000	17,942	58
Public works	550,000	541,967	8,033
Recreation	270,000	274,993	(4,993)
Small animal warden	18,000	16,759	1,241
Economic development	33,000	18,886	14,114
Purchasing	20,000	20,043	(43)
Other	108,530	116,369	(7,839)
Debt service	3,150		3,150
Total expenditures	<u>2,384,680</u>	<u>2,445,888</u>	<u>(61,208)</u>
Excess (deficiency) of revenues over expenditures	<u>237,748</u>	<u>301,739</u>	<u>63,991</u>
Other financing sources (uses)			
Proceeds from sewer certificates		40,040	40,040
Operating transfers in	209,500	208,967	(533)
Operating transfers out	(414,320)	(418,742)	(4,422)
Total other financing sources (uses)	<u>(204,820)</u>	<u>(169,735)</u>	<u>35,085</u>
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	<u>32,928</u>	<u>132,004</u>	<u>99,076</u>
Fund balance, beginning of year	<u>19,532</u>	<u>19,532</u>	<u>-- --</u>
Fund balance (deficit), end of year	<u>\$52,460</u>	<u>\$151,536</u>	<u>\$99,076</u>

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

	Governmental Fund Types						Fiduciary Fund Type		Totals (Memorandum Only)	
	Special Revenue		Debt Service	Capital Projects	Expendable Trust	Primary Government		Component Units	Totals (Memorandum Only)	
	1996	1995				1996	1995	1996	1995	
Excess (deficiency) of revenue over expenditures	\$301,739	\$561,596	(\$343,915)	(\$757,629)	(\$1,051)	(\$239,260)	\$9,847	(\$229,413)	(\$106,720)	
Other financing sources (uses)	40,040	1,412,329	450,124			1,902,493	1,902,493	2,016		
Proceeds from loans										
Payment to refunding bond escrow agent		(1,445,207)				(1,445,207)	(1,445,207)			
Operating transfers in	208,967	501,738	480,132			1,190,837	1,190,837	1,284,782		
Operating transfers out	(418,742)	(690,655)	(32,000)	(74,441)		(1,215,838)	(1,215,838)	(1,139,782)		
‡ Total other financing sources (uses)	(169,735)	(690,655)	436,860	855,815	--	432,285	--	432,285	147,016	
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	132,004	(129,059)	92,945	98,186	(1,051)	193,025	9,847	202,872	40,296	
Fund balances, beginning of year	19,532	611,051	434,324	286,476	18,026	1,369,409	29,177	1,398,586	1,395,600	
Residual equity transfer									(37,309)	
Fund balances, end of year	\$151,536	\$481,992	\$527,269	\$384,662	\$16,975	\$1,562,434	\$39,024	\$1,601,458	\$1,398,587	

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

CITY OF FRANKLIN

COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 - ALL GOVERNMENTAL FUND TYPES, EXPENDABLE TRUST FUND, AND DISCRETELY PRESENTED COMPONENT UNITS
 Year Ended April 30, 1996

	Governmental Fund Types				Fiduciary Fund Type Expendable Trust	Totals (Memorandum Only)		Totals (Memorandum Only)	
	Special Revenue		Debt Service	Capital Projects		Primary Government	Component Units	1996	1995
	General	Revenue	Service	Projects		Government	Units	1996	1995
Revenues:									
Taxes	\$1,427,271	\$916,858				\$2,344,129	\$2,344,129	\$1,807,534	
License and permits	567,986					567,986	567,986	375,157	
Intergovernmental	570,626	311,719		\$837,302		1,719,647	1,719,647	1,297,264	
Charges for services		711,009				711,009	\$34,107	785,907	
Fines	48,560					48,560	48,560	33,873	
Donations	12,000	2,815				14,815	14,815	3,250	
Miscellaneous	121,184	24,587	\$22,891	72,509	\$466	241,637	241,637	188,475	
Total revenues	2,747,627	1,966,988	22,891	909,811	466	5,647,783	34,107	5,681,890	4,491,460
Expenditures:									
Current									
General government						209,552		209,552	188,945
Finance and administrative						87,730	24,260	111,990	83,525
Judicial									
Public Safety						1,101,797		1,101,797	1,082,541
Police and fire department						39,850		39,850	42,909
Inspection						541,967		541,967	489,823
Streets and drainage						1,079,838		1,079,838	1,086,608
Sanitation						91,154		91,154	85,571
Health and welfare						274,993		274,993	246,988
Culture and recreation						250,655		250,655	416,226
Urban development						20,043		20,043	18,311
Purchasing						155,218		155,218	73,596
Other					1,517				
Capital outlays									
Sanitation						1,549,603		1,549,603	423,429
Public Safety						41,288		41,288	
Culture and recreation						76,549		76,549	
Debt service									
Principal						175,205		175,205	167,045
Interest and fiscal charges						191,601		191,601	192,663
Total expenditures	2,445,888	1,405,392	366,806	1,667,440	1,517	5,887,043	24,260	5,911,303	4,598,180

CITY OF FRANKLIN

COMBINED BALANCE SHEET - ALL FUND TYPES, ACCOUNT GROUPS AND DISCRETELY PRESENTED COMPONENT UNITS
April 30, 1996

	Totals										Total (Memorandum Only) 1995	
	Governmental Fund Types					Fiduciary Fund Type			Account Groups			Memorandum Only
	General	Special Revenue	Debt Service	Capital Projects	Proprietary Fund Type Enterprise	Trust and Agency	General	Long-Term Debt	Primary Government	Component Units		
ASSETS AND OTHER DEBITS												
Assets												
Cash and cash equivalents	\$144,568	\$65,461	\$328,890	\$119,245	\$530,270	\$54,461			\$1,242,895	\$48,453	\$1,291,348	\$505,556
Investments			248,000	316,950					564,950		564,950	883,931
Receivables	182,337	91,310							273,647		273,647	142,924
Taxes										49,007	49,007	11,863
Special assessments			46,923	2,084								
Loans receivable (net)		131,392							131,392		131,392	123,935
Other	9,304				191,558				200,862	28,572	229,434	314,949
Due from other funds	22,133	287,782	35,526	382	89,142	66,510			501,475	15,127	516,602	597,219
Due from other governments	4,887	41,306		13,883					60,076		60,076	100,319
Prepaid expenses		4,316			12,779				17,095		17,095	7,004
Restricted assets					116,462				116,462		116,462	2,753,767
Fixed assets (net of accumulated depreciation)							\$11,214,670		12,088,409	24,512	12,112,921	11,389,068
Deposit					873,739				20,577		20,577	20,579
Other debits	20,577											
Amount available in debt service funds								\$499,559	499,559		499,559	408,987
Amount to be provided for retirement of general long-term debt												
									2,375,875		2,375,875	1,950,527
	<u>\$383,806</u>	<u>\$621,567</u>	<u>\$659,339</u>	<u>\$452,544</u>	<u>\$1,813,950</u>	<u>\$120,971</u>	<u>\$11,214,670</u>	<u>\$2,875,434</u>	<u>\$18,142,281</u>	<u>\$116,664</u>	<u>\$18,258,945</u>	<u>\$19,210,628</u>

In our opinion, except for the effects of not providing for the proper amount of pension expense and related required disclosures as discussed in the preceding paragraph, based on our audit and the reports of other auditors, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the City of Franklin, Louisiana at April 30, 1996, and the results of its operations and cash flows of its proprietary fund for the year then ended, in conformity with generally accepted accounting principles.

Also, in our opinion, based on our audit and the reports of other auditors, except for the effects, if any, of the matter explained in the preceding paragraphs, the combining, and individual fund, financial statements referred to above present fairly, in all material respects, the financial position of the individual funds of the City of Franklin, Louisiana, at April 30, 1996, and the results of operations of such funds and cash flows of the proprietary fund for the year then ended, in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued a report dated October 25, 1996 on our consideration of the City of Franklin's internal control structure and a report dated October 25, 1996 on its compliance with laws and regulations.

Our audit was conducted for the purpose of forming an opinion on the general purpose financial statements taken as a whole and on the combining, individual fund, and account group financial statements. The accompanying information listed as Supplementary Information in the table of contents is presented for purposes of additional analysis and is not a required part of the general purpose, combining, individual fund, and account group financial statements of the City of Franklin, Louisiana. Such information, except for that portion marked "unaudited" on which we express no opinion, has been subjected to the auditing procedures applied in the audit of the general purpose, combining, individual fund, and account group financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements of each of the respective individual funds and account groups taken as a whole.

The financial information for the preceding year, which is included for comparative purposes, was taken from the financial report for that year in which we expressed a qualified opinion on the general purpose, combining, individual fund, and account group financial statements of the City of Franklin, Louisiana, because pension expense does not include a provision for past service costs and the actuarially computed value of vested benefits for certain employees.



CERTIFIED PUBLIC ACCOUNTANTS

October 25, 1996



INDEPENDENT AUDITORS' REPORT

The Honorable Mayor and
Members of the City Council
Franklin, Louisiana

We have audited the accompanying general purpose financial statements and the combining and individual fund and account group financial statements of the City of Franklin, Louisiana as of April 30, 1996, and for the year then ended, as listed in the table of contents. These general purpose financial statements are the responsibility of the City of Franklin, Louisiana management. Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of the City's component units (City Court of the City of Franklin and Marshal's Fund of the City Court). Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the City Court of the City of Franklin and the Marshal's Fund of the City Court, is based solely on the report of the other auditors.

We conducted our audit in accordance with generally accepted auditing standards; Government Auditing Standards, issued by the Comptroller General of the United States; and the provisions of Office of Management and Budget Circular A-128, "Audits of State and Local Governments". Those standards and OMB A-128 require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinion.

As noted in Note 15, pension costs do not include a provision for past service costs related to certain employees, and the related actuarially computed value of vested benefits. Generally accepted accounting principles require that pension expenses include a provision for amortization of past service costs and that the excess, if any, of actuarially computed vested benefits over the total of the pension funds be disclosed. The effect of this departure from generally accepted accounting principles on the financial statements of the General Fund account cannot be reasonably determined.

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CITY OF FRANKLIN

COMPARATIVE STATEMENT OF CASH FLOWS
 UTILITY ENTERPRISE FUND
 The Government's Only Proprietary Fund

Years Ended April 30,

Increase (Decrease) in Cash and Cash Equivalents

	<u>1996</u>	<u>1995</u>
Cash flows from operating activities:		
Cash received from customers	\$799,992	\$805,062
Cash payments to suppliers for goods & services	(523,900)	(343,840)
Cash payments to employees for services	(308,541)	(442,113)
Other cash received	7,526	16,828
Net cash provided (used) by operating activities	<u>(24,923)</u>	<u>35,937</u>
Cash flows from investing activities:		
Proceeds from sale of investment	600,000	
Net cash provided by investing activities	<u>600,000</u>	
Cash flows from noncapital financing activities:		
Loans to other funds	(25,533)	174,132
Loans from other funds	(118,297)	(155,809)
Operating transfers to other funds		(145,000)
Operating transfers from other funds	25,000	
Residual equity transfer		37,309
Net cash provided by noncapital financing activities	<u>(118,830)</u>	<u>(89,368)</u>
Cash flows from capital and related financing activities:		
Cash payments for principal on revenue bond maturities	(815,000)	(505,000)
Cash payments for interest on bonds	(41,995)	(84,521)
Cash payments made on lease obligation	(15,183)	(6,906)
Cash received for interest earned	26,434	41,879
Cash payments for acquisition of capital assets	(530,252)	(34,776)
Cash received from sales type lease	127,349	587,643
Cash received on franchise fees	1,508	169,782
Proceeds from revenue bonds	591,059	
Proceeds from capital lease	21,064	
Cash transferred to CLECO	(900,239)	
Net cash provided (used) by capital and related financing activities	<u>(1,535,255)</u>	<u>168,101</u>
Net increase in cash and cash equivalents	(1,079,008)	114,670
Cash and cash equivalents at beginning of year	<u>1,725,740</u>	<u>1,611,070</u>
Cash and cash equivalents at end of year	<u>\$646,732</u>	<u>\$1,725,740</u>

CITY OF FRANKLIN
GENERAL FUND

COMPARATIVE BALANCE SHEET

ASSETS	1996	1995
Cash and cash equivalents	\$144,568	\$65,356
Investments		348,343
Receivable:		
Taxes	182,337	74,606
Other	9,304	65,843
Due from other governmental units	4,887	41,857
Due from other funds	22,133	22,508
Refundable deposit	20,577	20,579
Total assets	\$383,806	\$639,092
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable	\$91,367	\$151,522
Contract payable		
Accrued liabilities	43,951	58,436
Estimated claims payable	40,000	
Due to other funds	56,952	73,601
Deferred revenue		336,000
Total liabilities	232,270	619,559
Fund balance :		
Unreserved, undesignated	151,536	19,533
Total fund balance	151,536	19,533
Total liabilities and fund balance	\$383,806	\$639,092

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

CITY OF FRANKLIN
OF BT SERVICE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

Year Ended April 30, 1996

With Comparative Totals for the Year Ended April 30, 1995

	Consolidated Sewerage District No. 1 1989	Consolidated Sewerage District No. 1 Sinking Fund 1987	Sales Tax Bond Reserve Fund 1987	DEQ Loan Sinking Fund Reserve 1989	DEQ Loan Reserve Fund 1989	'95 Water & Sewer Revenue Bond Sinking Fund	'95 Water & Sewer Revenue Bond Reserve Fund	Municipal Facilities Loan of 1995 Sinking Fund	Municipal Facilities Loan of 1995 Reserve Fund	Certificate of Indebtedness Series 1995	Totals 1996	Totals 1995
Revenues:												
Special assessments												\$2,162
Miscellaneous												29,773
Interest on investments	\$1,405	\$2,205	\$15,422	\$1,404	\$536	\$279	\$1,396	\$69	\$31	\$28	\$22,891	31,935
Total revenues	1,405	2,205	15,422	1,404	536	279	1,396	69	31	28	22,891	31,935
Expenditures:												
Debt Service												
Interest and bank charges	775	145,092		40,442		4,988					191,297	183,776
Miscellaneous			80			41				78	215	331
Bond payments	4,205	115,000		56,000				16			175,205	167,045
Other		89									89	
Total expenditures	4,980	260,092	80	96,442		5,029		16		78	366,806	351,152
Excess (deficiency) of revenues over expenditures	(3,575)	(257,887)	15,342	(95,038)	536	(4,750)	1,396	53	31	(50)	(343,915)	(319,217)
Other financing sources (uses):												
Payment to refunding bond escrow agent		(1,445,207)									(1,445,207)	
Proceeds from refunding bonds		1,412,329									1,412,329	
Operating transfers in	\$12,462	233,270	5,194	99,600	99,600	12,762	34,800			4,050	501,738	351,483
Operating transfers out		(32,000)									(32,000)	(21,600)
Total other financing sources (uses)	--	200,392	(26,806)	99,600	99,600	12,762	34,800			4,050	436,860	329,883
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	(3,575)	(57,495)	(11,461)	4,562	100,136	8,012	36,196	53	31	4,000	92,945	10,666
Fund balance, beginning	15,886	103,556	259,657	55,225							434,324	406,503
Fund balance, ending	\$12,311	\$46,061	\$248,193	\$59,787	\$100,136	\$8,012	\$36,196	\$53	\$31	\$4,000	\$527,269	\$434,324

CITY OF FRANKLIN
DEBT SERVICE FUNDS

COMBINING BALANCE SHEET

April 30, 1996

With Comparative Totals for April 30, 1995

	Consolidated Sewerage District No. 1 1989	Consolidated Sewerage District No. 1 Sinking Fund	Sales Tax Bond Sinking Fund 1987	Sales Tax Bond Reserve Fund 1987	DEQ Loan Sinking Fund 1989	DEQ Loan Reserve Fund 1989	'95 Water & Sewer Revenue Bond Sinking Fund	'95 Water & Sewer Revenue Bond Reserve Fund	Municipal Facilities Loan of 1995 Sinking Fund	Municipal Facilities Loan of 1995 Reserve Fund	Certificates of Indebtedness Series 1995	Totals 1996	Totals 1995
ASSETS													
Cash and cash equivalents	17,123	\$12,489	\$59,572	\$193	\$59,787	\$100,136	\$8,012	\$36,196	\$25,091	\$6,291	\$4,000	\$328,890	\$196,629
Investments				248,000								248,000	249,700
Assessments receivable -													
Current	400											400	3,217
Deferred	8,646	37,877										46,523	8,646
Due from other funds	788		34,738									35,526	35,526
Total assets	\$26,957	\$50,366	\$94,310	\$248,193	\$59,787	\$100,136	\$8,012	\$36,196	\$25,091	\$6,291	\$4,000	\$659,339	\$493,718
LIABILITIES AND FUND EQUITY													
Liabilities													
Due to other funds	\$6,000		\$48,249						\$25,038	\$6,260		\$85,547	\$50,749
Deferred revenue	8,646	37,877										46,523	8,645
Total liabilities	14,646	37,877	48,249						25,038	6,260		132,070	59,394
Fund equity													
Fund balance													
Reserved for debt service	12,311	12,489	46,061	\$248,193	\$41,625	\$90,672	\$8,012	\$36,196	53	31	\$4,000	499,559	408,987
Unreserved-undesignated				18,162	59,787	100,136	8,012	36,196	53	31	4,000	27,710	25,337
Total fund balance	12,311	12,489	46,061	248,193	59,787	100,136	8,012	36,196	53	31	4,000	527,269	434,324
Total liabilities and fund balance	\$26,957	\$50,366	\$94,310	\$248,193	\$59,787	\$100,136	\$8,012	\$36,196	\$25,091	\$6,291	\$4,000	\$659,339	\$493,718

DEBT SERVICE FUNDS (cont'd)

Municipal Facilities Loan (MFL) of 1995 Sinking Fund and MFL of 1995 Reserve Fund - Originally set up to accumulate monies for payment of the 1995 Water and Sewer Revenue Bonds. All transferred funds were returned to Liquid and Solid Waste Fund subsequent to the City's year end.

Certificates of Indebtedness Series 1995 - To account for funds received from special assessments to pay a portion of the cost of the acquisition and construction of sewerage improvements and extensions to the sewerage system to service properties located in Consolidated Sewerage District. Property owners were assessed their proportional share, i.e. estimated cost per linear foot times front footage. The property owners either pay the assessment within thirty days or over a ten year period. Interest is charged on the unpaid assessments at a rate not to exceed 6.375%.

DEBT SERVICE FUNDS

Consolidated Sewerage District No. 1 - 1989 - To account for funds received from special assessments to pay a portion of the acquisition and construction of sewerage improvements and extensions to the sewerage system to serve properties located in certain areas within the City. Partial financing is provided by the sale of special assessment bonds. Cost of the project was estimated and property owners were assessed their proportionate share, i.e., estimated cost per linear foot times front footage. The property owners either pay the assessment within thirty days or over a ten year period. Interest is charged on the unpaid assessments at a rate not to exceed twelve percent. Bond principal and interest are paid with the monies provided by payments on the assessments and related interest.

Consolidated Sewerage District NO. 1 Sinking Fund - To accumulate monies for payment of the 1995 Certificate of Indebtedness Series 1995 in the amount of \$50,124.

Sales Tax Bond Sinking Fund - To accumulate monies for payment of the 1987 \$1,970,000 Public Improvement Sales Tax bonds, which are serial bonds due in annual installments, plus interest, through maturity in 2004. Debt service is financed from proceeds of the City's 3/4% sales and use tax.

Sales Tax Bond Reserve Fund - The Sales Tax Bond Reserve Fund is a reserve required by the \$1,970,000 1987 bond issue indenture.

DEQ Loan Sinking Fund 1989 - To accumulate money for payment of the Municipal Facilities Revolving Loan in the amount of \$750,000 due in annual installments plus interest through maturity in 2005. Debt Service is financed with Liquid and Solid Waste revenues.

DEQ Loan Reserve Fund 1989 - The DEQ Loan Reserve Fund is a reserve required by the \$750,000 due in annual installments plus interest through maturity in 2005. Debt Service is financed with Liquid and Solid Waste revenues.

1995 Water and Sewer Revenue Bond Sinking Fund - To accumulate monies for the payment of the 1995 \$400,000 (Series A) and \$600,000 (Series B) Water and Sewer Revenue bonds, which are serial bonds due in annual installments, plus interest through maturity due in annual installments, plus interest through maturity in 2015. Debt Service is financed with revenues from Utility and Liquid and Solid Waste Funds.

1995 Water and Sewer Revenue Bond Reserve - The 1995 Water and Sewer Revenue bond reserve fund is required by the 1995 \$400,000 (Series A).

CITY OF FRANKLIN
SPECIAL REVENUE FUNDS
LCDBG HOUSING FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL

Year Ended April 30, 1996

With Comparative Totals for the Year Ended April 30, 1995

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)	1995 Actual
Revenues:				
Intergovernmental-				
Federal grant	\$227,484	\$227,002	(\$482)	\$42,516
Miscellaneous	100		(100)	
Total revenues	<u>227,584</u>	<u>227,002</u>	<u>(582)</u>	<u>42,516</u>
Expenditures:				
Urban redevelopment				
Housing rehabilitation	217,584	210,271	7,313	32,064
Other costs	10,350	11,019	(669)	10,712
Total expenditures	<u>227,934</u>	<u>221,290</u>	<u>6,644</u>	<u>42,776</u>
Excess (deficiency) of revenues over expenditures	(350)	5,712	6,062	(260)
Fund balance, beginning	350	85	(265)	345
Fund balance, ending	<u>--</u>	<u>\$5,797</u>	<u>\$5,797</u>	<u>\$85</u>

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

CITY OF FRANKLIN
SPECIAL REVENUE FUNDS
CENTER THEATRE RESTORATION COMMITTEE

STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
Year Ended April 30, 1996
With Comparative Totals for the Year Ended April 30, 1995

	<u>1996</u>	<u>1995</u>
Revenues:		
Donations	\$2,815	\$2,810
Total revenues	2,815	2,810
Expenditures:		
Donations	4,200	
Other	755	2,986
Total expenditures	4,955	2,986
Excess (deficiency) of revenue over expenditures	(2,140)	(176)
Fund balance, beginning of year	2,155	2,331
Fund balance, end of year	\$15	\$2,155

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

CITY OF FRANKLIN
SPECIAL REVENUE FUNDS
SHELL HOUSING FUND

STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Year Ended April 30, 1996

With Comparative Actual Amounts for the Year Ended April 30, 1995

	1996		Variance Favorable (Unfavorable)	1995 Actual
	Budget	Actual		
Revenues:				
Interest on investments	\$3,800	\$6,113	\$2,313	\$1,919
Total revenues	<u>3,800</u>	<u>6,113</u>	<u>2,313</u>	<u>1,919</u>
Expenditures:				
Urban redevelopment				
Contractual				210
Bad debts	2,000	6,441	(4,441)	2,500
Miscellaneous	1,000	2,731	(1,731)	
Processing fees	800		800	
Total expenditures	<u>3,800</u>	<u>9,172</u>	<u>(5,372)</u>	<u>2,710</u>
Excess of revenues over expenditures		(3,059)	(3,059)	(791)
Fund balance, beginning of year	92,500	91,320	(1,180)	92,111
Fund balance, end of year	<u>\$92,500</u>	<u>\$88,261</u>	<u>(\$4,239)</u>	<u>\$91,320</u>

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

CITY OF FRANKLIN
SPECIAL REVENUE FUNDS
PUBLIC SAFETY FUND

STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Year Ended April 30, 1996
With Comparative Actual Amounts for Year Ended April 30, 1995

	1996		Variance - Favorable (Unfavorable)	1995 Actual
	<u>Budget</u>	<u>Actual</u>		
Revenues:				
Sales taxes	\$172,500	\$180,828	\$8,328	\$164,507
Total revenues	<u>172,500</u>	<u>180,828</u>	<u>8,328</u>	<u>164,507</u>
Expenditures				
Excess of revenues over expenditures	<u>172,500</u>	<u>180,828</u>	<u>8,328</u>	<u>164,507</u>
Other financing (uses) :				
Operating transfers out General fund	(172,500)	(171,967)	533	(167,060)
Total other (uses)	<u>(172,500)</u>	<u>(171,967)</u>	<u>533</u>	<u>(167,060)</u>
Excess of revenues over expenditures and other financing (uses)		8,861	8,861	(1,565)
Fund balance, beginning of year		<u>14,188</u>	<u>14,188</u>	<u>15,753</u>
Fund balance, end of year	<u>--</u>	<u>\$23,049</u>	<u>\$23,049</u>	<u>\$14,188</u>

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

CITY OF FRANKLIN
SPECIAL REVENUE FUNDS
SUMMER FEEDING PROGRAM

STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Year Ended April 30, 1996
With Comparative Actual Amounts for Year Ended April 30, 1995

	1996		Variance - Favorable (Unfavorable)	1995 Actual
	Budget	Actual		
Revenues:				
Federal grant	\$79,497	\$79,497		\$73,308
Total revenues	<u>79,497</u>	<u>79,497</u>	--	<u>73,308</u>
Expenditures:				
Health and welfare				
Food purchases	49,211	49,199	\$12	43,022
Salaries	25,163	25,163		25,883
Other		33	(32)	24
Total expenditures	<u>74,374</u>	<u>74,395</u>	<u>(20)</u>	<u>68,929</u>
Excess (deficiency) of revenue over expenditures	<u>5,123</u>	<u>5,102</u>	<u>(20)</u>	<u>4,379</u>
Other financing sources (uses):				
Operating transfers out General Fund	(9,000)	(9,000)		
Total other financing sources (uses)	<u>(9,000)</u>	<u>(9,000)</u>	--	--
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	(3,877)	(3,898)	(21)	4,379
Fund balance, beginning of year	<u>3,877</u>	<u>4,402</u>	<u>525</u>	<u>23</u>
Fund balance, end of year	<u>--</u>	<u>\$504</u>	<u>\$504</u>	<u>\$4,402</u>

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

CITY OF FRANKLIN
SPECIAL REVENUE FUNDS
LIQUID AND SOLID WASTE FUND

STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Year Ended April 30, 1996
With Comparative Actual Amounts for the year Ended April 30, 1995

	1996		Variance - Favorable (Unfavorable)	1995 Actual
	Budget	Actual		
Revenues:				
Taxes				
Sales	\$625,000	\$673,276	\$48,276	\$600,993
Ad valorem	70,000	62,754	(7,246)	58,488
Sewer user fees	345,500	338,747	(6,753)	385,586
Garbage and other	389,960	372,262	(17,698)	374,003
Other		665	665	1,061
Miscellaneous revenues - interest on investments	1,500	1,608	108	3,583
Total revenues	<u>1,431,960</u>	<u>1,449,312</u>	<u>17,352</u>	<u>1,423,714</u>
Expenditures:				
Sanitation				
General and Administrative	157,500	174,392	(16,892)	177,516
Solid Waste Department	345,000	373,789	(28,789)	366,257
Sewer collection	121,000	161,445	(40,445)	143,071
Sewer plant	326,464	333,882	(7,418)	363,961
Tax collector	17,500	17,639	(139)	18,006
Purchasing	17,000	18,637	(1,637)	17,797
Total expenditures	<u>984,464</u>	<u>1,079,784</u>	<u>(95,320)</u>	<u>1,086,608</u>
Excess (deficiency) of revenues over expenditures	<u>447,496</u>	<u>369,528</u>	<u>(77,968)</u>	<u>337,106</u>
Other financing sources (uses):				
Operating transfers in -				
Sales Tax Sinking Fund	12,000		(12,000)	
Sales Tax Bond Reserve	18,000		(18,000)	21,600
Willow Street Drainage Project				51,042
Operating transfers out -				
Sales Tax Bond Sinking Fund	(248,000)	(233,269)	14,731	(248,484)
Capital Project				(500)
1989 Sales Tax Bond Sinking Fund	(99,600)	(99,600)		(99,600)
1989 Sales Tax Bond Reserve Fund	(67,600)	(67,600)		
Consolidated Sewerage District No. 1				(1,000)
General fund	(28,000)	(28,000)		(260,000)
Sales Tax Bond Reserve	(30,300)	(5,194)	25,106	(2,400)
Willow Street Reconstruction	(23,317)		23,317	(50)
LCDBG Sewer Rehabilitation		(2,273)	(2,273)	(727)
Northwest Blvd.	(6,424)	(1,189)	5,235	(1,000)
Utility Fund	(25,000)	(25,000)		
'95 Water & Sewer Sinking Fund	(47,562)	(47,563)	(1)	
Municipal Facilities Loan 1995 Sinking Fund	(19,474)		19,474	
Total other financing sources (uses)	<u>(565,277)</u>	<u>(509,688)</u>	<u>55,589</u>	<u>(541,119)</u>
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	<u>(117,781)</u>	<u>(140,160)</u>	<u>(22,379)</u>	<u>(204,013)</u>
Fund balance, beginning of year	398,540	398,540		458,161
Residual equity transfer in				144,392
Fund balance, end of year	<u>\$280,759</u>	<u>\$258,380</u>	<u>(\$22,379)</u>	<u>\$398,540</u>

The accompanying notes are an integral part of these financial statements

CITY OF FRANKLIN
SPECIAL REVENUE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

For the Year Ended April 30, 1996
With Comparative Totals for the Year Ended April 30, 1995

	Liquid and Solid Waste Fund	Summer Feeding Program	Public Safety Fund	Revolving Loan Fund	Shell Housing Fund	Center		Narcotic Aid Fund	Total
						Theatre Restoration Committee	LCDBG Housing Fund		
Revenues:									
Taxes - sales	\$673,276		\$180,828					\$854,104	\$766,488
Taxes - ad valorem	62,754							62,754	58,488
Charges for service	711,009							711,009	759,589
Federal grant		\$79,497				\$227,002		311,719	407,290
Donations						\$2,815		2,815	2,810
Miscellaneous	665			\$150				2,146	1,061
Interest on investments	1,608			14,720	\$6,113			22,441	8,157
Total revenues	1,449,312	79,497	180,828	14,870	6,113	2,815	6,551	1,966,988	2,003,883
Expenditures:									
Sanitation	1,079,784						54	1,079,838	1,086,608
Bad debts									28,100
Health and Welfare		74,395		12,020	9,172	306		74,395	68,929
Urban redevelopment						4,649		231,769	307,394
Other								19,390	
Total expenditures	1,079,784	74,395	--	12,020	9,172	4,955	3,776	1,405,392	1,491,031
Excess (deficiency) of revenues over expenditures	369,528	5,102	180,828	2,850	(3,059)	(2,140)	2,775	561,596	512,852
Other financing sources (uses)									
Operating transfers in	(509,688)	(9,000)	(171,967)					(690,655)	72,642
Operating transfers out									(780,821)
Total other financing sources (uses)	(509,688)	(9,000)	(171,967)				--	(690,655)	(708,179)
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	(140,160)	(3,898)	8,861	2,850	(3,059)	(2,140)	2,775	(129,059)	(195,327)
Fund balances, beginning of year	398,540	4,402	14,188	100,361	91,320	2,155		611,051	661,986
Residual equity transfer in									144,392
Fund balances, end of year	\$258,380	\$504	\$23,049	\$103,211	\$88,261	\$15	\$2,775	\$481,992	\$611,051

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

CITY OF FRANKLIN
SPECIAL REVENUE FUNDS

COMBINING BALANCE SHEET

April 30, 1996
With Comparative Totals for April 30, 1995

		Liquid and Solid Waste Fund	Summer Feeding Program	Public Safety Fund	Revolving Loan Fund	Shell Housing Fund	Center Theatre Restoration Committee	LCDBG Housing Fund	Narcotic Aid Fund	Totals
										1996 1995
Cash and cash equivalents			\$482		\$49,139	\$11,441	\$15	\$1,609	\$2,775	\$89,784
Investments										30,300
Loans receivable		\$68,261			54,572	76,820			131,392	123,935
Taxes receivable		4,316		\$23,049					91,310	68,318
Prepaid expense									4,316	
Due from other governmental units		37,018						4,288	41,306	28,006
Due from other funds		287,760	22						287,782	391,928
Total assets		<u>\$397,355</u>	<u>\$504</u>	<u>\$23,049</u>	<u>\$103,711</u>	<u>\$88,261</u>	<u>\$15</u>	<u>\$5,897</u>	<u>\$2,775</u>	<u>\$732,271</u>

ASSETS

LIABILITIES AND FUND BALANCES

Liabilities:										
Checks issued in excess bank balance		\$8,999							\$8,999	
Accounts payable and accrued expenses		129,903			\$500				129,903	\$103,251
Due to other funds		73						\$100	673	17,969
Total liabilities		<u>138,975</u>	<u>--</u>	<u>--</u>	<u>500</u>	<u>--</u>	<u>--</u>	<u>100</u>	<u>139,575</u>	<u>121,220</u>
Fund Balances										
Unreserved - undesignated		258,380	\$504	\$23,049	103,211	\$88,261	\$15	5,797	\$2,775	611,051
Total fund balances		<u>258,380</u>	<u>504</u>	<u>23,049</u>	<u>103,211</u>	<u>88,261</u>	<u>15</u>	<u>5,797</u>	<u>481,992</u>	<u>611,051</u>
Total liabilities and fund balances		<u>\$397,355</u>	<u>\$504</u>	<u>\$23,049</u>	<u>\$103,711</u>	<u>\$88,261</u>	<u>\$15</u>	<u>\$5,897</u>	<u>\$621,567</u>	<u>\$732,271</u>

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

SPECIAL REVENUE FUNDS

- Liquid and Solid Waste Fund - To account for the receipt and use of proceeds of the City's share of the three-fourths of one percent sales and use tax. These taxes are dedicated for the construction, acquisition, extension, improvements, operation and maintenance of solid waste collection and disposal sewers and sewerage disposal works, and other facilities for pollution control and abatement and to pay debt service requirements on bonds issued for such purposes.
- Summer Feeding Program - To account for the receipt and use of funds reimbursed under the National School Lunch Act.
- Public Safety Fund - To account for the receipt and use of proceeds of the City's share of three-tenths of one percent (3/10%) sales and use tax. These taxes are dedicated for the purpose of operating and maintaining the municipal police department, the municipal fire department and the volunteer fire department, and for the purpose of purchasing, constructing, acquiring, improving and maintaining any public works or capital improvements utilized or operated by said departments.
- Revolving Loan Fund - To account for a revolving loan fund set up to loan funds to area small businesses or prospective small businesses. The fund was initially financed through a federal grant. Funds received from loan repayments are used for additional loans.
- Shell Housing Fund - To account for the receipt and disbursement of a private grant from Shell Oil Company for the purpose of rehabilitating homes in the City of Franklin.
- Center Theatre Restoration Committee - To account for the receipt and expenditure of funds for the purpose of restoring the Center Theatre.
- LCDBG Housing Fund - To account for the receipt and disbursement of federal grants to homeowner's for the purpose of rehabilitating their homes. The money is given to homeowners in the form of a grant rather than a loan.
- Narcotic Aid - To account for the receipt and disbursement of funds from the District Attorney's office for drug enforcement.

NOTE 3 - EXPENDITURES - EXCESS OF ACTUAL OVER BUDGETED (cont'd)

<u>Fund</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Special Revenue Funds:			
Liquid & Solid Waste	984,464	1,079,784	(95,320)
Shell Housing Fund	3,800	9,172	(5,372)
Debt Service Fund:			
Sales Tax Bond Sinking Fund 1987	247,780	260,092	(12,312)
Capital Projects Fund:			
Jail Construction	37,000	41,288	(4,288)

NOTE 4 - AD VALOREM TAXES

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied by the City 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 City bills and collects its own property taxes using the assessed values determined by the tax assessor of St. Mary Parish.

For the year ended April 30, 1996, taxes of 19.36 mills were levied on property with assessed valuations totaling approximately \$19,000,000 and were dedicated as follows:

General corporate purposes	16.13 mills
Sewerage system maintenance	3.23 mills

NOTE 5 - CASH AND CASH EQUIVALENTS

The City may deposit funds with a fiscal agent bank and certain other financial institutions. The City may also invest in time deposits or certificates of deposit.

Under state law, these deposits must be secured by federal deposit insurance or the pledge of securities owned by the bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the bank. These pledged securities are held in the name of the pledging bank in a custodial bank that is mutually acceptable to the parties involved.

NOTE 15 - PENSION PLAN AND OTHER RETIREMENT BENEFITS (cont'd)

	<u>Annual Contribution Required</u>	<u>Actual Contributions For The Year Ended June 30, 1995</u>	<u>City's Per- cent of Actual Contributions</u>
Municipal Employees' Retirement System of Louisiana	\$ 8.8 million	\$15.3 million	.39%
Municipal Police Employees Retirement System	21.7 million	17.0 million	.08%
Firefighters' Retirement System	11.8 million	10.1 million	.01%

The "pension benefit obligation" is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases and step-rate benefits, estimated to be payable in the future as a result of employee service to date. The measure, which is the actuarial present value of credited projected benefits, is intended to help users assess the System's funding status on a going-concern basis, assess progress made in accumulating sufficient assets to pay benefits when due, and make comparisons among public employee retirement systems and employers. These systems do not make separate measurements of assets and pension benefit obligation for individual employers.

The pension benefit obligation at June 30, 1995, the latest available evaluation for each system as a whole, determined through an actuarial valuation performed as of that date, along with each systems' net assets available for benefits and unfunded pension benefit obligations are as follows:

	<u>Pension Benefit Obligation</u>	<u>Net Assets Available for Benefits</u>	<u>Unfunded Pension Benefit Obligation</u>
Municipal Employees' Retirement System of Louisiana	\$321.9 million	\$276.4 million	\$45.5 million
Municipal Police Employees Retirement System	\$772.9 million	\$766.3 million	\$ 6.6 million
Firefighters' Retirement System	\$392.6 million	\$352.3 million	\$40.3 million

Historical trend information showing the System's progress in accumulating sufficient assets to pay benefits when due is presented in the System's June 30, 1995, comprehensive annual financial report. The City does not guarantee the benefits granted by the Systems.

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CITY OF FRANKLIN, LOUISIANA
ANNUAL FINANCIAL STATEMENTS WITH INDEPENDENT AUDITORS' REPORT
and
INDEPENDENT AUDITORS' REPORTS ON FEDERAL FINANCIAL
ASSISTANCE, INTERNAL ACCOUNTING CONTROL,
AND COMPLIANCE
FOR THE YEAR ENDED APRIL 30, 1996

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

Release Date FEB 5 1997

NOTE 9 - FIXED ASSETS (cont'd)

Depreciation and amortization expense for 1996 is approximately \$64,000.

Discretely Presented Component Units

A summary of changes in general fixed assets for the year ended June 30, 1996 follows:

	<u>Balance July 1, 1994</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 1995</u>
Equipment	\$ <u>20,124</u>	\$ <u>4,388</u>		\$ <u>24,512</u>

NOTE 10 - EXTRAORDINARY ITEM

The City entered into an "operating agreement" with Central Louisiana Electric Company (CLECO) on October 2, 1980, which granted CLECO the sole and exclusive right to operate and maintain the electrical distribution system for the City and its electrical customers. In this agreement, the City transferred the right and/or option to operate the electrical power generating facility previously operated by the City to CLECO. In return CLECO was to pay to the City amounts sufficient to retire indebtedness of the City's related electrical system. The agreement also calls for the payment of a contingent fee to the City based upon the amount of electrical utility sales to residents of the City.

The City classified this "operating agreement" as a sales-type lease. The City recorded the minimum lease payments plus the unguaranteed residual value accruing to the benefit of the City as the gross investment in the lease.

On August 1, 1995, the City paid outstanding indebtedness related to the utility system (1971 and 1976 Waterworks & Electric Utility Revenue Bonds). Funding was provided by the Utility Fund Sinking account and the Construction Trust account. Certain conditions of the lease/purchase agreement between CLECO and the City were terminated and the title to the Utility plant transferred to CLECO after the bonds were paid.

The payoff of the bonds and the termination of the lease resulted in a gain in the amount of \$251,202. For financial reporting purposes, this retirement of revenue bonds is an early extinguishment of debt and is recorded as an extraordinary item in the current year.

Under the terms of the agreement still in effect, CLECO will continue to pay the City a fee based upon electrical utility sales to residents of the City. Prior to termination of the agreement, this franchise fee was recorded as revenue in the Utility Fund; subsequent to the termination of the agreement, the franchise fee is recorded in the General Fund.

NOTE 12 - LONG-TERM DEBT (cont'd)

\$1,970,000 of Public Improvement Sales Tax Refunding Bonds Series 1987 dated September 22, 1987, due in annual installments of \$120,000 to \$130,000 through December 1, 1997, interest at 6 1/2%, secured by a pledge of the City's portion of the three-fourths of one percent (3/4%) parish wide sales and use tax, payable from the Sales Tax Bond Sinking Fund 250,000

Municipal Facilities Revolving Loan (MFRL) for a loan amount of \$750,000. A subsequent series of \$100,000 was issued in 1994. The amount funded as of April 30, 1996, is \$785,295; due in annual installments of \$53,000 to \$85,000 through December 2005; interest at 5.5% payable from Liquid & Solid Waste Fund. 680,310

Revenue Bonds:

1995 Water and Sewer Revenue Bonds, series A, dated June 23, 1995; due in annual installments of \$16,000 to \$27,000 through March 1, 2015, interest at 2.950%; secured by a pledge of Utility and Liquid and Solid Waste revenues after reasonable and necessary operating expenses 400,000

Special Assessment:

\$50,124 Sewerage Certificates, Series 1995, dated July 1, 1995; due in annual installments of \$5,012 through July 1, 2005; interest at 6.375% payable from Consolidated Sewerage Project 1993 Fund 50,124

\$40,000 Certificates of Indebtedness, Series 1995, dated September 1, 1995; due in annual installments of \$3,000 to \$5,000 through September 1, 2005; interest at 6% payable from a pledge and dedication of the excess of annual revenues of the issuer above statutory, necessary and usual charges in each of the fiscal years during which the Certificates are outstanding 40,000

Other: \$30,000 of estimated claims payable (See Note 18) 30,000

Total General Long-term Debt 2,875,434

Utility Revenue Bonds:

1995 Water and Sewer Revenue Bonds, series B, dated August 1, 1995; due in annual installments of \$10,000 to \$55,000 through March 1, 2015, interest at 4.65% to 6.7%; secured by a pledge of Utility and Liquid and Solid Waste revenues after reasonable and necessary operating expenses \$ 590,000

Total Utility Bonds \$ 590,000

NOTE 12 - LONG-TERM DEBT (cont'd)

The City is subject to certain affirmative and negative covenants pursuant to its bond and debt agreements. These covenants include but are not limited to:

1. Establishment and funding of certain debt service funds
2. Preparation and adoption of budgets
3. Preparation and independent audit of financial statements
4. Restriction as to additional debt issuance
5. Restriction as to types of investments
6. Establishment and adherence to certain operational and collection practices in the operation of the City's utility and sewer systems.

The following is a schedule of future debt requirements including interest of approximately \$767,000 on General Obligations debt and \$464,000 on Utility Revenue Bonds for debt outstanding at April 30, 1996:

<u>Year</u>	<u>General Obligation Debt/Special Assessments</u>	<u>Utility Revenue Bonds</u>	<u>Total</u>
1997	\$ 279,000	\$ 53,000	\$ 332,000
1998	362,000	52,000	414,000
1999	360,000	56,000	416,000
2000	363,000	55,000	418,000
2001-2015	<u>2,247,000</u>	<u>839,000</u>	<u>3,086,000</u>
Total	<u>\$3,611,000</u>	<u>\$1,055,000</u>	<u>\$4,666,000</u>

The above schedule reflects repayments related to the MFRL Note based upon borrowings through April 30, 1996. The outstanding principal amount of the notes is expected to total approximately \$850,000 at completion of the project. The above schedule does not include an estimated claim payable amount of \$30,000 included in the general long-term debt account group.

At April 30, 1996, a total of \$1,895,000 of outstanding general obligation bonds are considered defeased.

On April 11, 1996, the City issued \$1,425,000 of Public Improvement Sales Tax Refunding Bonds with an average interest rate of 4.2 percent to advance refund \$1,255,000 of outstanding Public Improvement Sales Tax Refunding Bonds, series 1987, with an average annual interest rate of 8.2 percent. The net proceeds of \$1,359,748 (after payment of \$66,966 underwriters fees and other issuance costs) plus an additional \$34,592 of Sales Tax Bond Sinking Fund monies were used to purchase U.S. Government Securities. These securities were deposited in an irrevocable trust with an escrow agent to provide for future debt service payments on the 1987 Series Bond maturing in the fiscal years 1999 and later. As a result, the 1987 Series bonds that are due in fiscal year 1999 and later, are considered to be defeased and liability for that portion of these bonds has been removed from the general long-term debt account group.

NOTE 12 - LONG-TERM DEBT (cont'd)

The City advance refunded the 1987 Series Bonds in order to obtain a lower interest rate. The advance refunding decreased total debt service payments by approximately \$130,000 over the life of the obligations and created an economic gain (difference between the present values of the debt services on the old and new debt) of approximately \$117,000.

See Note 9 for further information regarding the early extinguishment of certain Utility Revenue Bonds.

NOTE 13- FLOW OF FUNDS; RESTRICTIONS ON USE - UTILITIES REVENUES AND LIQUID AND SOLID WASTE REVENUES

Under the terms of the bond indentures on outstanding 1995 Water and Sewer Revenue Bonds series A and B all income and revenues (hereinafter referred to as revenues) of every nature, earned or derived from the operation of the Utility System (Proprietary) and Sewer System (Governmental - Liquid and Solid Waste) after reasonable and necessary operating expenses are pledged and dedicated to the retirement of said bonds, and are to be set aside into the following special funds:

Revenues earned from the operation of the Utility System and the Sewer System shall be deposited daily into a Utility Fund and Liquid and Solid Waste Fund, respectively. This fund will pay all reasonable and necessary expenses of administering, operating and maintaining the Utilities Systems.

Each month, there will be set aside into a fund called the "1995 Water and Sewer Revenue Bond Sinking Fund" an amount ranging from \$1,016 to \$7,207 per month on or before the 20th of each month in the Utility and Liquid and Solid Waste Funds in proportion to their respective interest and principal payments. Such transfers shall be made by the 20th of each month and shall be fully sufficient to assure the prompt payment of principal and interest installments as they become due, and may be used only for such payments.

There shall also be set aside into a "Revenue Bond Reserve Fund" \$58,685 of the Series B Bonds (Utility Fund) and an amount equal to 25% of the sinking fund payment for the 1995 A Bonds (Liquid and Solid Waste Fund) until the Reserve Fund equals \$86,482. Such amounts may be used only for the payment of maturing bonds and interest coupons for which sufficient funds are not on deposit in the Revenue Bond Sinking Fund and as to which there would otherwise be default.

Funds in an amount equivalent to five percent (5%) of the gross revenue of the System of the preceding month will also be set aside into a "Capital Additions and Contingencies Fund" on the Utility Fund. Money in this fund may be used to pay the principal of and interest on the bonds falling due at any time there is not sufficient money for payment in the other bond funds. If the balance in this fund should ever be reduced below \$60,000, payments shall resume until \$60,000 is on deposit.

	1996		Variance Favorable (Unfavorable)	1995 Actual
	Budget	Actual		
Excess (deficiency) of revenues over expenditures	<u>237,748</u>	<u>301,739</u>	<u>63,991</u>	<u>(340,288)</u>
Other financing sources (uses):				
Certificate of Indebtedness proceeds		40,040	40,040	
Operating transfers in				
Utility				145,000
Public safety	172,500	171,967	(533)	167,059
Summer feeding	9,000	9,000		
Liquid and Solid Waste	28,000	28,000		260,000
Operating transfers out				
Willow Street drainage project		(354,260)	(354,260)	(156,229)
LCDBG Willow street reconstruction	(354,000)		354,000	(43,000)
Capital projects	(40,040)	(40,040)		(8,000)
Yokely project	(20,280)	(20,392)	(112)	(6,760)
Certificate of Indebtedness sinking fund		(4,050)	(4,050)	
Total other financing sources (uses)	<u>(204,820)</u>	<u>(169,735)</u>	<u>35,085</u>	<u>358,070</u>
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	32,928	132,004	99,076	17,782
Fund balance, beginning	19,532	19,532		1,750
Fund balance, ending	<u>\$52,460</u>	<u>\$151,536</u>	<u>\$99,076</u>	<u>\$19,532</u>

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

NOTE 15 - PENSION PLAN AND OTHER RETIREMENT BENEFITS (cont'd)

The total payroll for the City for the year ended April 30, 1996, is approximately \$1,600,000. The payroll for City employees covered by the retirement systems are approximately as follows:

Municipal Employees' Retirement System of Louisiana	\$ 925,000
Municipal Police Employees Retirement System	89,000
Firefighters' Retirement System	<u>24,000</u>
	<u>\$1,038,000</u>

Employees are entitled to retirement benefits when the combination of attained age and years of service meet certain specified requirements. The minimum years of service for receiving retirement benefits ranges from ten to twelve years. Benefits vest based on a similar method of combination of minimum years of service and attained age. Each system also provides death and disability benefits. The Louisiana State Legislature established the plans and has determined the benefits and required contributions. As long as the City makes the required contributions it is not responsible for adequacy of the fund to provide the payment for employee benefits.

The City's and employees' required contribution rates and approximate contribution under each system are as follows for the year ended April 30, 1996:

<u>Retirement System</u>	<u>Contribution for 1996</u>		<u>Required Contribution Rate</u>	
	<u>City</u>	<u>Employee</u>	<u>City</u>	<u>Employee</u>
Municipal Employees' Retirement System of Louisiana	\$60,000	\$86,000	6.00%	9.25%
Municipal Police Employees Retirement System	8,300	6,700	9%	7.50%
Firefighters' Retirement System	3,600	1,900	9%	8%

The City's actuarially determined contribution requirement has not been individually calculated. However, the annual contribution rate for each plan as a whole has been determined to be approximately as follows:

CITY OF FRANKLIN
GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

Year Ended April 30, 1996

With comparative Actual Amounts for Year Ended April 30, 1995

	1996		Variance Favorable (Unfavorable)	1995 Actual
	<u>Budget</u>	<u>Actual</u>		
Revenues:				
Taxes				
Sales	\$725,000	\$766,150	\$41,150	\$675,348
Ad valorem	306,000	313,496	7,496	305,048
Licenses and permits				
Occupational licenses	225,000	253,856	28,856	239,571
Chain store licenses	4,000	2,995	(1,005)	3,582
Liquor licenses	6,660	7,795	1,135	12,258
Franchise	290,000	287,663	(2,337)	107,050
Games of chance license	150	350	200	400
Building and electrical permits	10,000	15,327	5,327	12,296
Intergovernmental -				
Interest on delinquent tax	500	3,095	2,595	1,115
Tobacco tax	45,736	45,745	9	45,808
Beer tax	14,500	14,618	118	11,754
Video poker	145,000	151,971	6,971	44,503
Gaming revenue taxes	172,000	195,653	23,653	0
State revenue sharing	341	342	1	1,556
Parish council	429,884	433,751	3,867	313,152
State grant	32,000	28,656	(3,344)	8,333
Federal grant	15,266	8,365	(6,901)	28,328
Other grant	31,167	36,055	4,888	0
Fines	50,285	48,560	(1,725)	33,873
Mineral royalties	20,000	22,465	2,465	27,058
Miscellaneous	86,939	98,719	11,780	99,307
Donations	12,000	12,000		440
Total revenues	<u>2,622,428</u>	<u>2,747,627</u>	<u>125,199</u>	<u>1,970,780</u>
Expenditures:				
Current				
General government				
Finance and administrative	173,000	209,552	(36,552)	170,979
Judicial	88,000	87,730	270	62,026
Public safety -				
Police and fire department	1,063,000	1,101,797	(38,797)	1,082,541
Inspection	40,000	39,850	150	42,909
Tax collector	18,000	17,942	58	17,957
Public works	550,000	541,967	8,033	489,824
Recreation	270,000	274,993	(4,993)	246,988
Small animal warden	18,000	16,759	1,241	16,642
Economic development	33,000	18,886	14,114	80,732
Purchasing	20,000	20,043	(43)	18,312
Other	108,530	116,369	(7,839)	73,602
Debt service	3,150		3,150	8,556
Total expenditures	<u>\$2,384,680</u>	<u>\$2,445,888</u>	<u>(\$61,208)</u>	<u>\$2,311,068</u>

NOTE 15 - PENSION PLAN AND OTHER RETIREMENT BENEFITS (cont'd)

Employees of the City are also covered under the Federal Insurance Contributions Act (Social Security). The City makes the required contributions to the fund and is not responsible for the benefits.

In 1976 the Franklin policemen joined the Municipal Police Employees' Retirement System. The City is still responsible for paying retirement benefits from City funds to eligible retired members, in accordance with the policies, terms, and rates of the Franklin police retirement system which was in effect prior to joining the state system. The City is funding the pension costs when benefits are paid to retired employees. An actuarial study has not been performed to determine the City's liability for vested benefits and past service costs. Generally accepted accounting principles required that the provision for pension expense include a provision for amortization of past service costs. Expenditures by the City to fund the costs related to this prior retirement plan for year ended April 30, 1996 totaled approximately \$34,000.

The City funds no other material post retirement benefits for its former employees.

NOTE 16 - COMMITMENTS

The City has entered into three agreements with the St. Mary Parish Council as follows:

Under one agreement, the City has agreed to provide fire protection to areas outside of the city limits. The City receives a monthly fee for this service of approximately \$2,700.

Under a second agreement, the City has agreed to provide maintenance on the St. Joseph-Gumpoint, Chattsworth sewerage collection system. The City receives a monthly fee for this service of approximately \$2,400.

The third agreement states that the City will operate and maintain the newly constructed sewerage facility. Under this agreement, the Council reimburses the City for 30% of these costs on a monthly basis.

The City has also entered into an agreement with the Louisiana Department of Transportation and Development for a flood control improvement project at the Bayou Yokely Pump Station. The total estimated cost of this project is approximately \$5,550,000. The project is to be funded 70% by the Department of Transportation and Development and 30% by the City. The City also entered into an intergovernmental agreement with the parish of St. Mary and Consolidated Gravity Drainage District

NOTE 16 - COMMITMENTS (cont'd)

No. 1 stating that each entity will jointly provide the 30% of funds required to accomplish the project in accordance with the Department of Transportation and Development as well as to provide jointly any funds required to complete the project which are not covered by the Department of Transportation and Development. Approximately \$61,000 in engineering costs were incurred for this project as of April 30, 1996.

NOTE 17 - SUBSEQUENT EVENT

Subsequent to year end, the City issued \$1,675,000 of Sales Tax Bonds, Series ST-1996 for the purpose of constructing and improving public streets, drainage facilities, public parks, recreational facilities and paving public parking.

NOTE 18 - RISK MANAGEMENT AND CONTINGENCIES

The City is exposed to various risks of loss related to torts, theft or damage to assets, errors and omissions, injuries to employees and natural disasters. In addition, the City provides certain medical and health insurance benefits to its employees and their dependents.

The City has purchased commercial insurance to protect against loss from most of these perils. However, it is the policy of the City to retain the risk of losses related to: action of its police officers, general public liability (excluding vehicles and buildings), and a portion of employee medical and health benefits.

During the year ended April 30, 1996, the City adopted the provisions of GASB Statement No. 10, which establishes accounting and reporting standards for risk and insurance related activities of governmental entities. In accordance with the provisions of this statement, the City is reporting its risk retention activities in its General Fund, except for claims to be paid with the future revenues, which are reported within the General Long-term Debt Account Group.

In prior years the medical and health plan activities were accounted for as an agency fund. This change in accounting for risk retention has no significant effect on these financial statements.

The only significant reduction in insurance coverage from prior years is the City's policy to retain the risk related to the action of police officers.

NOTE 18 - RISK MANAGEMENT AND CONTINGENCIES (cont'd)

Settlements in the prior three years have not exceeded insurance coverages.

The City uses a combination of past history and specific claim analysis to estimate its liability for unpaid claims. The City does not discount the amount of claims to present value, nor has the City purchased any annuity contracts to settle estimated liabilities.

Changes in the City's estimated claims liabilities for the years ended April 30, 1995 and 1996 were:

Liability balance, May 1, 1994	\$ 14,000
Claims and changes in estimate	256,000
Claims paid	<u>(262,000)</u>
Liability balance, April 30, 1995	8,000
Claims and changes in estimate	231,000
Claims paid	<u>(169,000)</u>
Liability balance, April 30, 1996	<u>\$ 70,000</u>

Estimated claims liability at April 30, 1996 includes \$40,000 related to the medical and health plan for which \$40,000 in cash is available to pay claims, which is reported in the General Fund. The remaining \$30,000 in estimated liability is to be paid with future revenues and is reported in the General Long-term Debt Account Group.

The total expenditures reported by the City for claims related to retained risk for the year ended April 30, 1996 is \$201,000 (plus \$30,000 increase in the General Long-term Debt Account Group).

In addition there is a claim against the City which management and their legal counsel believe will result in probable liability to the City. The ultimate amount of this liability cannot presently be determined. It is estimated that the minimum amount of this liability will be \$25,000 and accordingly a provision for this amount is included in these financial statements. It is possible that up to an additional \$35,000 in liability could be incurred, however, no provision for this possible additional liability is made in these financial statements.

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

FINANCIAL STATEMENTS
OF INDIVIDUAL FUNDS
AND ACCOUNT GROUPS

GENERAL FUND

To account for resources traditionally associated with governments which are not required to be accounted for in another fund.

NOTE 5 - CASH AND CASH EQUIVALENTS (cont'd)

Under the provision of the Governmental Accounting Standards Board (GASB) codification, accounts secured by pledged securities which are not in the name of the governmental unit are considered uncollateralized.

The following is summary of the cash and cash equivalents and the related federal deposit insurance and pledged securities at year end:

	<u>Primary Government</u>	<u>Discretely Presented Component Units</u>
Cash and cash equivalents - stated value	\$ <u>1,248,772</u>	\$ <u>48,453</u>
Cash and cash equivalents - bank balance	\$1,640,732	80,700
Portion insured by federal deposit insurance	495,453	80,700
Balance uninsured and uncollateralized under GASB codification	1,640,732	NONE
Remaining portion of deposits secured under Louisiana law	<u>1,640,732</u>	<u> </u>
Amount unsecured under Louisiana law	<u>NONE</u>	<u>NONE</u>

NOTE 6 - INVESTMENTS

Under state law, the City may invest in certain federally guaranteed securities. The City has investments in Federal Home Loan Bank Mortgage Certificates and certificates of deposit with original maturities of greater than three months.

The City's investments are categorized as either 1) insured or registered or for which the securities are held by the City or its agent in the City's name, 2) uninsured and unregistered for which the securities are held by the broker's or dealer's trust department or agent in the City's name or 3) uninsured and unregistered for which the securities are held by the broker or dealer, or by its trust department or agent but not in the City's name.

	<u>Categories</u>			<u>Carrying Amount</u>	<u>Market Value</u>
	<u>1</u>	<u>2</u>	<u>3</u>		
Federal Home Loan Bank Mortgage Certificate			\$ 100,000	\$ 100,000	\$ 105,310
Certificates of deposit	\$ <u>564,950</u>	<u> </u>	<u> </u>	<u>564,950</u>	<u>569,594</u>
Total investments	\$ <u>594,950</u>	<u> -- </u>	\$ <u>100,000</u>	\$ <u>664,950</u>	\$ <u>674,904</u>

NOTE 14 - DEDICATION OF PROCEEDS AND FLOW OF FUNDS -
SALES AND USE TAXES

The City of Franklin collects sales taxes under three sales tax levies as follows:

1. Proceeds of a 1% sales and use tax levied by the City in 1966 (1996 collections are \$766,150) are accounted for in the General Fund and are dedicated to the following purposes:

Construction, acquisition, maintenance, and repair of streets; capital improvements; public works and buildings including fixtures and equipment; payment of all obligations which have been or may be issued; paying or supplementing salaries of all municipal employees; operation of recreational facilities; and acquisition, maintenance and operating expenses of equipment.

2. Proceeds of a 3/4% sales and use tax levied by the City in 1973 (1996 collections are \$673,276) are accounted for in the Liquid and Solid Waste Fund - a special revenue fund - and are authorized for the following usage:

Construction, acquisition, extension, improvement, operation and maintenance of solid waste collection and disposal facilities, sewers and sewerage disposal works and other facilities for pollution control and abatement; and to pay debt service requirements on bonds issued for sewerage or solid waste collection purposes.

3. Proceeds of a 3/10% sales and use tax levied by the City in 1983 (1996 collections are \$180,827) are accounted for in the Public Safety Fund - a special revenue fund - and are authorized for the following usage:

Operating and maintaining the municipal police department, the municipal fire department and the volunteer fire department, including paying or supplementing the salaries of municipal employees and personnel of those respective departments; and for the purpose of purchasing, constructing, acquiring, improving and maintaining any public works or capital improvements, utilized or occupied by said departments.

NOTE 15 - PENSION PLAN AND OTHER RETIREMENT BENEFITS

Substantially all of the City's full-time employees except for police and firefighters participate in the Municipal Employees' Retirement System of Louisiana (Plan A), a multiple employer cost sharing public employee retirement system. The City's police officers and firefighters are eligible to participate in two other multiple employer cost sharing public employee retirement systems. The retirement system for police officers is the Municipal Police Employees Retirement System and the system for firefighters is the Firefighters' Retirement System. Approximately 45% of police officers and 20% of firefighters have elected to participate in these plans.