

Town of Franklinton

Schedule 4

Schedule of Expenditures Compared to Budget (GAAP Basis) and Actual  
General Fund

For the Year Ended October 31, 1996

	Budget	Actual	Variance Favorable (Unfavorable)
<b>General Government:</b>			
Administration's Fuel Expense	\$ 7,000	\$ 7,117	\$ (117)
Mayor's Fund	2,000	3,662	(1,662)
Officials' Salaries	39,600	39,600	-
Officials' Travel and Per Diem	5,200	5,121	79
Retirement	6,000	3,451	2,549
Dues to Municipal Associations	2,400	2,388	12
Salaries	82,400	82,456	(56)
Payroll Taxes	10,800	11,935	(1,135)
Health Insurance	147,000	144,359	2,641
Legal Journal	11,000	8,913	2,087
Janitorial Supplies	1,500	1,533	(33)
Physical Examinations	500	641	(141)
Legal Fees	8,500	8,655	(155)
Auditor	1,600	1,500	100
Assessor's Fee	-	1,000	(1,000)
Insurance	167,000	165,237	1,763
Unemployment	700	92	608
Office Supplies	14,000	12,833	1,167
Postage	5,000	5,149	(149)
Uniforms	4,300	4,100	200
Manager's Fuel	1,500	1,493	7
Utilities	7,500	7,494	6
Building Maintenance	8,700	7,586	1,114
Industrial Development	54,000	53,959	41
<b>Total General Government</b>	<b>588,200</b>	<b>580,274</b>	<b>7,926</b>
<b>Public Safety:</b>			
Police:			
Salaries	265,000	265,034	(34)
Retirement	1,000	8,564	(7,564)
Utilities	12,500	12,549	(49)
Janitorial	2,200	2,318	(118)
Office Supplies	11,500	11,500	-
Payroll Taxes	21,200	21,211	(11)
Aids Insurance	3,000	3,025	(25)
Fuel	11,500	11,434	66
Unemployment	-	231	(231)
Drug Fund	3,000	2,628	372
Drug Testing	1,500	1,380	120
Necropsy	500	540	(40)
Radio Repairs	-	20	(20)
Equipment Repairs	100	100	-
<b>Total Police</b>	<b>333,000</b>	<b>340,534</b>	<b>(7,534)</b>

Continued on the following page.

The accompanying notes are an integral part of these statements.

Town of Franklinton

Schedule 8

**Schedule of Revenues, Expenditures, and Changes in Fund Balance  
Budget (GAAP Basis) and Actual  
Special Revenue Fund - Street Ad Valorem  
For the Year Ended October 31, 1996**

	Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues</b>			
Ad Valorem Taxes	\$ 76,000	\$ 75,954	\$ (46)
State Grant	-	-	-
Interest	2,000	1,806	(194)
Total Revenues	78,000	77,760	(240)
<b>Expenditures</b>			
Highways and Streets	122,000	117,500	4,500
Drainage Projects	37,500	28,432	9,068
Total Highways and Streets	159,500	145,932	13,568
<b>Excess of Revenues Over (Under) Expenditures</b>	(81,500)	(68,172)	13,328
<b>Other Financing Sources (Uses)</b>			
Operating Transfers In	-	-	-
Total Other Financing Sources (Uses)	-	-	-
<b>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</b>	(81,500)	(68,172)	13,328
<b>Fund Balance, Beginning</b>	68,884	68,884	-
<b>Fund Balance (Deficit), Ending</b>	\$ (12,616)	\$ 712	\$ 13,328

The accompanying notes are an integral part of these statements.

**Town of Franklinton**

**Schedule 6**

**Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance  
Special Revenue Funds  
For the Year Ended October 31, 1996**

	<u>Police Ad Valorem</u>	<u>Street Ad Valorem</u>	<u>Rural Development</u>	<u>Total</u>
<b>Revenues</b>				
Ad Valorem Taxes	\$ 54,331	\$ 75,954	\$ -	\$ 130,285
State Grant	-	-	25,000	25,000
Interest	236	1,806	181	2,223
<b>Total Revenues</b>	<u>54,567</u>	<u>77,760</u>	<u>25,181</u>	<u>157,508</u>
<b>Expenditures</b>				
Police	29,060	-	-	29,060
Highways and Streets	-	117,500	-	117,500
Drainage	-	28,432	-	28,432
Capital Outlays	7,433	-	50,476	57,909
<b>Total Expenditures</b>	<u>36,493</u>	<u>145,932</u>	<u>50,476</u>	<u>232,901</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	<u>18,074</u>	<u>(68,172)</u>	<u>(25,295)</u>	<u>(75,393)</u>
<b>Other Financing Sources (Uses)</b>				
Operating Transfers Out	-	-	(109)	(109)
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>-</u>	<u>(109)</u>	<u>(109)</u>
<b>Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses</b>	18,074	(68,172)	(25,404)	(75,502)
<b>Fund Balance (Deficit), Beginning</b>	<u>(23,732)</u>	<u>68,884</u>	<u>25,423</u>	<u>70,575</u>
<b>Fund Balance (Deficit), Ending</b>	<u>\$ (5,658)</u>	<u>\$ 712</u>	<u>\$ 19</u>	<u>\$ (4,927)</u>

The accompanying notes are an integral part of these statements.

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TOWN OF FRANKLINTON  
PARISH OF WASHINGTON  
FRANKLINTON, LOUISIANA

FINANCIAL REPORT

October 31, 1996

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: APR 02 1997

### **SPECIAL REVENUE FUNDS**

- Police Ad Valorem -** To account for the receipt and disbursement of a five (5) mill ad valorem tax dedicated for the purpose of maintaining and improving the police department.
- Street Ad Valorem -** To account for the receipt and disbursement of a seven (7) mill ad valorem tax dedicated for the purpose of maintaining and improving streets and drainage.
- Rural Development -** To account for the receipt and disbursement of a grant from the state of Louisiana for the purpose of providing financial assistance for a new fire truck.

Town of Franklinton

Schedule 7

Schedule of Revenues, Expenditures, and Changes in Fund Balance  
Budget (GAAP Basis) and Actual  
Special Revenue Fund - Police Ad Valorem  
For the Year Ended October 31, 1996

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Revenues</b>			
Ad Valorem Taxes	\$ 54,300	\$ 54,331	\$ 31
Interest	-	236	236
Total Revenues	<u>54,300</u>	<u>54,567</u>	<u>267</u>
<b>Expenditures</b>			
Schools & Training	5,500	4,506	994
Uniform Allowance	5,300	5,520	(220)
Uniform Accessories	1,000	901	99
Officer Certification	2,500	2,485	15
Radio Repair	1,500	1,023	477
Equipment Repair	14,500	14,486	14
Firing Range	150	139	11
Capital Outlays	11,000	7,433	3,567
Total Expenditures	<u>41,450</u>	<u>36,493</u>	<u>4,957</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<u>12,850</u>	<u>18,074</u>	<u>5,224</u>
<b>Other Financing Sources</b>			
Sale of Fixed Assets	-	-	-
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>-</u>
<b>Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures</b>	12,850	18,074	5,224
<b>Fund Balance (Deficit), Beginning</b>	(23,732)	(23,732)	-
<b>Fund Balance (Deficit), Ending</b>	<u>\$ (10,882)</u>	<u>\$ (5,658)</u>	<u>\$ 5,224</u>

The accompanying notes are an integral part of these statements.

**Town of Franklinton**

**Schedule 4**

**Schedule of Expenditures Compared to Budget (GAAP Basis) and Actual  
General Fund  
For the Year Ended October 31, 1996**

	Budget	Actual	Variance Favorable (Unfavorable)
<b>Transportation:</b>			
Airport Utilities	\$ 1,200	\$ 1,030	\$ 170
Airport Maintenance	6,800	6,880	(80)
Total Transportation	8,000	7,910	90
<b>Capital Outlays:</b>			
General Government	7,000	7,248	(248)
Highway & Streets	89,000	88,857	143
Public Safety	92,000	92,637	(637)
Total Capital Outlays	188,000	188,742	(742)
Total Expenditures	\$ 1,567,815	\$ 1,554,649	\$ 13,166

Concluded

The accompanying notes are an integral part of these statements.



Town of Franklinton

Schedule 4

Schedule of Expenditures Compared to Budget (GAAP Basis) and Actual  
General Fund  
For the Year Ended October 31, 1996

	Budget	Actual	Variance Favorable (Unfavorable)
<b>Fire:</b>			
Retirement	\$ 100	\$ -	\$ 100
Dues	300	115	185
Utilities	150	7	143
Telephone	1,200	1,166	34
Radio Expense	1,300	1,509	(209)
Truck Repair	1,800	1,076	724
Equipment	1,500	5,473	(3,973)
Insurance	13,500	13,447	53
Supplies	1,200	2,268	(1,068)
Meetings	1,000	957	43
Fuel	800	849	(49)
School and Training	-	9	(9)
Building Maintenance	1,000	975	25
Unemployment	-	161	(161)
<b>Total Fire</b>	<b>23,850</b>	<b>28,012</b>	<b>(4,162)</b>
<b>Highways, Streets and Drainage:</b>			
Salaries	150,800	150,797	3
Payroll Taxes	13,000	13,074	(74)
Retirement	6,500	7,951	(1,451)
Equipment Repairs	11,800	10,179	1,621
Supplies	36,500	31,274	5,226
Tools	500	260	240
Fuel	11,000	10,152	848
Street lights	26,600	23,211	3,389
<b>Total Highways, Streets and Drainage</b>	<b>256,700</b>	<b>246,898</b>	<b>9,802</b>
<b>Sanitation:</b>			
Sanitation Fees	118,000	115,793	2,207
<b>Total Sanitation</b>	<b>118,000</b>	<b>115,793</b>	<b>2,207</b>
<b>Health and Welfare:</b>			
Food Stamp Salaries	13,500	13,474	26
Food Stamp Payroll Taxes	1,000	1,031	(31)
Food Stamp Office Rent	840	840	-
Food Stamp Operating Expense	2,500	2,265	235
Veterans Contribution	925	924	1
Pest Control	10,800	5,448	5,352
Animal Control	22,500	22,504	(4)
<b>Total Health and Welfare</b>	<b>52,065</b>	<b>46,486</b>	<b>5,579</b>

Continued on the following page.

The accompanying notes are an integral part of these statements.



**Town of Franklinton**

**Schedule 5**

**Combining Balance Sheet  
Special Revenue Funds  
October 31, 1996**

	<u>Police Ad Valorem</u>	<u>Street Ad Valorem</u>	<u>Rural Development</u>	<u>Total</u>
<b>Assets</b>				
Cash	\$ 3,467	\$ 712	\$ 19	\$ 4,198
Total Assets	<u>\$ 3,467</u>	<u>\$ 712</u>	<u>\$ 19</u>	<u>\$ 4,198</u>
 <b>Liabilities and Fund Equity</b>				
<b>Liabilities:</b>				
Accounts Payable	\$ 1,425	\$ -	\$ -	\$ 1,425
Due to Other Funds	<u>7,700</u>	<u>-</u>	<u>-</u>	<u>7,700</u>
Total Liabilities	<u>9,125</u>	<u>-</u>	<u>-</u>	<u>9,125</u>
 <b>Fund Equity:</b>				
Fund Balance	<u>(5,658)</u>	<u>712</u>	<u>19</u>	<u>(4,927)</u>
Total Fund Equity	<u>(5,658)</u>	<u>712</u>	<u>19</u>	<u>(4,927)</u>
Total Liabilities and Fund Equity	<u>\$ 3,467</u>	<u>\$ 712</u>	<u>\$ 19</u>	<u>\$ 4,198</u>

The accompanying notes are an integral part of these statements.

Town of Franklinton

Schedule 3

**Schedule of Revenues Compared to Budget (GAAP Basis) and Actual  
General Fund  
For the Year Ended October 31, 1996**

	Budget	Actual	Variance Favorable (Unfavorable)
<b>Taxes:</b>			
Ad Valorem	\$ 76,200	\$ 76,094	\$ (106)
Sales Taxes	568,000	613,523	45,523
Cablevision Franchise	5,000	4,553	(447)
CLECO Franchise	95,000	95,601	601
REA Franchise	15,000	15,278	278
Telephone Franchise	24,000	24,389	389
Total Taxes	783,200	829,438	46,238
<b>Licenses and Permits</b>			
Occupational License	190,000	188,339	(1,661)
Building Permits	1,500	1,652	152
Total License and Permits	191,500	189,991	(1,509)
<b>Intergovernmental:</b>			
Tobacco Tax	20,000	25,182	5,182
Beer Tax	10,000	10,362	362
Police Jury Rebate	66,800	66,804	4
State DOTD - Reimbursement	-	8,289	8,289
State Fire Insurance Rebates	12,300	12,316	16
State Food Stamp Reimbursement	10,000	9,876	(124)
Total Intergovernmental	119,100	132,829	13,729
<b>Charges for Services:</b>			
Sanitation User Fees	144,000	145,561	1,561
Fees - Water and Gas	63,000	63,404	404
Crossing Guard Reimbursement	5,700	5,515	(185)
Animal Registration	750	565	(185)
Total Charges for Services	213,450	215,045	1,595
<b>Fines and Forfeits:</b>			
Total Fines and Forfeits	42,000	45,216	3,216
<b>Interest:</b>			
Total Interest	2,000	2,927	927
<b>Miscellaneous:</b>			
Rent	20,100	21,587	1,487
Miscellaneous	8,000	7,449	(551)
Total Miscellaneous	28,100	29,036	936
Total Revenues	\$ 1,379,350	\$ 1,444,482	\$ 65,132

The accompanying notes are an integral part of these statements.

**Town of Franklinton**

**Schedule 2**

**Schedule of Revenues, Expenditures, and Changes in Fund Balance  
Budget (GAAP Basis) and Actual  
General Fund  
For the Year Ended October 31, 1996**

	Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues</b>			
Taxes	\$ 783,200	\$ 829,438	\$ 46,238
Licenses and Permits	191,500	189,991	(1,509)
Intergovernmental	119,100	132,829	13,729
Charges for Services	213,450	215,045	1,595
Finds and Forfeits	42,000	45,216	3,216
Interest	2,000	2,927	927
Miscellaneous	28,100	29,036	936
Total Revenues	1,379,350	1,444,482	65,132
<b>Expenditures</b>			
General Government	588,200	580,274	7,926
Public Safety:			
Police	333,000	340,534	(7,534)
Fire	23,850	28,012	(4,162)
Highways and Streets	256,700	246,898	9,802
Sanitation	118,000	115,793	2,207
Health and Welfare	52,065	46,486	5,579
Transportation	8,000	7,910	90
Capital Outlays	188,000	188,742	(742)
Total Expenditures	1,567,815	1,554,649	13,166
<b>Excess of Revenues Over (Under) Expenditures</b>	(188,465)	(110,167)	78,298
<b>Other Financing Sources (Uses)</b>			
Sale of Fixed Assets	6,000	6,306	306
Lease Principal Payments	10,000	10,000	-
Operating Transfers In	171,000	172,437	1,437
Total Other Financing Sources (Uses)	187,000	188,743	1,743
<b>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</b>	(1,465)	78,576	80,041
<b>Fund Balance, Beginning</b>	110,367	110,367	-
<b>Fund Balance, Ending</b>	\$ 108,902	\$ 188,943	\$ 80,041

The accompanying notes are an integral part of these statements.

**Town of Franklinton**

**Schedule 1**

**Balance Sheet  
General Fund  
October 31, 1996**

**Assets**

Cash and Cash Equivalents	\$	91,385
Receivables:		
Intergovernmental		137,862
Accounts		366,126
Due From Other Funds		37,369
Total Assets	\$	<u>632,742</u>

**Liabilities and Fund Balance**

**Liabilities:**

Accounts Payable	\$	80,150
Compensated Absences Payable		21,829
Deferred Revenue		341,820
Total Liabilities		<u>443,799</u>

**Fund Balance:**

Undesignated		<u>188,943</u>
Total Fund Balance		<u>188,943</u>
Total Liabilities and Fund Balance	\$	<u>632,742</u>

The accompanying notes are an integral part of these statements.

## GENERAL FUND

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

**TOWN OF FRANKLINTON, LOUISIANA**

**Notes to the Financial Statements**

(Continued)

**20. CONSTRUCTION COMMITMENTS**

**Jones Creek Improvements**

On July 26, 1994, the Town approved accepting a grant from the State of Louisiana, Department of Transportation and Development through the Statewide Flood Control Program for Jones Creek Improvements. The funding of this state project number 576-59-0003 is \$1,123,755. Louisiana's funding share is \$786,628 (70%) and the Town's funding share is \$337,127 (30%). On November 8, 1994 the Town authorized the engineering firm to proceed on the engineering services and topographic surveys for the project in accordance with the engineering contract dated April 10, 1990. The Town has decided to dedicate surplus funds in the Enterprise Fund to fulfill the Town's matching obligation in the project.

**FY 1994 LCDBG Sewer Project**

On December 2, 1994, the Town entered into an agreement with the State of Louisiana, Division of Administration, for the purpose of improving the sewer system of the Town. This project is 100% funded by a grant with an estimated cost of \$976,000. Construction cost of \$611,373 was incurred to date. This project is reported in a Capital Projects Fund.

**Water Improvements Project**

On February 28, 1995, the Town adopted a resolution of intent to issue \$1,250,000 of Water Revenue Bonds. On January 23, 1996, the Town adopted a resolution to issue the \$1,250,000 of Water Revenue Bonds, for the purpose of improving the water system of the Town. Construction cost of \$860,423 and a Bond Anticipation Loan of \$681,556 was incurred to date. This project is reported in the water utility system fund in the Enterprise Funds.

**Overlay Runway, Taxiway, Apron - Franklinton Airport**

On October 3, 1995, the Town received confirmation from the Louisiana Department of Transportation and Development to proceed with bidding of State Project No. 959-02-0004, for the improvement to the Franklinton Airport runway. The Phase I cost of this project is estimated to be \$1,057,000, with the state portion being 100% and the Town's share to be only incidental cost. This project is reported in a Capital Projects Fund.

**Traffic Control Sign Project**

On October 8, 1996, the Town received approval for a grant of \$10,000 for the improvement of traffic signs in the Town. This project is 100% funded by the grant.

**Town of Franklinton**

**Schedule 9**

**Schedule of Revenues, Expenditures, and Changes in Fund Balance  
Budget (GAAP Basis) and Actual  
Special Revenue Fund - Rural Development Grant  
For the Year Ended October 31, 1996**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Revenues</b>			
State Grant	\$ 25,000	\$ 25,000	\$ -
Interest	-	181	181
<b>Total Revenues</b>	<u>25,000</u>	<u>25,181</u>	<u>181</u>
 <b>Expenditures</b>			
Capital Outlays	50,000	50,476	(476)
<b>Total Expenditures</b>	<u>50,000</u>	<u>50,476</u>	<u>(476)</u>
 <b>Excess of Revenues Over (Under) Expenditures</b>	<u>(25,000)</u>	<u>(25,295)</u>	<u>(295)</u>
 <b>Other Financing Sources (Uses)</b>			
Operating Transfers Out	-	(109)	(109)
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>(109)</u>	<u>(109)</u>
 <b>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</b>	<u>(25,000)</u>	<u>(25,404)</u>	<u>(404)</u>
 <b>Fund Balance, Beginning</b>	<u>25,423</u>	<u>25,423</u>	<u>-</u>
<b>Fund Balance, Ending</b>	<u>\$ 423</u>	<u>\$ 19</u>	<u>\$ (404)</u>

The accompanying notes are an integral part of these statements.



Page 3

In our opinion, the Town of Franklinton, Louisiana, complied, in all material respects, with the requirements governing types of services allowed or unallowed; reporting; special tests; claims for advances and reimbursements; that are applicable to its major federal financial assistance programs for the year ended October 31, 1996.

This report is intended for the information of the management, the Legislative Auditor and the Cognizant Federal Agency. However, this report is a matter of public record and its distribution is not limited.



Bruce Harrell & Company, CPAs  
A Professional Accounting Corporation

January 17, 1997

**TOWN OF FRANKLINTON**  
**General Purpose Financial Statements**  
**As of and for the Year Ended October 31, 1996**  
**With Supplemental Information Schedules**

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TOWN OF FRANKLINTON, LOUISIANA

Notes to the Financial Statements

(Continued)

21. COMPENSATION PAID BOARD MEMBERS

The schedule of compensation paid board members is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature.

NAME	ADDRESS	AMOUNT
Earle Brown, Mayor (504)-839-3569	824 Main Street Franklinton, LA 70438	\$ 9,600
David Bickham, Alderman (504)-839-3569	1320 13 <sup>th</sup> Avenue Franklinton, LA 70438	6,000
Wayne Fleming, Alderman (504)-839-5449	1533 Lee Street Franklinton, LA 70438	6,000
William Durden, Alderman (504)-839-4413	820 11 <sup>th</sup> Avenue Franklinton, LA 70438	6,000
Houston Magee, Alderman (504)-839-2870	1610 13 <sup>th</sup> Avenue Franklinton, LA 70438	6,000
Rayfus Martin, Alderman (504)-839-3604	Post Office Box 93 Franklinton, LA 70438	6,000
		<u>\$ 39,600</u>

**Town of Franklinton**

Schedule 16

**Combining Schedule of Cash Flows  
Enterprise Funds - Utility Funds  
For the Year Ended October 31, 1996**

	<u>Gas Utility System</u>	<u>Water Utility System</u>	<u>Sewer Utility System</u>	<u>Total</u>
<b>Cash Flows from Operating Activities</b>				
Operating Income (Loss)	\$ (31,617)	\$ 44,246	\$ (4,441)	\$ 8,188
Adjustments to Reconcile Net Operating Income to Net Cash Provided (Used) by Operating Activities				
Depreciation	26,137	10,032	111,788	147,957
Change in Accounts Receivable	(5,703)	(2,501)	(3,649)	(11,853)
Change in Unbilled Receivables	4,354	1,825	1,430	7,609
Change in Due From Other Funds	10,000	(40,000)	(40,232)	(70,232)
Change in Inventory	(4,414)	-	-	(4,414)
Change in Accounts Payable	(3,425)	149,575	(10,650)	135,500
Change in Comp. Absences Payable	(334)	534	(572)	(372)
Change in Retainage Payable	-	67,894	-	67,894
Change in Customer Deposits Payable	2,421	1,212	-	3,633
Net Cash Provided by Operating Activities	<u>(2,581)</u>	<u>232,817</u>	<u>53,674</u>	<u>283,910</u>
<b>Cash Flows from Noncapital Financing Activities</b>				
Operating Transfers Out	<u>(83,644)</u>	<u>(38,269)</u>	<u>(50,415)</u>	<u>(172,328)</u>
Net Cash (Used) by Noncapital Financing Activities	<u>(83,644)</u>	<u>(38,269)</u>	<u>(50,415)</u>	<u>(172,328)</u>
<b>Cash Flows from Capital and Related Financing Activities</b>				
Principal Repayments	(23,000)	-	(30,000)	(53,000)
Payments for Capital Assets	-	(808,850)	-	(808,850)
Interest Payments	(4,350)	-	(17,930)	(22,280)
Proceeds From Loan	-	681,556	-	681,556
Net Cash (Used) by Capital and Related Financing Activities	<u>(27,350)</u>	<u>(127,294)</u>	<u>(47,930)</u>	<u>(202,574)</u>
<b>Cash Flows from Investing Activities</b>				
Receipts from Capital Investments	-	-	-	-
Payments for Capital Investments	(8,638)	(18,236)	(21,115)	(47,989)
Receipts of Interest	38,232	25,735	27,915	91,882
Receipts of Dividends	180	379	439	998
Net Cash Provided by Investing Activities	<u>29,774</u>	<u>7,878</u>	<u>7,239</u>	<u>44,891</u>
<b>Net Cash Increase (Decrease) Cash and Cash Equivalents, Beginning of Year</b>	(83,801)	75,132	(37,432)	(46,101)
<b>Cash and Cash Equivalents, End of Year</b>	<u>708,317</u>	<u>128,878</u>	<u>234,952</u>	<u>1,072,147</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u>\$ 624,516</u>	<u>\$ 204,010</u>	<u>\$ 197,520</u>	<u>\$ 1,026,046</u>

The accompanying notes are an integral part of these statements.

Page 3

**Recommendation:**

The town should make provision to purchase the TDD device, in a timely manner.

**Response:**

The Town of Franklinton will either purchase a Telecommunications Device for the Deaf or utilize the Louisiana Relay System.

**CATEGORY: FINANCIAL MANAGEMENT**

**Finding:**

Financial Management finding # 101-5065-1-1-010. The town is required to report the LCDBG project in a separate capital projects fund.

**Recommendation:**

It is recommended that the LCDBG project be included as a separate capital projects fund.

**Response:**

The LCDBG project is being reported as a separate capital projects fund in the audit report for the fiscal year ending October 31, 1996. In addition, the town has created a separate capital projects fund for reporting transactions of the LCDBG project.

**CATEGORY: FINANCIAL MANAGEMENT**

**Finding:**

Financial Management finding # 101-5065-1-1-011. The town did not incorporate a "Due to Town" for transactions when it pays an LCDBG related invoice in anticipation of reimbursement from the State.

**Recommendation:**

It is recommended that as transactions occur, they be recorded in the appropriate fund.

**Response:**

For the remainder of this project, the town will maintain a separate capital projects fund and record all financial transactions as they occur.

**CATEGORY: FINANCIAL MANAGEMENT**

**Finding:**

Financial Management finding # 101-5065-1-1-012. The town has not been preparing monthly financial statements for a separate capital projects fund for the LCDBG project.



Page 5

**Recommendation:**

As noted in the finding, verification from the contractor and employee must be obtained indicating that restitution was made.

**Response:**

An affidavit has been obtained from the contractor indicating that restitution was made. The Labor Compliance Officer is awaiting a copy of the canceled check paid to the employee.

**CATEGORY: LABOR STANDARDS**

**Finding:**

Labor Standards finding # 101-5-65-1-1-032. This finding questioned whether some of the payroll forms had been submitted by an additional contractor, and requested copies of the Employee Information Forms for these employees.

**Recommendation:**

It is recommended that the forms be obtained from the employees..

**Response:**

The employees submitting the forms were employees of an existing contractor. New Employee Information Forms have been obtained and are being submitted for review.

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

This report is intended for the information of the management, the Legislative Auditor and the Cognizant Federal Agency. However, this report is a matter of public record and its distribution is not limited.



Bruce Harrell & Company, CPAs  
A Professional Accounting Corporation

January 17, 1997

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

To the Honorable Mayor, Earle R. Brown  
and Board of Aldermen  
Franklinton, Louisiana

We have audited the general purpose financial statements of the Town of Franklinton, Louisiana, as of and for the year ended October 31, 1996, and have issued our report thereon dated January 17, 1997.

We have also audited the Town of Franklinton, Louisiana's, compliance with the requirements governing types of services allowed or unallowed; reporting; special tests; claims for advances and reimbursements; that are applicable to its major federal financial assistance programs, which are identified in the accompanying Schedule of Federal Financial Assistance, for the year ended October 31, 1996. The management of the Town of Franklinton, Louisiana, is responsible for the Town of Franklinton, Louisiana's compliance with those requirements. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

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

The results of our audit procedures disclosed immaterial instances of non-compliance with the requirements referred to above. These *Findings of Deficiency* were reported to the Town of Franklinton, in a letter dated January 31, 1997, from the Office of Community Development, Division of Administration, State of Louisiana, and involved the FY 1994 LCDBG Program, Contract Number 101-5065. The review indicated that the Town had the capacity to carry out the program activities in a timely manner. The Town implemented the program in accordance with the requirements and primary objectives of the Housing and Community Development Act and other applicable laws, with the exceptions identified below. Although other deficiencies may exist, they were not detected during our audit or their review. The response from the Town of Franklinton is either included within this auditor's report, or the accompanying report dated January 17, 1997, on compliance to general requirements. Findings and the response of the Town of Franklinton to monitoring findings for specific requirements is as follows:

**CATEGORY: CITIZEN PARTICIPATION**

**Finding:**

Citizen Participation Monitoring Finding # 101-5-65-1-1-130. The Town of Franklinton failed to adopt a Citizen Participation Plan prior to award of the grant.



Page 2

**Recommendation:**

It is recommended, as noted in the monitoring findings, that the Town of Franklinton, adopt or revise the existing Citizen Participation Plan, prior to award of all new LCDBG grants.

**Response:**

The Town of Franklinton has noted the requirement for adoption of a Citizen Participation Plan, prior to application requirements. The Citizen Participation Plan previously adopted by the Town was out-dated. In all future cases, we will adopt revisions of the plan, as recommended, prior to submitting an application for funding.

**CATEGORY: CITIZEN PARTICIPATION**

**Finding:**

Citizen Participation Monitoring Finding # 101-5-65-1-1-131. The Town of Franklinton was unable to provide a list of persons attending the second public hearing and the minutes of the meeting.

**Recommendation:**

It is recommended that records be maintained of all public hearings, as well as a listing of persons attending the meetings.

**Response:**

The Town of Franklinton will maintain minutes and records of public hearings, including a list of attendees, for all future LCDBG projects.

**CATEGORY: DISCLOSURE REPORT**

**Finding:**

Monitoring finding # 101-5065-1-1-140. The Town of Franklinton failed to submit an updated disclosure report within thirty days after award of construction contracts.

**Recommendation:**

It is recommended that an updated Disclosure Report be submitted in a timely manner to identify any additional persons or entities as interested parties.

**Response:**

The updated Disclosure Report will be submitted by the deadline of March 15, 1997, noted as a requirement for the Town of Franklinton prior to the processing of future payment requests.

**Town of Franklinton**

**Schedule of Federal Financial Assistance  
For the Year Ended October 31, 1996**

Federal Grantor, Pass-Through Grantor, Program Title	Federal CFDA Number	Program or Award Amount	Grant Number
<u>United States Department of Transportation</u>			
Passed through State Dept. of Transportation and Development: Section 18 Rural Public Transportation of the Urban Mass Transportation Capital and Operating Assistance Grants/Subcontracted to the Washington Parish Council on Aging, Inc.	20.509	\$ 52,678	LA-18-X014
Passed through State Dept. of Transportation and Development: Airport Improvements Program Total U.S. Department of Transportation	20.106	\$ 84,732	-
<u>United States Department of Agriculture (Note 1)</u>			
Water and Waste Disposal Systems for Rural Communities Construction Loan/Disbursement	10.418	\$ 1,250,000	-
Passed through State Dept. of Health and Human Resources: Office of Family Security - Food Stamp Program Total U.S. Department of Agriculture	10.551	-	-
<u>United States Department of Housing and Urban Development</u>			
Passed through State Division of Administration: FY 1994 LCDBG Project	14.219	\$ 976,000	101-5065
<b>Total Federal Financial Assistance</b>			

The accompanying Schedule of Federal Assistance is a summary of the cash activity of the Town of Franklinton's federal awards programs, and does not present transactions that would be included in the financial statements of the Town of Franklinton, based on the modified accrual basis, or the accrual basis, as applicable for specific funds. The following two footnotes present additional information on federal programs and a reconciliation of any variances in the above presentation to the basis for financial statement presentation.

Note 1: Total Loan Proceeds for the RECD project are from interim financing by Premier Bank.  
Loan closing by RECD occurred subsequent to fiscal year end.

Total construction costs for the RECD project are presented on a cash basis. Financial statement presentation, on the accrual basis, is as follows:

Construction expenditures-cash basis	\$ 681,556
Construction accounts payable at 10/31/96	109,252
Retainage payable at 10/31/96	67,894
Total Construction Costs - Accrual Basis	<u>\$ 858,702</u>

The accompanying notes are an integral part of these statements.

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

To the Honorable Mayor, Earle R. Brown  
and Board of Aldermen  
Franklinton, Louisiana

We have audited the financial statements of the Town of Franklinton, Louisiana, as of and for the year ended October 31, 1996, and have issued our report thereon dated January 17, 1997.

In connection with our audit of the general purpose financial statements of the Town of Franklinton, Louisiana, and with our consideration of the Town of Franklinton, Louisiana's internal control structure used to administer federal financial assistance programs, as required by Office of Management and Budget Circular A-128, "Audits of State and Local Governments", we selected certain transactions applicable to its nonmajor federal financial assistance program for the year ended October 31, 1996.

As required by OMB Circular A-128, we have performed auditing procedures to test compliance with the requirements governing types of services allowed or unallowed; 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 Town of Franklinton, 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 Town of Franklinton, Louisiana, had not complied, in all material respects, with those requirements. Also, the results of our procedures did not disclose any immaterial instances of noncompliance with those requirements.

*This report is intended for the information of management, the Legislative Auditor and the Cognizant Federal Agency. However, this report is a matter of public record and its distribution is not limited.*



Bruce Harrell & Company, CPAs  
A Professional Accounting Corporation

January 17, 1997

**TOWN OF FRANKLINTON, LOUISIANA**

October 31, 1996

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Town of Franklinton

Schedule 19

**Schedule of Revenues, Expenses, and Changes in Retained Earnings  
Budget (GAAP Basis) and Actual  
Enterprise Fund - Sewer Utility System  
For the Year Ended October 31, 1996**

	Budget	Actual	Variance Favorable (Unfavorable)
<b>Operating Revenues</b>			
Sewer Service Charges	\$ 258,000	\$ 260,509	\$ 2,509
Tie-Ins	750	825	75
Miscellaneous Income	-	64	64
<b>Total Operating Revenues</b>	258,750	261,398	2,648
<b>Operating Expenses</b>			
<b>Personal Services:</b>			
Salaries	48,500	47,566	934
Payroll Taxes	3,500	3,432	68
Retirement	2,000	2,592	(592)
Health Insurance	12,500	11,415	1,085
<b>Supplies:</b>			
Supplies	26,000	20,447	5,553
Fuel	1,000	854	146
Chemicals	4,200	3,717	483
Equipment Repairs	1,000	209	791
<b>Other Services and Charges:</b>			
Utilities	56,500	57,505	(1,005)
Uniforms	800	729	71
Audit	3,000	3,000	-
Permit Fees	1,200	1,121	79
Bad Debts	500	1,129	(629)
Grant Expenses	400	335	65
Depreciation	47,000	111,788	(64,788)
<b>Total Operating Expenses</b>	208,100	265,839	(57,739)
<b>Operating Income (Loss)</b>	50,650	(4,441)	(55,091)
<b>Nonoperating Revenues (Expenses)</b>			
Interest Income	5,200	27,915	22,715
Dividend Income	-	439	439
Interest Expense	(20,000)	(17,930)	2,070
<b>Total Nonoperating Revenues (Expenses)</b>	(14,800)	10,424	25,224
<b>Operating Transfers (Out)</b>			
Operating Transfers Out	(50,000)	(50,415)	(415)
<b>Total Operating Transfers Out</b>	(50,000)	(50,415)	(415)
<b>Net Income (Loss)</b>	(14,150)	(44,432)	(30,282)
<b>Decrease (Increase) in Retained Earnings Reserved for</b>			
<b>Debt Service</b>	-	(4,326)	(4,326)
<b>Amortization of Contributions</b>	-	80,745	80,745
<b>Unreserved Retained Earnings, Beginning</b>	578,681	578,681	-
<b>Unreserved Retained Earnings, Ending</b>	\$ 564,531	\$ 610,668	\$ 46,137

The accompanying notes are an integral part of these statements.

Town of Franklinton

Schedule 17

**Schedule of Revenues, Expenses, and Changes in Retained Earnings  
Budget (GAAP Basis) and Actual  
Enterprise Fund - Gas Utility System  
For the Year Ended October 31, 1996**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Operating Revenues</b>			
Gas Sales	\$ 575,000	\$ 571,351	\$ (3,649)
Tie-Ins	200	1,265	1,065
Miscellaneous	3,500	-	(3,500)
Total Operating Revenues	578,700	572,616	(6,084)
<b>Operating Expenses</b>			
Personal Services:			
Salaries	89,100	89,139	(39)
Payroll Taxes	6,500	7,020	(520)
Retirement	3,500	4,885	(1,385)
Health Insurance	25,000	24,133	867
Supplies:			
Billings	4,000	3,849	151
Meters	10,000	6,901	3,099
Supplies	8,600	8,882	(282)
Fuel	3,000	3,238	(238)
Equipment Repairs	4,500	4,185	315
Other Services and Charges:			
Uniforms	1,500	1,341	159
Auditing	8,000	8,000	-
Permit Fees	500	456	44
Insurance	10,000	9,908	92
Schools & Certifications	500	610	(110)
Drug Program	3,200	3,576	(376)
Administrative Fees to General Fund	28,000	28,072	(72)
Bad Debts	1,000	-	1,000
Gas Purchases	372,000	373,901	(1,901)
Depreciation	30,000	26,137	3,863
Total Operating Expenses	608,900	604,233	4,667
<b>Operating Income (Loss)</b>	(30,200)	(31,617)	(1,417)
<b>Nonoperating Revenues (Expenses)</b>			
Interest Expense	(4,500)	(4,350)	150
Interest Income	20,000	38,232	18,232
Dividend Income	-	180	180
Total Nonoperating Revenues (Expenses)	15,500	34,062	18,562
<b>Operating Transfers (Out)</b>			
Operating Transfers Out	(83,000)	(83,644)	(644)
Total Operating Transfers Out	(83,000)	(83,644)	(644)
<b>Net Income (Loss)</b>	(97,700)	(81,199)	16,501
<b>Amortization of Contributions</b>	-	16,052	16,052
<b>Unreserved Retained Earnings, Beginning</b>	799,576	799,576	-
<b>Unreserved Retained Earnings, Ending</b>	\$ 701,876	\$ 734,429	\$ 32,553

The accompanying notes are an integral part of these statements.

## **CAPITAL PROJECTS FUNDS**

**LCDBG Sewer Project** - To account for the LCDBG Grant received from the State of Louisiana, Division of Administration, for the purpose of improving the sewer system of the Town.

**Airport Project** - To account for the Overlay Runway, Taxiway, Apron Grant from the Louisiana Department of Transportation and Development for improvements to the Franklinton Airport runway.



Town of Franklinton

Schedule 15

**Combining Schedule of Revenues, Expenses and Changes in Retained Earnings  
Enterprise Funds - Utility Funds  
For the Year Ended October 31, 1996**

	Gas Utility System	Water Utility System	Sewer Utility System	Total
<b>Operating Revenues</b>				
Gas Sales	\$ 571,351	\$ -	\$ -	\$ 571,351
Water Sales	-	251,454	-	251,454
Sewer Service Charges	-	-	260,509	260,509
Tie-Ins	1,265	1,200	825	3,290
Miscellaneous	-	525	64	589
Total Operating Revenues	572,616	253,179	261,398	1,087,193
<b>Operating Expenses</b>				
Personal Services	125,177	98,815	65,005	288,997
Supplies	27,055	32,614	25,227	84,896
Other Services and Charges	51,963	67,472	63,819	183,254
Gas Purchases	373,901	-	-	373,901
Depreciation	26,137	10,032	111,788	147,957
Total Operating Expenses	604,233	208,933	265,839	1,079,005
<b>Operating Income (Loss)</b>	(31,617)	44,246	(4,441)	8,188
<b>Nonoperating Revenues (Expenses)</b>				
Interest Income	38,232	25,735	27,915	91,882
Dividend Income	180	379	439	998
Interest Expense	(4,350)	-	(17,930)	(22,280)
Total Nonoperating Revenues (Expenses)	34,062	26,114	10,424	70,600
<b>Operating Transfers Out</b>				
Operating Transfer Out	(83,644)	(38,269)	(50,415)	(172,328)
Total Operating Transfer Out	(83,644)	(38,269)	(50,415)	(172,328)
<b>Net Income (Loss)</b>	(81,199)	32,091	(44,432)	(93,540)
<b>Decrease (Increase) in Retained Earnings</b>				
<b>Reserved For:</b>				
Depreciation and Contingency Fund	-	-	(3,546)	(3,546)
Reserve Fund	-	-	(780)	(780)
Amortization of Contributions	16,052	967	80,745	97,764
Unreserved Retained Earnings, Beginning	799,576	511,401	578,681	1,889,658
Unreserved Retained Earnings, Ending	\$ 734,429	\$ 544,459	\$ 610,668	\$ 1,889,556

The accompanying notes are an integral part of these statements.

Town of Franklinton

Schedule 14

Combining Balance Sheet  
Enterprise Funds - Utility Funds  
October 31, 1996

	Gas Utility System	Water Utility System	Sewer Utility System	Total
<b>Liabilities and Fund Equity</b>				
Liabilities:				
Current Liabilities (Payable From Current Assets):				
Accounts Payable	\$ 19,560	\$ 153,399	\$ 5,344	\$ 178,303
Retainage Payable	-	67,894	-	67,894
Compensated Absences Payable	3,985	4,543	395	8,923
Due To Other Funds	34,669	-	-	34,669
<b>Total Current Liabilities (Payable From Current Assets)</b>	<b>58,214</b>	<b>225,836</b>	<b>5,739</b>	<b>289,789</b>
Current Liabilities (Payable From Restricted Assets):				
Customer Deposits	61,260	44,162	-	105,422
Revenue Bonds Payable	24,000	-	32,000	56,000
<b>Total Current Liabilities (Payable From Restricted Assets)</b>	<b>85,260</b>	<b>44,162</b>	<b>32,000</b>	<b>161,422</b>
Long-Term Liabilities:				
Revenue Bonds Payable	25,000	681,556	279,000	985,556
<b>Total Long-Term Liabilities</b>	<b>25,000</b>	<b>681,556</b>	<b>279,000</b>	<b>985,556</b>
<b>Total Liabilities</b>	<b>168,474</b>	<b>951,554</b>	<b>316,739</b>	<b>1,436,767</b>
Fund Equity:				
Contributed Capital	433,105	805,679	2,018,635	3,257,419
Less: Accumulated Amortization	(160,376)	(802,780)	(1,039,951)	(2,003,107)
<b>Net Contributed Capital</b>	<b>272,729</b>	<b>2,899</b>	<b>978,684</b>	<b>1,254,312</b>
Retained Earnings:				
Reserved for Revenue Bond Retirement	43,000	-	56,252	99,252
Unreserved	734,429	544,459	610,668	1,889,556
<b>Total Retained Earnings</b>	<b>777,429</b>	<b>544,459</b>	<b>666,920</b>	<b>1,988,808</b>
<b>Total Fund Equity</b>	<b>1,050,158</b>	<b>547,358</b>	<b>1,645,604</b>	<b>3,243,120</b>
<b>Total Liabilities and Fund Equity</b>	<b>\$ 1,218,632</b>	<b>\$ 1,498,912</b>	<b>\$ 1,962,343</b>	<b>\$ 4,679,887</b>

Concluded

The accompanying notes are an integral part of these statements.

Town of Franklinton

Schedule 14

Combining Balance Sheet  
Enterprise Funds - Utility Funds  
October 31, 1996

	Gas Utility System	Water Utility System	Sewer Utility System	Total
<b>Assets</b>				
<b>Current Assets:</b>				
Cash and Cash Equivalents	\$ 510,714	\$ 159,243	\$ 99,972	\$ 769,929
Investments	138,941	293,302	339,613	771,856
Accounts Receivable	31,344	24,102	26,941	82,387
Unbilled Receivables	26,462	13,176	13,775	53,413
Due From Other Funds	5,000	40,000	40,232	85,232
Due From State	19,843	-	-	19,843
Inventory	10,277	-	-	10,277
<b>Total Current Assets</b>	<u>742,581</u>	<u>529,823</u>	<u>520,533</u>	<u>1,792,937</u>
<b>Restricted Assets:</b>				
<b>Customer Deposits:</b>				
Cash and Cash Equivalents	61,878	44,767	-	106,645
<b>Bond Reserve Account:</b>				
Cash and Cash Equivalents	28,000	-	39,318	67,318
<b>Bond Contingency Account:</b>				
Cash and Cash Equivalents	15,000	-	16,934	31,934
<b>Bond Sinking Account:</b>				
Cash and Cash Equivalents	8,924	-	41,296	50,220
<b>Total Restricted Assets</b>	<u>113,802</u>	<u>44,767</u>	<u>97,548</u>	<u>256,117</u>
<b>Plant and Equipment:</b>				
Plant and Equipment, at Cost	995,764	1,993,739	2,778,789	5,768,292
Accumulated Depreciation	(633,515)	(1,069,417)	(1,434,527)	(3,137,459)
<b>Net Plant and Equipment</b>	<u>362,249</u>	<u>924,322</u>	<u>1,344,262</u>	<u>2,630,833</u>
<b>Total Assets</b>	<u>\$ 1,218,632</u>	<u>\$ 1,498,912</u>	<u>\$ 1,962,343</u>	<u>\$ 4,679,887</u>

Continued on the following page.

The accompanying notes are an integral part of these statements.

## ENTERPRISE FUNDS

**Gas Utility System Fund** - To account for the provision of gas services to the residents of the Town. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt service, and billing and collection.

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

**Sewer Utility System Fund** - To account for the provision of sewer services to the residents of the Town. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration operations, maintenance, financing and related debt service, and billing and collection.

Town of Franklinton

Schedule 13

Schedule of Revenues, Expenditures, and Changes in Fund Balance  
 Budget (GAAP Basis) and Actual  
 Capital Project Fund - Airport Project  
 For the Year Ended October 31, 1996

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Revenues</b>			
State Grant	\$ 80,232	\$ 80,232	\$ -
Total Revenues	<u>80,232</u>	<u>80,232</u>	<u>-</u>
<b>Expenditures</b>			
Construction	80,232	80,232	-
Total Expenditures	<u>80,232</u>	<u>80,232</u>	<u>-</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balance, Beginning</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balance, Ending</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of these statements.

**Town of Franklinton**

**Schedule 12**

**Schedule of Revenues, Expenditures, and Changes in Fund Balance  
Budget (GAAP Basis) and Actual  
Capital Project Fund - LCDBG Project  
For the Year Ended October 31, 1996**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Revenues</b>			
Federal Grant	\$ 491,505	\$ 491,505	\$ -
Total Revenues	<u>491,505</u>	<u>491,505</u>	<u>-</u>
<b>Expenditures</b>			
Construction	<u>491,505</u>	<u>491,505</u>	<u>-</u>
Total Expenditures	<u>491,505</u>	<u>491,505</u>	<u>-</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balance, Beginning</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balance, Ending</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of these statements.

**Town of Franklinton**

**Schedule 11**

**Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance  
Capital Projects Funds  
For the Year Ended October 31, 1996**

	<u>LCDBG Project</u>	<u>Airport Project</u>	<u>Total</u>
<b>Revenues</b>			
Federal Grants	\$ 491,505	\$ -	\$ 491,505
State Grant	<u>-</u>	<u>80,232</u>	<u>80,232</u>
Total Revenues	<u>491,505</u>	<u>80,232</u>	<u>571,737</u>
 <b>Expenditures</b>			
Sewer Construction	491,505	-	491,505
Airport Construction	<u>-</u>	<u>80,232</u>	<u>80,232</u>
Total Expenditures	<u>491,505</u>	<u>80,232</u>	<u>571,737</u>
 <b>Excess of Revenues Over (Under) Expenditures</b>	 <u>-</u>	 <u>-</u>	 <u>-</u>
 <b>Fund Balance, Beginning</b>	 <u>-</u>	 <u>-</u>	 <u>-</u>
<b>Fund Balance, Ending</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of these statements.



**Town of Franklinton**

**Schedule 10**

**Combining Balance Sheet  
Capital Projects Funds  
October 31, 1996**

	<u>LCDBG Project</u>	<u>Airport Project</u>	<u>Total</u>
<b>Assets</b>			
Construction In Progress	\$ 119,868	\$ -	\$ 119,868
Due From State	22,968	80,232	103,200
Total Assets	<u>\$ 142,836</u>	<u>\$ 80,232</u>	<u>\$ 223,068</u>
<b>Liabilities and Fund Equity</b>			
<b>Liabilities:</b>			
Retainage Payable	\$ 22,968	\$ -	\$ 22,968
Due to Other Funds	-	80,232	80,232
Total Liabilities	<u>22,968</u>	<u>80,232</u>	<u>103,200</u>
<b>Fund Equity:</b>			
Contribution	119,868	-	119,868
Fund Balance	-	-	-
Total Fund Equity	<u>119,868</u>	<u>-</u>	<u>119,868</u>
Total Liabilities and Fund Equity	<u>\$ 142,836</u>	<u>\$ 80,232</u>	<u>\$ 223,068</u>

The accompanying notes are an integral part of these statements.

Town of Franklinton

Schedule 18

**Schedule of Revenues, Expenses, and Changes in Retained Earnings  
Budget (GAAP Basis) and Actual  
Enterprise Fund - Water Utility System  
For the Year Ended October 31, 1996**

	Budget	Actual	Variance Favorable (Unfavorable)
<b>Operating Revenues</b>			
Water Sales	\$ 246,000	\$ 251,454	\$ 5,454
Tie-Ins	1,500	1,200	(300)
Miscellaneous	550	525	(25)
Total Operating Revenues	248,050	253,179	5,129
<b>Operating Expenses</b>			
Personal Services:			
Salaries	73,200	74,244	(1,044)
Payroll Taxes	5,700	5,454	246
Retirement	3,000	3,696	(696)
Health Insurance	16,000	15,421	579
Supplies:			
Meters	4,000	6,421	(2,421)
Supplies	21,000	21,414	(414)
Fuel	1,000	822	178
Chemicals	3,000	3,125	(125)
Equipment Repairs	1,000	832	168
Other Services and Charges:			
Utilities	24,000	23,622	378
Audit	2,000	2,000	-
Uniforms	1,000	1,052	(52)
Administrative Fees to General Fund	35,500	35,332	168
Bad Debts	500	1,059	(559)
Grant Expense	4,500	4,407	93
Depreciation	22,000	10,032	11,968
Total Operating Expenses	217,400	208,933	8,467
<b>Operating Income (Loss)</b>	30,650	44,246	13,596
<b>Nonoperating Revenues (Expenses)</b>			
Interest Income	5,000	25,735	20,735
Dividend Income	-	379	379
Total Nonoperating Revenues (Expenses)	5,000	26,114	21,114
<b>Operating Transfers (Out)</b>			
Operating Transfers Out	(38,000)	(38,269)	(269)
Total Operating Transfers Out	(38,000)	(38,269)	(269)
<b>Net Income (Loss)</b>	(2,350)	32,091	34,441
<b>Amortization of Contributions</b>	-	967	967
<b>Unreserved Retained Earnings, Beginning</b>	511,401	511,401	-
<b>Unreserved Retained Earnings, Ending</b>	\$ 509,051	\$ 544,459	\$ 35,408

The accompanying notes are an integral part of these statements.

**Town of Franklinton**

**Statement E**

**Combined Statement of Cash Flows  
All Proprietary Fund Types  
For the Year Ended October 31, 1996**

	<u>Enterprise Fund</u>	<u>Internal Service Fund</u>	<u>Totals (Memorandum Only)</u>
<b>Cash Flows from Operating Activities</b>			
Operating Income (Loss)	\$ 8,188	\$ (287)	\$ 7,901
Adjustments to Reconcile Net Operating Income to Net Cash Provided (Used) by Operating Activities:			
Depreciation	147,957	-	147,957
Change in Accounts Receivable	(11,853)	-	(11,853)
Change in Unbilled Receivables	7,609	-	7,609
Change in Due From Other Funds	(70,232)	-	(70,232)
Change in Inventory	(4,414)	-	(4,414)
Change in Accounts Payable	135,500	-	135,500
Change in Compensated Absences Payable	(372)	-	(372)
Change in Retainage Payable	67,894	-	67,894
Change in Customer Deposits Payable	3,633	-	3,633
Net Cash Provided (Used) by Operating Activities	<u>283,910</u>	<u>(287)</u>	<u>283,623</u>
<b>Cash Flows from Noncapital Financing Activities</b>			
Operating Transfers Out	(172,328)	-	(172,328)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(172,328)</u>	<u>-</u>	<u>(172,328)</u>
<b>Cash Flows from Capital and Related Financing Activities</b>			
Principal Payments	(53,000)	-	(53,000)
Payments for Capital Assets	(808,850)	-	(808,850)
Interest Payments	(22,280)	-	(22,280)
Contributed Capital	681,556	-	681,556
Net Cash Provided (Used) by Capital & Related Financing Activities	<u>(202,574)</u>	<u>-</u>	<u>(202,574)</u>
<b>Cash Flows from Investing Activities</b>			
Payments for Capital Investments	(47,989)	-	(47,989)
Receipts of Interest	91,882	-	91,882
Receipts of Dividends	998	-	998
Net Cash Provided (Used) by Investing Activities	<u>44,891</u>	<u>-</u>	<u>44,891</u>
<b>Net Cash Increase (Decrease)</b>	(46,101)	(287)	(46,388)
<b>Cash and Cash Equivalents, Beginning of Year</b>	<u>1,072,147</u>	<u>3,195</u>	<u>1,075,342</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u>\$ 1,026,046</u>	<u>\$ 2,908</u>	<u>\$ 1,028,954</u>

The accompanying notes are an integral part of these statements.

**TOWN OF FRANKLINTON, LOUISIANA**  
Notes to the Financial Statements  
(Continued)

*Funding Policy.* Plan members are required by state statute to contribute 7.5 percent of their annual covered salary and the Town of Franklinton is required to contribute at an actuarially determined rate. The current rate is 9.0 percent of annual covered payroll. The contribution requirements of plan members and the Town of Franklinton are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Town of Franklinton's contributions to the System for the years ending October 31, 1996, 1995, and 1994, were \$8,344, \$9,797, and \$12,078, respectively, equal to the required contributions for each year.

**15. OTHER POSTEMPLOYMENT BENEFITS**

The Town of Franklinton provides health care insurance for employees who retire with twenty years of service. These benefits are provided until the retiree becomes eligible for Medicare. For the year ended October 31, 1996, the Town of Franklinton had no retirees eligible for this benefit.

**16. PENDING LITIGATION AND CONTINGENT LIABILITIES**

As of October 31, 1996, the Town of Franklinton had no outstanding suits pending or threatened litigation.

**17. FOOD STAMP PROGRAM**

The Food Stamp Program is operated by the Town under an agreement with the Louisiana Department of Social Services. Under this program, the Town is responsible for the issuance of food stamps to eligible participants in the Town. The value of food stamps on hand, received, and issued is not recorded in the accompanying statements. Activity for the year is listed in the schedule of federal financial assistance.

**18. TRANSPORTATION GRANT SUBCONTRACTED TO WASHINGTON PARISH COUNCIL ON AGING, INC.**

The Town was approved for and executed a grant award to be received through the Louisiana Department of Transportation and Development (DOTD) which is funded under the Public Transportation for Non-Urbanized Areas - Section 18 of the Urban Mass Transportation Act of 1964, as amended by Section 313 of the Surface Transportation Assistance Act of 1978, entitled "Formula Grant Program for Areas Other Than Urbanized." The period covered by this grant is from November 1, 1995, through October 31, 1996.

The Town has entered into a Section 18 Subcontract with the Washington Parish Council on Aging, Inc. assigning all rights and liabilities under the grant agreements and contracts in order that the Council on Aging can administer the grants. The Town is the program sponsor and is legally and financially obligated in connection with fulfilling these grant agreements. The funds received and transferred under the grant are reported in "Schedule of Federal Financial Assistance" at the end of this report.

**19. SEGMENT INFORMATION - ENTERPRISE FUND**

The enterprise funds of the Town of Franklinton account for the collection of gas, water, and sewer user fees, and the provision of services to support the gas, water and sewer systems. Segment information of the enterprise funds is presented in the following schedules that comprise the set of general purpose financial statements:

- (1) Individual enterprise fund schedules as columns in the combining balance sheet
- (2) Combining schedule of revenues, expenses, and changes in retained earnings - proprietary fund type
- (3) Combined schedule of cash flows - proprietary fund type



## TOWN OF FRANKLINTON, LOUISIANA

### Notes to the Financial Statements

(Continued)

*Plan Description.* The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. All employees of the municipality are members of Plan B.

All permanent employees working at least 35 hours per week who are not covered by another pension plan and are paid wholly or in part from municipal funds and all elected officials are eligible to participate in the System. Under Plan B, employees who retire at or after age 60 with at least 10 years of creditable service or at or after age 55 with at least 30 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 2 per cent of their final-average salary for each year of creditable service. Furthermore, with at least 10 years of creditable service, but less than 30 years, an employee may take early retirement benefits commencing at age 60, with the basic benefit reduced 3 per cent for each year retirement precedes age 60, unless he has at least 30 years of creditable service. In any case, monthly retirement benefits paid under Plan B cannot exceed 100 per cent of final-average salary. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above and do not withdraw their employee contributions may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplemental information for the System. That report may be obtained by writing to the Municipal Employees Retirement System of Louisiana, 7937 Office Park Boulevard, Baton Rouge, Louisiana 70809, or calling (504) 925-4810.

*Funding Policy.* Under Plan B, members are required by state statute to contribute 5.0 percent of their annual covered salary and the Town of Franklinton is required to contribute at an actuarially determined rate. The current rate is 3.0 percent of annual covered payroll. Contributions to the System also include one-fourth of one per cent (except Orleans and East Baton Rouge Parishes) of the taxes shown to be collectible by the tax rolls of each parish. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. The contribution requirements of plan members and the Town of Franklinton are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Town of Franklinton contributions to the System under Plan B for the years ending October 31, 1996, 1995, and 1994, were \$16,131, \$12,635, and \$13,144, respectively, equal to the required contributions for each year.

#### B. Municipal Police Employees Retirement System of Louisiana (System)

*Plan Description.* All full-time police department employees engaged in law enforcement are required to participate in the System. Employees who retire at or after age 50 with at least 20 years of creditable service or at age 55 with at least 12 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 1/3 per cent of their final-average salary for each year of creditable service. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified previously and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplemental information for the System. That report may be obtained by writing to the Municipal Police Employees Retirement System of Louisiana, 8401 United Plaza Boulevard, Baton Rouge, Louisiana 70809-2250, or by calling (504) 929-7411.

**TOWN OF FRANKLINTON, LOUISIANA**  
Notes to the Financial Statements  
(Continued)

in the fund a balance for emergency repairs and replacements of not less than \$5,000. The fund is represented by \$1,000 in a checking account and \$14,000 in Certificates of Deposit, both of which are on deposit at the Hancock Bank, Franklinton, Louisiana.

The Sewer Revenue Refunding Bonds, Series 1993 issue required that all income and revenues earned or derived from the operation of the system be deposited as the same may be collected in the Revenue Fund. Out of the funds on deposit in the Revenue Fund, after reasonable and necessary expenses of operating the system have been paid, moneys are to be transferred to the Sinking Fund, the Reserve Fund and/or the Contingency Fund as provided in the Resolution. The Revenue Fund is represented by \$6,372 in a checking account and \$93,600 in a Certificate of Deposit.

The Sinking Fund is designed to achieve a proper matching of revenues and debt service on the bonds with each bond year. For purposes of this certificate, "Bond Year" shall mean 1 year period ending on each principal payment date of the bonds, which is November 1. The municipality is required by the Resolution to make monthly deposits into the Sinking Fund no later than the 20th day of each month, a sum of between \$4,017 to \$4,125. Amounts deposited in the Sinking Fund will be applied to the payment of principal and interest on the bonds in the bond year of their receipts. All amounts deposited in the Sinking Fund are expected to be depleted at least each bond year, except for a reasonable carryover amount which will not exceed the greater of (I) the earnings on the Debt Service Fund for the immediately preceding bond year, or (II) 1/12 of the principal and interest payments on the bonds for the immediately preceding year. The Debt Service Fund is represented by \$41,296 in a checking account.

The Reserve Fund is maintained solely for the purpose of paying the principal of and interest on bonds payable from the Sinking Fund as to which there would otherwise be default. The Reserve Fund was established by depositing \$37,000 into the Reserve Fund on the day of the delivery of the bonds and maintained therein over the life of the bonds. The balance of the fund as of October 31, 1996 is \$39,318.

The Contingency Fund is established to care for depreciation, extensions, additions, improvements, renewals and replacements necessary to operate properly the System, by transferring from the Sewer Revenue Fund on or before the 20th day of each month of each year a sum of Two Hundred Seventy Dollars (\$270.00) per month, provided such sum is available as provided in the Resolution. In addition to caring for depreciation, extensions, additions, improvements, renewals and replacements necessary to properly operate the System, the money in the Contingency Fund may also be used to pay the principal of and the interest on the bonds including any additional pari passu bonds issued hereafter in the manner provided by the Resolution, for the payment of which there is not sufficient money in the Sinking Fund or Reserve Funds. The Fund is represented by \$16,934 in a checking account.

### **13. COMPENSATED ABSENCES**

At October 31, 1996, employees of the municipality have accumulated and vested \$30,752 of employee leave benefits, which was computed in accordance with GASB Codification Section C60. Of this amount, \$21,829 is recorded as an obligation of the General Fund, none is recorded within the general long-term obligations account group, and \$8,923 is recorded as an obligation of the Enterprise Funds.

### **14. PENSION PLAN**

Substantially all employees of the Town of Franklinton are members of the following statewide retirement systems: Municipal Employees Retirement System of Louisiana or Municipal Police Employees Retirement System of Louisiana. These systems are cost-sharing, multiple-employer public employee retirement system (PERS), controlled and administered by a separate board of trustees. Pertinent information relative to each plan follows:

#### **A. Municipal Employee Retirement System of Louisiana (System)**



**TOWN OF FRANKLINTON, LOUISIANA**

Notes to the Financial Statements

(Continued)

**11. DIRECT FINANCING LEASE**

The Town's leasing operations consist exclusively of the leasing of land and an industrial building, with the option to purchase, that was purchased by the Town in previous years. The property was occupied and leased by a textile industry. The lease is classified as a direct financing lease and will expire in twenty-two years. The following lists the components of the net investment in the direct financing lease as of October 31, 1996:

	10/31/96
Total Minium lease payments to be received	\$ 341,820
Minium lease payments receivable	341,820
Less: Unearned Income - Interest	(134,820)
Net investment in direct financing leases	\$ 207,000

The \$341,820 is reported in the General Fund as a Lease Payments Receivable with corresponding Deferred Revenue of \$207,000 Lease Principal Payments and \$134,820 Lease Interest Payments.

At October 31, 1996, minium lease payments for each of the five succeeding fiscal years are as follows:

Year	Amount
1997	\$ 22,420
1998	\$ 21,820
1999	\$ 21,220
2000	\$ 20,620
2001	\$ 20,020

**12. FLOW OF FUNDS, RESTRICTIONS ON USE - UTILITIES REVENUES**

The Gas Utility Revenue Bond issue required that all income and revenues be deposited into the Washington Bank and Trust Company (now Hancock Bank), Franklinton, Louisiana. The depository account is represented by a checking account in the amount of a cash overdraft of (\$24,286).

The Gas Utility Revenue Bond issue required that a sinking fund be established at the Hancock Bank, Franklinton, Louisiana, for the purpose of retiring Gas Utility Revenue Bonds plus accrued interest. The sinking fund is represented by cash on deposit at the Hancock Bank, Franklinton, Louisiana, in the amount of \$8,924.

The Gas Utility Revenue Bond issue required that a reserve fund be established at the Hancock Bank, Franklinton, Louisiana, with an initial deposit of \$18,700 and monthly deposits of 20% of the balance remaining in the Revenue Fund after all required payments have been made into the sinking fund until there shall have accumulated a reserve of \$28,000. The money in said Reserve Fund shall be retained solely for the purpose of paying the principal and interest on the bonds payable from the aforesaid sinking fund as to which there would otherwise be a default. The monies in this fund are represented by \$2,000 in a checking account and \$26,000 in Certificates of Deposit both of which are on deposit at the Hancock Bank, Franklinton, Louisiana.

The Gas Utility Revenue Bond issue required that a depreciation and contingencies fund be established at the Hancock Bank, Franklinton, Louisiana, and maintained to provide for extensions, additions, improvements, renewals, and replacements necessary to properly operate the system, by payment of 40% of the balance remaining in the Reserve Fund in any month in which there is less than the sum of \$15,000 on deposit. The money in the Contingencies Fund shall be used for making extensions, additions, improvements, renewals, and replacements provided such use will leave



**TOWN OF FRANKLINTON, LOUISIANA**

Notes to the Financial Statements

(Continued)

**9. PROPERTY, PLANT AND EQUIPMENT**

Gas Utility:

Operating System	\$ 340,000
Improvements	577,204
Equipment	78,560
Total Gas Utility	995,764

Water Utility:

Land	3,300
Operating System	735,000
Improvements	395,016
Construction in Progress	860,423
Total Water Utility	1,993,739

Sewer Utility:

Collection System & Treatment Plant	2,770,390
Equipment	8,399
Construction in Progress	-
Total Sewer Utility	2,778,789
Total Utilities	5,768,292
Less Accumulated Depreciation	(3,137,459)
Net Property, Plant & Equipment	\$ 2,630,833

**10. CHANGES IN LONG-TERM DEBT**

The following is a summary of long-term debt transactions for the year ended October 31, 1996:

	Revenue Bonds
Bonds Payable, November 1, 1995	\$ 413,000
Bonds Issued	681,556
Bonds Retired	(53,000)
Bonds Payable, October 31, 1996	\$ 1,041,556

Revenue bonds payable at October 31, 1996, are comprised of the following individual issues:

\$340,000 Gas utility bonds dated June 8, 1968 due in annual installments of \$2,000 to \$25,000 through November 1, 1998; interest at 5.75% payable semi-annually May 1 and November 1.	\$ 49,000
\$370,000 Sewer revenue refunding bonds dated November 1, 1993 Due in annual installments of \$29,000 to \$46,000 through November 1, 2003; interest at 5.5% payable semi-annually May 1, and November 1 each year.	311,000
\$681,556 Bond Anticipation Notes dated April 19, 1996, advanced by Parish National Bank	681,556
	\$1,041,556

**Town of Franklinton**

**Combined Statement of Revenues, Expenditures, and Changes in Fund Balances  
Budget (GAAP Basis) and Actual  
Governmental Fund Types  
For the Year Ended October 31, 1996**

	General Fund		
	Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues</b>			
Taxes	\$ 783,200	\$ 829,438	\$ 46,238
Licenses and Permits	191,500	189,991	(1,509)
Intergovernmental	119,100	132,829	13,729
Charges for Services	213,450	215,045	1,595
Fines and Forfeits	42,000	45,216	3,216
Interest	2,000	2,927	927
Miscellaneous	28,100	29,036	936
Total Revenues	<u>1,379,350</u>	<u>1,444,482</u>	<u>65,132</u>
<b>Expenditures</b>			
General Government	588,200	580,274	7,926
Public Safety:			
Police	333,000	340,534	(7,534)
Fire	23,850	28,012	(4,162)
Highways, Streets and Drainage	256,700	246,898	9,802
Drainage	-	-	-
Sanitation	118,000	115,793	2,207
Health and Welfare	52,065	46,486	5,579
Transportation	8,000	7,910	90
Capital Outlays	188,000	188,742	(742)
Total Expenditures	<u>1,567,815</u>	<u>1,554,649</u>	<u>13,166</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	<u>(188,465)</u>	<u>(110,167)</u>	<u>78,298</u>
<b>Other Financing Sources (Uses)</b>			
Sale of Fixed Assets	6,000	6,306	306
Lease Principal Payments	10,000	10,000	-
Transfers From Other Funds	171,000	172,437	1,437
Total Other Financing Sources (Uses)	<u>187,000</u>	<u>188,743</u>	<u>1,743</u>
<b>Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses</b>	(1,465)	78,576	80,041
<b>Fund Balance, Beginning</b>	110,367	110,367	-
<b>Fund Balance (Deficit), Ending</b>	<u>\$ 108,902</u>	<u>\$ 188,943</u>	<u>\$ 80,041</u>

The accompanying notes are an integral part of these statements.

**TOWN OF FRANKLINTON, LOUISIANA**

Notes to the Financial Statements

(Continued)

**6. INVESTMENTS**

The following is a summary of investments at October 31, 1996:

	Carrying Amount	Market Value
Federal Home Loan Mortgage Corporation	\$ 183,701	\$ 181,892
Federal National Mortgage Association	543,875	498,795
Government Money Market	44,200	44,200
Cash	80	80
Total	\$ 771,856	\$ 724,967

The investments are in the name of the municipality and are held by the municipality's agent. Because the investments are in the name of the municipality and are held by the municipality's agent, the investments are considered insured and registered, Category 1, in applying the credit risk of GASB Codification Section 150.164.

**7. RECEIVABLES**

The receivables of \$762,831 at October 31, 1996, are as follows:

Class of Receivable	General Fund	Capital Projects Fund	Enterprise Fund	Total
Accounts - Customers	\$ 13,861	\$ -	\$ 135,800	\$ 149,661
Franchise Tax	10,445	-	-	10,445
Lease Payment	341,820	-	-	341,820
Washington Parish -				
Police Jury	79,120	-	-	79,120
Sheriff	49,947	-	-	49,947
State	8,047	103,200	19,843	131,090
State - Food Stamps	748	-	-	748
Total	\$ 503,988	\$ 103,200	\$ 155,643	\$ 762,831

**8. CHANGES IN GENERAL FIXED ASSETS**

A summary of changes in general fixed assets follows:

	Balance November 1, 1995	Additions	Deletions	Balance October 1, 1996
Land	\$ 341,711	\$ 25,415	\$ 15,000	\$ 352,126
Buildings and Improvements	894,848	2,237	208,759	688,326
Vehicles	374,285	143,113	32,912	484,486
Office Furniture and Fixtures	14,020	-	10,620	3,400
Equipment	492,831	14,254	-	507,085
Total	\$2,117,695	\$ 185,019	\$ 267,291	\$2,035,423

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

To the Honorable Mayor, Earle R. Brown  
and Board of Aldermen  
Franklinton, Louisiana

We have audited the general purpose financial statements of the Town of Franklinton, Louisiana, as of and for the year ended October 31, 1996, and have issued our report thereon dated January 17, 1997.

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.

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

In planning and performing our audit of the general purpose financial statements of the Town of Franklinton, Louisiana, for the year ended October 31, 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 assurance on the internal control structure. Accordingly, we do not express such an opinion.



**Town of Franklinton**

**Statement D**

**Combined Statement of Revenues, Expenses, and Changes in Retained Earnings  
All Proprietary Fund Types  
For the Year Ended October 31, 1996**

	<u>Enterprise Fund</u>	<u>Internal Service Fund</u>	<u>Totals (Memorandum Only)</u>
<b>Operating Revenues</b>			
Gas Sales	\$ 571,351	\$ -	\$ 571,351
Water Sales	251,454	-	251,454
Sewer Service Charges	260,509	-	260,509
Tie-Ins	3,290	-	3,290
Interest	-	58	58
Miscellaneous	589	-	589
Total Operating Revenues	<u>1,087,193</u>	<u>58</u>	<u>1,087,251</u>
<b>Operating Expenses</b>			
Personal Services	288,997	-	288,997
Supplies	84,896	-	84,896
Other Services and Charges	183,254	-	183,254
Gas Purchases	373,901	-	373,901
Depreciation	147,957	-	147,957
Medical Claims Paid	-	345	345
Total Operating Expenses	<u>1,079,005</u>	<u>345</u>	<u>1,079,350</u>
<b>Operating Income (Loss)</b>	<u>8,188</u>	<u>(287)</u>	<u>7,901</u>
<b>Nonoperating Revenues (Expenses)</b>			
Interest Expense	(22,280)	-	(22,280)
Interest Income	91,882	-	91,882
Dividend Income	998	-	998
Total Nonoperating Revenues	<u>70,600</u>	<u>-</u>	<u>70,600</u>
<b>Operating Transfers (Out)</b>			
Operating Transfers Out	(172,328)	-	(172,328)
Total Operating Transfers Out	<u>(172,328)</u>	<u>-</u>	<u>(172,328)</u>
<b>Net Income (Loss)</b>	(93,540)	(287)	(93,827)
<b>Decrease (Increase) in Retained Earnings Reserved for:</b>			
Depreciation and Contingency Fund	(3,546)	-	(3,546)
Reserve Fund	(780)	-	(780)
<b>Amortization of Contributions</b>	97,764	-	97,764
<b>Unreserved Retained Earnings, Beginning of Year</b>	<u>1,889,658</u>	<u>3,195</u>	<u>1,892,853</u>
<b>Unreserved Retained Earnings, End of year</b>	<u>\$ 1,889,556</u>	<u>\$ 2,908</u>	<u>\$ 1,892,464</u>

The accompanying notes are an integral part of these statements.

**Town of Franklinton**  
**Schedule of Cash Flows**  
**Internal Service Fund**  
**For the Year Ended October 31, 1996**

**Schedule 22**

**Cash Flows from Operating Activities**

Operating Income (Loss)	\$ (287)
Adjustments to Reconcile Net Operating Income to Net Cash	
Provided (Used) by Operating Activities:	
Changes in Accounts Receivable	-
Changes in Accounts Payable	-
Net Cash Provided (Used) by Operating Activities	<u>(287)</u>
 <b>Net Cash Increase (Decrease) for the Year</b>	 (287)
 <b>Cash, Cash Equivalents, and Investments, Beginning</b>	 <u>3,195</u>
<b>Cash, Cash Equivalents, and Investments, Ending</b>	<b>\$ <u><u>2,908</u></u></b>

The accompanying notes are an integral part of these statements.



**TOWN OF FRANKLINTON**  
**NOTES TO FINANCIAL STATEMENTS**  
As of and for the Year Ended October 31, 1996

**INTRODUCTION**

The Town of Franklinton was incorporated March 7, 1861, under the provisions of a Special Legislative Charter. The Town operates under a Mayor-Board of Aldermen form of government.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. REPORTING ENTITY**

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

Governmental Accounting Standards Board (GASB) Statement No. 14 established criteria for determining which component units should be considered part of the Town of Franklinton for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

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

The Town of Franklinton does not have any component units to be included in the accompanying financial statements.

Considered in the determination of component units of the reporting entity were the Washington Parish Police Jury, Sheriff, Clerk of Court, Assessor, and School Board, the District Attorney and the Judges of the 22nd Judicial District. It was determined that these governmental entities are not component units of the Town of Franklinton reporting entity because they have separately elected governing bodies, are legally separate, and are fiscally independent of the Town of Franklinton.

**TOWN OF FRANKLINTON, LOUISIANA**  
Notes to the Financial Statements  
(Continued)

**B. FUND ACCOUNTING**

The municipality 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 relating to certain governmental functions or activities.

*A fund is a separate accounting entity with a self-balancing set of accounts. On the other hand, an account group 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 of the municipality are classified into two categories: governmental and proprietary. In turn, each category is divided into separate fund types. The fund classifications and a description of each existing fund type follow:

**Governmental Funds**

Governmental funds are used to account for all or most of the municipality's general activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of general fixed assets, and the servicing of general long-term debt. Governmental funds include:

1. General Fund - the general operating fund of the municipality and accounts for all financial resources except those required to be accounted for in other funds.
2. Special Revenue Funds - account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.
3. Capital Projects Funds - account for financial resources received and used for the acquisition, construction, or improvement of capital facilities not reported in the other governmental funds.

**Proprietary Funds**

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Proprietary funds differ from governmental funds in that their focus is on income measurement, which, together with the *maintenance of equity, is an important financial indicator. Proprietary funds include:*

1. Enterprise funds - account for operations (a) where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided the periodic determination of revenues earned, expenses incurred, and/or income is appropriate for capital maintenance, management control, accountability, or other purposes.
2. Internal service fund - accounts for the financing of goods or services provided by one department to other departments or governments on a cost-reimbursement basis.

**TOWN OF FRANKLINTON, LOUISIANA**  
Notes to the Financial Statements  
(Continued)

**C. BASIS OF ACCOUNTING**

The accounting and financial reporting treatment applied to a fund is determined by its *measurement focus*. All governmental funds are accounted for using a current financial resources measurement focus. With this *measurement focus*, only *current assets and current liabilities* are generally included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets. The modified basis of accounting is used by governmental funds. The governmental funds use the following practices in recording revenues and expenditures:

**Revenues**

Revenues are recognized when they become measurable and available as net current assets. Gross receipts, and sales taxes are considered "measurable" when in the hands of collecting governments and are recognized as revenue at that time. Anticipated refunds of such taxes are recorded as liabilities and reductions of revenue when they are measurable and their validity seems certain. Charges for services are accrued.

**Expenditures**

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. An exception to this general rule is principal and interest on long-term debt is recognized when due. Interest costs are not capitalized.

**Other Financing Sources (Uses)**

Proceeds from the sale of fixed assets are accounted for as other financing sources and are recognized when received. Fixed assets acquired through capital leases are recorded as expenditures and other financing sources at the time of acquisition. Transfers between funds that are not expected to be repaid are accounted for as other financing sources (uses).

All proprietary funds are accounted for on a flow of economic resources measurement focus and a determination of net income and capital maintenance. With this *measurement focus*, all assets and all liabilities associated with the operations of these funds are included on the balance sheet. The proprietary funds use the accrual basis of accounting. Revenues are recognized when earned, and expenses are recognized at the time liabilities are incurred.

**D. BUDGET PRACTICES**

The proposed budget for 1996 was made available for public inspection on October 10, 1995. The proposed budget, prepared on the modified accrual basis of accounting, was published in the official journal 15 days prior to the public hearing, which was held at the Town of Franklinton's City Hall on October 24, 1995, for comments from taxpayers. The budget is legally adopted and amended, as necessary, by the board of aldermen.

All expenditure appropriations lapse at year end. Unexpended appropriations and any excess of revenues over expenditures are carried forward to the subsequent year as beginning fund balance.



## **TOWN OF FRANKLINTON, LOUISIANA**

### **Notes to the Financial Statements**

(Continued)

#### **E. ENCUMBRANCES**

Encumbrance accounting is not used. However, formal integration of the budget into the accounting records is employed as a management control device.

#### **F. CASH AND CASH EQUIVALENTS AND INVESTMENTS**

Cash includes amounts in demand deposits, interest-bearing demand deposits, and money market accounts. Cash equivalents include amounts in time deposits and those other investments with original maturities of 90 days or less. Under state law, the municipality may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

Under state law, the municipality may invest in United States bonds, treasury notes, or certificates. These are classified as investments if their original maturities exceed 90 days. However, if the original maturities are 90 days or less, they are classified as cash equivalents. Investments are stated at cost.

#### **G. SHORT-TERM INTERFUND RECEIVABLES/PAYABLES**

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. The receivables and payables are classified as due from other funds or due to other funds on the balance sheet. Short-term interfund loans are classified as interfund receivables/payables.

#### **H. INVENTORIES**

There are no inventories in the governmental funds since expenditures are recognized when the items are purchased.

Inventory in the proprietary funds consist of gas reserves purchased and are recorded as an expense when consumed. Inventories are valued at the lower of cost or market.

#### **I. RESTRICTED ASSETS**

Certain proceeds of the enterprise fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants.

#### **J. FIXED ASSETS**

Fixed assets of the governmental funds are recorded as expenditures at the time purchased or constructed, and the related assets are capitalized (reported) in the general fixed assets account group. No depreciation has been provided on general fixed assets. All fixed assets are valued at historical cost or estimated cost if historical cost is not available. Assets considered part of infrastructure are not capitalized.

Fixed assets of the enterprise funds are included on the balance sheets of the funds. Interest costs incurred during construction are capitalized. Depreciation of all exhaustible fixed assets is charged as an expense against operations. Fixed assets reported on the balance sheet are net of accumulated depreciation. Depreciation is computed using the straight line method over the estimated lives of 10 to 30 years.

**TOWN OF FRANKLINTON, LOUISIANA**  
Notes to the Financial Statements  
(Continued)

**K. COMPENSATED ABSENCES**

Employees of the municipality earn annual leave at varying rates according to years of service. Accrued unused annual leave earned by an employee is carried forward to the succeeding calendar year until a maximum of twenty days accumulation. Accrued unused sick leave earned by an employee is carried forward to the succeeding calendar year without limitation. Employees that are terminated or resign will not be paid for accumulated sick leave.

**L. LONG-TERM LIABILITIES**

Long-term liabilities are recognized within the enterprise funds.

**M. FUND EQUITY**

**Contributed Capital**

Grants, entitlements, or shared revenues received that are restricted for the acquisition or construction of capital assets are recorded as contributed capital. Contributed capital is amortized based on the depreciation recognized on that portion of the assets acquired from such contributions.

**Reserves**

Reserves represent those portions of fund equity not appropriable for expenditure or legally segregated for a specific future use.

**N. TOTAL COLUMNS ON COMBINED STATEMENTS**

Total columns on the combined statements are captioned Memorandum Only to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operation, or changes in financial position 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.

**2. FUND DEFICIT**

The Police Ad Valorem Special Revenue Fund has a deficit in unreserved fund balance of \$5,658 as of October 31, 1996. Management states that this fund deficit will be resolved when the next years ad valorem taxes are collected by December 31, 1996.

**3. EXPENDITURES/EXPENSES -  
ACTUAL AND BUDGET**

The Town had no individual funds with actual expenditures over budgeted expenditures for the year ended October 31, 1996.

**TOWN OF FRANKLINTON, LOUISIANA**  
**Notes to the Financial Statements**  
(Continued)

**4. LEVIED TAXES**

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

	Authorized Millage	Levied Millage	Collected Millage
General corporate purpose	7.19 mills	\$ 75,833	\$ 76,172
Police Ad Valorem	5.14 mills	\$ 54,212	\$ 54,331
Street and Drainage Ad Valorem	7.19 mills	\$ 75,833	\$ 75,954

Proceeds of a 1% sales and use tax levied by the municipality (1996 collections - \$613,523) are dedicated with the revenues derived from said sales and use tax to be used for the purpose of constructing, improving, extending, and maintaining playgrounds and recreational facilities; public roads, streets, bridges and crossings; sewerage, garbage disposal and water works, and other works of permanent public improvements in the municipality.

**5. CASH AND CASH EQUIVALENTS**

At October 31, 1996, the municipality has cash and cash equivalents (book balances) totaling \$1,124,537, as follows:

Demand deposits	\$ (12,361)
Interest-bearing demand deposits	287,095
Money market accounts	-
Time deposits	849,803
Total	\$ 1,124,537

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

At October 31, 1996, the municipality has \$1,158,801 in deposits (collected bank balances). These deposits are secured from risk by \$159,103 of federal deposit insurance and \$999,698 of pledged securities held by the custodial bank in the name of the fiscal agent bank ( Category 3).

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



**INTERNAL SERVICE FUND**

To account for the financing of self-insured medical claims provided by one fund for employees in other funds of the Town on an established basis.

Statement C

Special Revenue Funds			Capital Projects Funds		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$ 130,300	\$ 130,285	\$ (15)	\$ -	\$ -	\$ -
-	-	-	-	-	-
25,000	25,000	-	571,737	571,737	-
-	-	-	-	-	-
-	-	-	-	-	-
2,000	2,223	223	-	-	-
-	-	-	-	-	-
<u>157,300</u>	<u>157,508</u>	<u>208</u>	<u>571,737</u>	<u>571,737</u>	<u>-</u>
-	-	-	-	-	-
30,450	29,060	1,390	-	-	-
-	-	-	-	-	-
122,000	117,500	4,500	-	-	-
37,500	28,432	9,068	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
61,000	57,909	3,091	571,737	571,737	-
<u>250,950</u>	<u>232,901</u>	<u>18,049</u>	<u>571,737</u>	<u>571,737</u>	<u>-</u>
<u>(93,650)</u>	<u>(75,393)</u>	<u>18,257</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-
-	(109)	(109)	-	-	-
-	(109)	(109)	-	-	-
(93,650)	(75,502)	18,148	-	-	-
70,575	70,575	-	-	-	-
<u>\$ (23,075)</u>	<u>\$ (4,927)</u>	<u>\$ 18,148</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of these statements.

**BRUCE HARRELL & CO.**

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

To the Honorable Mayor, Earle R. Brown  
and Board of Aldermen  
Franklinton, Louisiana

We have audited the general purpose financial statements of the Town of Franklinton, Louisiana, as of and for the year ended October 31, 1996, and have issued our report thereon dated January 17, 1997.

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.

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

The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

We noted certain immaterial instances of noncompliance which are reported in the following finding:

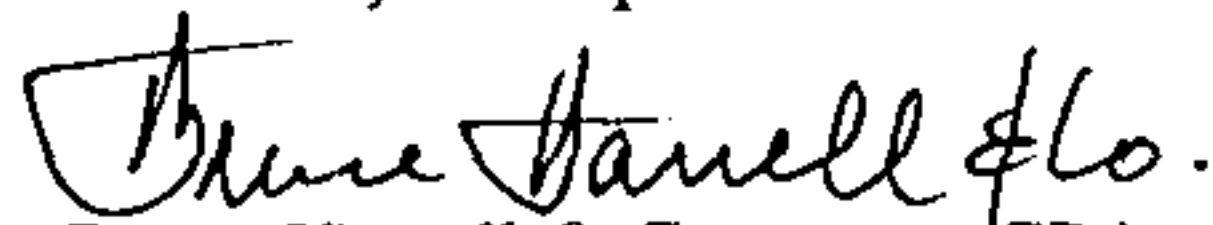
**Finding:**

The Police Ad Valorem Special Revenue Fund has a deficit in unreserved fund balance of \$5,658.

**Response:**

Management states that this fund deficit will be resolved when the next years ad valorem taxes are collected by December 31, 1996.

This report is intended for the information of management, the Legislative Auditor and the Cognizant Federal Agency. However, this report is a matter of public record and its distribution is not limited.

  
Bruce Harrell & Company, CPAs  
A Professional Accounting Corporation  
January 17, 1997

TOWN OF FRANKLINTON, LOUISIANA

October 31, 1996

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**INDEPENDENT AUDITOR'S REPORT**

To the Honorable Mayor, Earle R. Brown  
and Board of Aldermen  
Franklinton, Louisiana

We have audited the accompanying general purpose financial statements of the Town of Franklinton, Louisiana, as of October 31, 1996, and for the year then ended, as listed in the table of contents. These general purpose financial statements are the responsibility of the Town of Franklinton, Louisiana, management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

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

In our opinion, the general purpose financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the Town of Franklinton, Louisiana, as of October 31, 1996, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with generally accepted accounting principles.

Our audit was conducted for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining and individual fund and account group financial statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the Town of Franklinton, Louisiana. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.



Bruce Harrell & Company, CPAs  
A Professional Accounting Corporation

January 17, 1997



**BRUCE HARRELL & CO.**  
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**INDEPENDENT AUDITOR'S REPORT ON SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE**

To the Honorable Mayor, Earle R. Brown  
and Board of Aldermen  
Franklinton, Louisiana

We have audited the general purpose financial statements of the Town of Franklinton, Louisiana, for the year ended October 31, 1996, and have issued our report thereon dated January 17, 1997. These general purpose financial statements are the responsibility of the Town of Franklinton, Louisiana, management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

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

Our audit was conducted for the purpose of forming an opinion on the general purpose financial statements of the Town of Franklinton, Louisiana, taken as a whole. The accompanying schedule of federal financial assistance is presented for purposes of additional analysis and is not a required part of the general purpose financial statements. The information in that schedule has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.



Bruce Harrell & Company, CPAs  
A Professional Accounting Corporation

January 17, 1997



Town of Franklinton

Combined Balance Sheet - All Fund Types and Account Groups  
October 31, 1996

	Governmental Fund Type		
	General Fund	Special Revenue Fund	Capital Projects Fund
<b>Assets</b>			
Cash and Cash Equivalents	\$ 91,385	\$ 4,198	\$ -
Investments	-	-	-
Receivables :			
Intergovernmental	137,862	-	103,200
Accounts	366,126	-	-
Due From Other Funds	37,369	-	-
Inventory	-	-	-
Restricted Assets :			
Cash and Cash Equivalents	-	-	-
Land	-	-	-
Buildings and Furnishings	-	-	-
Improvements Other Than Buildings	-	-	119,868
Equipment	-	-	-
Utility Plant and Equipment	-	-	-
Accumulated Depreciation	-	-	-
Total Assets	<u>\$ 632,742</u>	<u>\$ 4,198</u>	<u>\$ 223,068</u>
<b>Liabilities and Fund Equity</b>			
<b>Liabilities:</b>			
Accounts Payable	\$ 80,150	\$ 1,425	\$ -
Due To Other Funds	-	7,700	80,232
Retainage Payable	-	-	22,968
Customer Deposits Payable	-	-	-
Compensated Absences Payable	21,829	-	-
Short-term Bonds Payable	-	-	-
Long-term Bonds Payable	-	-	-
Deferred Revenue	341,820	-	-
Total Liabilities	<u>443,799</u>	<u>9,125</u>	<u>103,200</u>
<b>Fund Equity:</b>			
Investments in General Fixed Assets	-	-	-
Contributed Capital	-	-	119,868
Accumulated Amortization	-	-	-
Retained Earnings:			
Reserved for Revenue Bond Retirement	-	-	-
Unreserved	-	-	-
Fund Balances:			
Undesignated	188,943	(4,927)	-
Total Fund Equity	<u>188,943</u>	<u>(4,927)</u>	<u>119,868</u>
Total Liabilities and Fund Equity	<u>\$ 632,742</u>	<u>\$ 4,198</u>	<u>\$ 223,068</u>

The accompanying notes are an integral part of these statements.

Statement A

Proprietary Fund Type		Account Group	Totals
Enterprise Fund	Internal Service Fund	General Fixed Assets	(Memorandum Only)
\$ 769,929	\$ 2,908	\$ -	\$ 868,420
771,856	-	-	771,856
19,843	-	-	260,905
135,800	-	-	501,926
85,232	-	-	122,601
10,277	-	-	10,277
256,117	-	-	256,117
-	-	352,126	352,126
-	-	583,325	583,325
-	-	105,000	224,868
-	-	994,972	994,972
5,768,292	-	-	5,768,292
(3,137,459)	-	-	(3,137,459)
<u>\$ 4,679,887</u>	<u>\$ 2,908</u>	<u>\$ 2,035,423</u>	<u>\$ 7,578,226</u>
\$ 178,303	\$ -	\$ -	\$ 259,878
34,669	-	-	122,601
67,894	-	-	90,862
105,422	-	-	105,422
8,923	-	-	30,752
56,000	-	-	56,000
985,556	-	-	985,556
-	-	-	341,820
<u>1,436,767</u>	<u>-</u>	<u>-</u>	<u>1,992,891</u>
-	-	2,035,423	2,035,423
3,257,419	-	-	3,377,287
(2,003,107)	-	-	(2,003,107)
99,252	-	-	99,252
1,889,556	2,908	-	1,892,464
-	-	-	184,016
<u>3,243,120</u>	<u>2,908</u>	<u>2,035,423</u>	<u>5,585,335</u>
<u>\$ 4,679,887</u>	<u>\$ 2,908</u>	<u>\$ 2,035,423</u>	<u>\$ 7,578,226</u>

The accompanying notes are an integral part of these statements.

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

To the Honorable Mayor, Earle R. Brown  
and Board of Aldermen  
Franklinton, Louisiana

We have audited the financial statements of the Town of Franklinton, Louisiana, as of and for the year ended October 31, 1996, and have issued our report thereon dated January 17, 1997.

We have applied procedures to test the Town of Franklinton, 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 October 31, 1996: 1) political activity, 2) civil rights, 3) cash management, 4) federal financial reports, 5) drug-free workplace act, and 6) 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 Town of Franklinton, Louisiana's, compliance with the requirements listed in the preceding paragraph. Accordingly, we do not express such an opinion.

The results of our audit procedures disclosed immaterial instances of non-compliance with the requirements referred to above. These *Findings of Deficiency* were reported to the Town of Franklinton, in a letter dated January 31, 1997, from the Office of Community Development, Division of Administration, State of Louisiana, and involved the FY 1994 LCDBG Program, Contract Number 101-5065. The review indicated that the Town had the capacity to carry out the program activities in a timely manner. The Town implemented the program in accordance with the requirements and primary objectives of the Housing and Community Development Act and other applicable laws, with the exceptions identified below. Although other deficiencies may exist, they were not detected during our audit or their review. The response from the Town of Franklinton is either included within this auditor's report, or the accompanying report dated January 17, 1997, on compliance to specific requirements. Included separately within the Independent Auditor's Report on Compliance with Specific Requirements Applicable to Major Federal Financial Assistance Programs, are responses to the following items:

<u>CATEGORY OF NON-COMPLIANCE</u>	<u>MONITORING FINDING NUMBER</u>
Citizen Participation	101-5-65-1-1-130
Citizen Participation	101-5065-1-1-131
Disclosure Report	101-5065-1-1-140

**BRUCE HARRELL & CO.**  
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Due to the limited number of personnel, the Town of Franklinton can not have a proper segregation of duties.

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.

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 be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we believe none of the reportable conditions described above is a material weakness.

This report is intended for the information of management, the Legislative Auditor and the Cognizant Federal Agency. However, this report is a matter of public record and its distribution is not limited.



Bruce Harrell and Company, CPAs  
A Professional Accounting Corporation

January 17, 1997

Town of Franklinton

Schedule 20

Balance Sheet  
Internal Service Fund  
October 31, 1996

Assets

Cash	\$	2,908
Accounts Receivable		-
Total Assets	\$	<u>2,908</u>

Liabilities and Fund Equity

Liabilities:

Accounts Payable	\$	-
Total Liabilities		<u>-</u>

Fund Equity:

Unreserved Retained Earnings		<u>2,908</u>
Total Fund Equity		<u>2,908</u>
Total Liabilities and Fund Equity	\$	<u>2,908</u>

The accompanying notes are an integral part of these statements.



**BRUCE HARRELL & CO.**

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

To the Honorable Mayor, Earle R. Brown  
and Board of Aldermen  
Franklinton, Louisiana

We have audited the general purpose financial statements of the Town of Franklinton, Louisiana, as of and for the year ended October 31, 1996, and have issued our report thereon dated January 17, 1997. We have also audited the compliance of the Town of Franklinton, Louisiana, with requirements applicable to major federal financial assistance programs and have issued our report thereon dated January 17, 1997.

We conducted our audit 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 whether the Town of Franklinton, Louisiana, complied with laws and regulations, noncompliance with which would be material to a major federal financial assistance program.

In planning and performing our audit for the year ended October 31, 1996, we considered the internal control structure of the Town of Franklinton, Louisiana, in order to determine our auditing procedures for the purpose of expressing our opinions on the general purpose financial statements of the Town of Franklinton, Louisiana, and on the compliance of the Town of Franklinton, 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 January 17, 1997.

The management of the Town of Franklinton, 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.

Town of Franklinton

Schedule 21

Schedule of Revenues, Expenses, and Changes in Retained Earnings  
Internal Service Fund  
For the Year Ended October 31, 1996

<b>Operating Revenues</b>	
Payments from Other Funds	\$ -
Interest Income	58
<b>Total Operating Revenues</b>	<u>58</u>
<b>Operating Expenses</b>	
Medical Claims	345
Fees to Insurance Company	-
<b>Total Operating Expenses</b>	<u>345</u>
<b>Net Income (Loss)</b>	(287)
<b>Unreserved Retained Earnings, Beginning of Year</b>	<u>3,195</u>
<b>Unreserved Retained Earnings, End of Year</b>	<u><u>2,908</u></u>

The accompanying notes are an integral part of these statements.

Page 2

We noted certain matters involving the internal control structure and its operations that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgement, could adversely affect the entity's ability to record, process, summarize, and report financial data consistent with the assertions of management in the general purpose financial statements.

Due to the limited number of personnel, the Town of Franklinton, it is not able to have a proper segregation of duties.

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 errors or irregularities in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we believe none of the reportable conditions described above is a material weaknesses.

This report is intended for the information of management, the Legislative Auditor and the Cognizant Federal Agency. However, this report is a matter of public record and its distribution is not limited.



Bruce Harrell and Company, CPAs  
A Professional Accounting Corporation

January 17, 1997

Page 2

Findings and the response of the Town of Franklinton to the remaining monitoring findings for general requirements, are as follows:

**CATEGORY: PROCUREMENT**

**Finding:**

Monitoring finding # 101-5065-1-1-80. At the time of the monitoring visit, the Town of Franklinton was unable to find written evaluations performed on the qualifications statements for both the administration and engineering contracts for the Town.

**Recommendation:**

It is recommended that separate files be maintained for all professional service contract solicitations and awards, and that required documentation be submitted to the LCDBG office.

**Response:**

The Town of Franklinton will submit a written explanation of the basis used to determine the reasonableness of the administrative and engineering contract.

**CATEGORY: FAIR HOUSING/EQUAL OPPORTUNITY**

**Finding:**

Fair Housing/Equal Opportunity finding # 101-5065-2-040. As required by Section 504 of the Rehabilitation Act of 1973, the Town of Franklinton must conduct a self-evaluation in the areas of employment, communications, and program/physical accessibility to determine whether the town meets the requirements of being accessible to individuals with handicaps.

**Recommendation:**

In addition to actions already completed by the Town to meet the requirements of the Americans with Disabilities Act, it is recommended that the Town take immediate steps to comply with the additional provisions of Section 504 of the Rehabilitation Act of 1973.

**Response:**

The Town of Franklinton has made initial contact with a private consultant with experience in completion of this self-evaluation for the Town, and will contract with the consultant to submit the required documentation in a timely manner.

**CATEGORY: FAIR HOUSING/EQUAL OPPORTUNITY**

**Finding:**

Fair Housing/Equal Opportunity finding # 101-5-65-1-2-041. The town has not yet purchased the Telecommunications Device for the Deaf (TDD) to enable communications with applicants and beneficiaries who have hearing impairments.



Schedule 24

<u>Grant Period</u>	<u>Accrued (Deferred) Revenue 11/01/95</u>	<u>Receipts or Revenue Recognized</u>	<u>Expenditures/ Disbursements</u>	<u>Accrued (Deferred) Revenue 10/31/96</u>
11/01/95 - 10/31/96	\$ -	\$ 52,678	\$ 52,678	\$ -
-	-	84,732	84,732	-
	-	<u>137,410</u>	<u>137,410</u>	-
-	-	681,556	681,556	-
-	424,837	1,760,000	1,721,924	462,913
	<u>424,837</u>	<u>2,441,556</u>	<u>2,403,480</u>	<u>462,913</u>
-	-	<u>468,538</u>	<u>468,538</u>	-
	<u>\$ 424,837</u>	<u>\$ 3,047,504</u>	<u>\$ 3,009,428</u>	<u>\$ 462,913</u>

Note 2: Total construction expenditures for the LCDBG project are presented above on the cash basis. Cumulative costs for the LCDBG project, presented on a modified accrual basis in a separate capital projects fund are as follows:

Construction expenditures recorded 10/31/95	\$ 119,869
Construction expenditures for fye 10/31/96-cash basis	468,538
Retainage payable at 10/31/96	22,968
Total Construction Costs - Modified Accrual Basis	<u>\$ 611,375</u>

The accompanying notes are an integral part of these statements.



**Town of Franklinton**

**Statement B**

**Combined Statement of Revenues, Expenditures, and Changes in Fund Balances  
All Governmental Fund Types  
For the Year Ended October 31, 1996**

	General Fund	Special Revenue Fund	Capital Projects Fund	Totals (Memorandum Only)
<b>Revenues</b>				
Taxes	\$ 829,438	\$ 130,285	\$ -	\$ 959,723
Licenses and Permits	189,991	-	-	189,991
Intergovernmental	132,829	25,000	571,737	729,566
Charges for Services	215,045	-	-	215,045
Fines and Forfeits	45,216	-	-	45,216
Interest	2,927	2,223	-	5,150
Miscellaneous	29,036	-	-	29,036
Total Revenues	1,444,482	157,508	571,737	2,173,727
<b>Expenditures</b>				
General Government	580,274	-	-	580,274
Public Safety:				
Police	340,534	29,060	-	369,594
Fire	28,012	-	-	28,012
Highways and Streets	246,898	117,500	-	364,398
Drainage	-	28,432	-	28,432
Sanitation	115,793	-	-	115,793
Health and Welfare	46,486	-	-	46,486
Transportation	7,910	-	-	7,910
Capital Outlays	188,742	57,909	571,737	818,388
Total Expenditures	1,554,649	232,901	571,737	2,359,287
<b>Excess of Revenues Over (Under) Expenditures</b>	(110,167)	(75,393)	-	(185,560)
<b>Other Financing Sources (Uses)</b>				
Sale of Fixed Assets	6,306	-	-	6,306
Lease Principal Payments	10,000	-	-	10,000
Transfers From Other Funds	172,437	(109)	-	172,328
Total Other Financing Sources (Uses)	188,743	(109)	-	188,634
<b>Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses</b>	78,576	(75,502)	-	3,074
<b>Fund Balance, Beginning</b>	110,367	70,575	-	180,942
<b>Fund Balance (Deficit), Ending</b>	\$ 188,943	\$ (4,927)	\$ -	\$ 184,016

The accompanying notes are an integral part of these statements.

**SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE**

**Town of Franklinton**

**Schedule 23**

**Schedule of General Fixed Assets  
October 31, 1996**

**General Fixed Assets, At Cost**

Land:

Town Hall	\$ 7,500
Airport	1,500
Riverside Development	48,570
Williams Lumber Company	7,500
Industrial Park	25,000
Kerr-Magee Property	42,500
Stockyard Property	157,059
Railroad Property	33,192
Main Street Parking Lot	25,415
First State Bank Property	2,750
Miscellaneous	1,140
Total Land	352,126

Buildings and Furnishings:

Town Hall	248,779
Town Hall Improvements	9,015
Police and Fire Complex	51,700
Firing Range	2,973
Police Building Addition	44,804
Washington Parish Activity Center	109,313
Kerr-Magee Improvements	21,720
Patten Building	95,021
Total Buildings and Furnishings	583,325

Improvements Other than Buildings:

Airport	105,000
Total Improvements Other than Buildings	105,000

Equipment:

Equipment	994,972
Total Equipment	994,972
Total General Fixed Assets	\$ 2,035,423

**Investment in General Fixed Assets**

General Obligation Bonds	\$ 51,700
State Grants	201,344
Federal Revenue Sharing	377,927
Contributed Capital	31,447
Gas Utility System	266,259
General Fund Revenues	882,000
Police Ad Valorem Revenues	151,240
Street Ad Valorem Revenues	23,030
Rural Development	50,476
Total Investment in General Fixed Assets	\$ 2,035,423

The accompanying notes are an integral part of these statements.

**GENERAL FIXED ASSET ACCOUNT GROUP**

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

TOWN OF FRANKLINTON, LOUISIANA

October 31, 1996

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

Accounting Controls

- 1) Cash Receipts/Revenues
- 2) Cash Disbursements/Payables
- 3) Payroll
- 4) EDP System

Administrative Controls

- 1) General Requirements
  - A) Political Activity
  - B) Civil Rights
  - C) Cash Management
  - D) Federal Financial Reports
  - E) Drug-Free Workplace
  - F) Administrative Requirements
- 2) Specific Requirements
  - A) Types of Services
  - B) Reporting
  - C) Special Requirements
  - D) Monitoring Subrecipients

For all the control 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 October 31, 1996, the Town of Franklinton, Louisiana, expended 95.4% of its total federal financial assistance under major federal financial assistance programs.

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 Town of Franklinton 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.

We noted certain matters involving the internal control structure and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the Town of Franklinton, Louisiana's ability to administer federal financial assistance programs in accordance with applicable laws and regulations.