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**CITY OF FRANKLIN, LOUISIANA**

**ANNUAL FINANCIAL STATEMENTS WITH INDEPENDENT AUDITORS' REPORT**

**and**

**INDEPENDENT AUDITORS' REPORTS ON INTERNAL ACCOUNTING CONTROL,  
AND COMPLIANCE**

**FOR THE YEAR ENDED APRIL 30, 1997**

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

Release Date: NOV 19 1997

## CONTENTS

	<u>PAGE NO.</u>
<b><u>FINANCIAL INFORMATION SECTION</u></b>	
Independent Auditors' Report	1-2
<b><u>GENERAL PURPOSE FINANCIAL STATEMENTS</u></b> <b><u>(COMBINED STATEMENTS - OVERVIEW)</u></b>	
Combined balance sheet - all fund types account groups, and discretely presented component units	3
Combined statement of revenues, expenditures, and changes in fund balances - all governmental fund types, expendable trust funds and discretely presented component units	4
Statement of revenues, expenditures, and changes in fund balance - budget and actual - general fund	5
Combined statement of revenues, expenditures, and changes in fund balances - budget and actual - certain special revenue funds	6
Combined statement of revenues, expenditures, and changes in fund balances - budget and actual - debt service funds	7
Combined statement of revenues, expenditures, and changes in fund balances - budget and actual - certain capital projects funds	8
Statement of revenues, expenditures, and changes in fund balance - budget and actual - fiduciary fund, Massachusetts Endowed Case - the government's only expendable trust fund	9
Comparative statement of revenues, expenses and changes in retained earnings - Utility Enterprise Fund - the government's only proprietary fund	10
Comparative statement of cash flows-Utility Enterprise Fund-the government's only proprietary fund	11
Notes to the financial statements	12-35

**FINANCIAL STATEMENTS OF INDIVIDUAL FUNDS AND ACCOUNT GROUPS**

**General Fund:**

Comparative balance sheet	36
Statement of revenues, expenditures, and changes in fund balance - budget and actual	37

**Special Revenue Funds:**

Combining balance sheet	38
Combining statement of revenues, expenditures, and changes in fund balances	39

**Liquid and Solid Waste Fund -**

Statement of revenues, expenditures, and changes in fund balance - budget and actual	40
--	----

**Public Safety Fund -**

Statement of revenues, expenditures, and changes in fund balance - budget and actual	41
--	----

**Revolving Loan Fund -**

Statement of revenues, expenditures, and changes in fund balance - budget and actual	42
--	----

**Shell Housing Fund -**

Statement of revenues, expenditures, and changes in fund balance - budget and actual	43
--	----

**Debt Service Funds:**

Combining balance sheet	44
Combining statement of revenues, expenditures, and changes in fund balances	45

**Consolidated Sewerage District No. 1 1989-**

Statement of revenues, expenditures, and changes in fund balance - budget and actual	46
--	----

**Consolidated Sewer District No. 1 Sinking Fund 1990-**

Statement of revenues, expenditures, and changes in fund balance - budget and actual	47
--	----

**Sales Tax Bond Sinking Fund 1987 -**

Statement of revenues, expenditures, and changes in fund balance - budget and actual	48
--	----

**Sales Tax Bond Reserve Fund 1987 -**

Statement of revenues, expenditures, and changes in fund balance - budget and actual	49
--	----

**DDQ Loan Sinking Fund 1989 -**

Statement of revenues, expenditures, and changes in fund balance - budget and actual	50
--	----

DEQ Loan Reserve Fund 1999 - Statement of revenues, expenditures, and changes in fund balance - budget and actual	51
'99 Water & Sewer Revenue Bond Sinking Fund - Statement of revenues, expenditures, and changes in fund balance - budget and actual	52
'99 Water & Sewer Revenue Bond Reserve Fund- Statement of revenues, expenditures, and changes in fund balance - budget and actual	53
Municipal Facilities Loan of 1995 Sinking Fund- Statement of revenues, expenditures, and changes in fund balance - budget and actual	54
Municipal Facilities Loan of 1995 Reserve Fund - Statement of revenues, expenditures, and changes in fund balance - budget and actual	55
Certificates of Indebtedness Series 1999 - Statement of revenues, expenditures, and changes in fund balance - budget and actual	56
Sales Tax Bond Sinking Fund of 1996 - Statement of revenues, expenditures, and changes in fund balance - budget and actual	57
Sales Tax Bond Reserve Fund of 1996 - Statement of revenues, expenditures, and changes in fund balance - budget and actual	58
Capital Projects Fund: Combining balance sheet	59
Combining statement of revenues, expenditures, and changes in fund balances	60
Consolidated Sewerage Project 1993 - Statement of revenues, expenditures, and changes in fund balance - budget and actual	61
Northwest Blvd. Project - Statement of revenues, expenditures, and changes in fund balance - budget and actual	62
Yokely Project - Statement of revenues, expenditures, and changes in fund balance - budget and actual	63
Sales Tax Bond Construction Fund of 1996 - Statement of revenues, expenditures, and changes in fund balance - budget and actual	64
Enterprise Fund: Comparative balance sheet	65

## PAGE NO.

**Fiduciary Funds:**

Combining balance sheet	60
Combining statement of changes in assets and liabilities - all agency funds	67
<b>General Fund Assets Account Group:</b>	
Statement of changes in general fund assets	68

**SUPPLEMENTARY INFORMATION**

Schedule of changes in assets related to 1995 water and revenue bond debt service	69
Analysis of additions, replacements, and improvements to water and sewer systems	70
Schedule of sewerage rates and billings (unaudited)	71
Schedule of water rates and billings (unaudited)	72
Schedule of insurance policies in force (unaudited)	73
Compensation paid to members of governing board (unaudited)	74

**INTERNAL ACCOUNTING CONTROL AND COMPLIANCE SECTION**

Independent auditors' report on internal control structure based on an audit of general purpose financial statements performed in accordance with Government Auditing Standards	75-76
Reportable Condition	77
Independent auditors' report on compliance based on an audit of general purpose financial statements performed in accordance with Government Auditing Standards	78-79
Items of noncompliance	80-82



**INDEPENDENT AUDITORS' REPORT**

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

We have audited the accompanying general purpose financial statements and the combining and individual fund and account group financial statements of the City of Franklin, Louisiana as of April 30, 1993, and for the year then ended, as listed in the table of contents. These general purpose financial statements are the responsibility of the City of Franklin, Louisiana management. Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of one of the City's component units (Marshalls Fund of the City Court). These financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Marshalls Fund of the City Court, is based solely on the report of the other auditors.

We conducted our audit in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the accounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit and the report of other auditors provide a reasonable basis for our opinion.

As noted in Note 14, pension costs do not include a provision for past service costs related to certain employees, and the related actuarially computed value of vested benefits. Generally accepted accounting principles require that pension expenses include a provision for amortization of past service costs and that the excess, if any, of actuarially computed vested benefits over the total of the pension funds be disclosed. The effect of this departure from generally accepted accounting principles on the financial statements of the General Fund account cannot be reasonably determined.

In our opinion, except for the effects of not providing for the proper amount of pension expense and related required disclosures as discussed in the preceding paragraph, based on our audit and the report of other auditors, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the City of Franklin, Louisiana at April 30, 1997, and the results of its operations and cash flows of its proprietary fund for the year then ended, in conformity with generally accepted accounting principles.

Also, in our opinion, based on our audit, except for the effects, if any, of the matter explained in the preceding paragraphs, the combining, and individual fund, financial statements referred to above present fairly, in all material respects, the financial position of the individual funds of the City of Franklin, Louisiana, at April 30, 1997, and the results of operations of such funds and cash flows of the proprietary fund for the year then ended, in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued a report dated September 19, 1997 on our consideration of the City of Franklin's internal control structure and a report dated September 19, 1997 on its compliance with laws and regulations.

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

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

CERTIFIED PUBLIC ACCOUNTANTS

September 19, 1997

GENERAL PURPOSE FINANCIAL STATEMENTS  
(COMBINED STATEMENTS - OVERVIEW)









Excess (shortage) of revenue over 100% effort	(21,106)	13,128	(26,178)	(24,242)	(2,148)	12,775	174,554	(229,478)
Other financing sources (over)				1,727,489			1,727,489	(1,652,488)
Proceeds from bonds								1,443,000
Payment to refunding bond issuer agents	(11,200)	41,132	(10,644)	284,378			6,418,852	(1,750,527)
Operating transfers to Operating transfers and sources (over)	(28,824)	(21,274)	(27,125)	(49,618)				(1,217,225)
Total other financing sources (over)	(39,924)	(79,272)	(77,819)	1,241,200			1,733,869	(627,224)
Excess (shortage) of revenue over expenditures and other financing sources (over)	43,893	(20,744)	(40,577)	1,217,000	(2,148)		2,221,100	(229,478)
Fund balances, beginning of year	11,126	41,100	(27,259)	(24,852)	19,874	28,000	1,801,488	1,283,048
Residual equity transfer	(14,000)	(1,442)	-	18,748	-		171	
Fund balances, end of year	<u>(2,104)</u>	<u>38,658</u>	<u>(47,818)</u>	<u>(6,104)</u>	<u>17,726</u>	<u>28,000</u>	<u>2,002,667</u>	<u>1,283,048</u>

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

CITY OF PLYMOUTH  
GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL  
Year Ended April 30, 1987

	Budget	Actual	Variance- Favorable (Unfavorable)
<b>Revenues:</b>			
Taxes	\$1,208,087	\$1,251,768	\$43,681
Licenses and permits	688,340	581,883	(106,457)
Intergovernmental	808,823	790,080	(18,743)
Fines	18,177	85,876	67,699
Mineral royalties	38,800	27,073	(11,727)
Miscellaneous	27,814	106,688	78,874
Donations	1,500	2,658	1,158
Interest earned		4,381	4,381
Total revenues	<u>2,627,841</u>	<u>2,840,627</u>	<u>212,786</u>
<b>Expenditures:</b>			
<b>Current:</b>			
General government			
Finance and administrative	186,800	178,244	(8,556)
Judicial	111,800	115,628	3,828
Public safety			
Police and fire department	1,271,800	1,350,528	78,728
Inspection	21,500	22,087	587
Tax collector	28,870	21,634	(7,236)
Public works	115,800	79,513	(36,287)
Recreation	368,800	388,380	19,580
Small animal welfare	23,500	24,348	848
Economic development	54,800	58,028	3,228
Purchasing	21,800	25,080	3,280
Other	144,758	143,808	(850)
Data service	5,700	8,883	3,183
Total expenditures	<u>2,687,428</u>	<u>2,937,882</u>	<u>250,454</u>
Excess (deficiency) of revenues over expenditures	<u>(71,292)</u>	<u>(221,186)</u>	<u>(149,894)</u>
<b>Other financing sources (uses)</b>			
Operating transfers in	286,684	281,800	(4,884)
Operating transfers out	(82,280)	(88,844)	(6,564)
Total other financing sources (uses)	<u>204,404</u>	<u>192,956</u>	<u>(11,448)</u>
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	<u>132,908</u>	<u>1,200</u>	<u>(131,708)</u>
Fund balance, beginning of year	181,636	181,636	
Residual equity transfer		(14,632)	(14,632)
Fund balance (deficit), end of year	<u>\$314,544</u>	<u>\$168,204</u>	<u>(146,340)</u>

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

CITY OF FRANKLIN  
CERTAIN SPECIAL REVENUE FUNDS

COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - BUDGET AND ACTUAL  
Year Ended April 30, 1987

	Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>			
<b>Taxes:</b>			
Sales	\$1,081,800	\$1,080,860	\$940
Ad valorem	71,350	71,350	
Charges for service	794,700	791,324	(3,376)
Federal grant	7,000	7,000	
Miscellaneous	800	850	50
Interest	12,150	11,150	(1,000)
<b>Total revenue</b>	<u>1,987,800</u>	<u>1,941,825</u>	<u>(45,975)</u>
<b>Expenditures:</b>			
Sanitation	1,170,800	1,184,420	(13,620)
Urban redevelopment	8,900	10,228	(1,328)
Other	200	700	(500)
<b>Total expenditures</b>	<u>1,179,900</u>	<u>1,210,381</u>	<u>(30,481)</u>
Excess of revenues over expenditures	797,900	731,445	66,455
<b>Other financing sources (uses):</b>			
Operating transfers in	180,844	80,587	(100,257)
Operating transfers out	(762,430)	(812,264)	(49,834)
<b>Total other financing sources (uses)</b>	<u>(581,586)</u>	<u>(731,677)</u>	<u>(14,191)</u>
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	46,180	(24,252)	(70,432)
Fund balance, beginning of year	538,911	608,866	69,955
Residual equity transfer		(2,484)	(2,484)
Fund balance, end of year	<u>\$585,091</u>	<u>\$586,180</u>	<u>\$1,089</u>

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

CITY OF FRANKLIN  
DEBT SERVICE FUNDS

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

Year Ended April 30, 1997

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Special assessments	\$16,131	\$13,141	(\$2,990)
Interest	24,568	30,799	6,233
Miscellaneous		53,269	53,269
Total revenues	<u>40,699</u>	<u>97,209</u>	<u>56,510</u>
Expenditures:			
Administrative	50,200	36,528	13,672
Debt Service	520,148	441,643	78,505
Miscellaneous		5,626	(5,626)
Total expenditures	<u>570,348</u>	<u>483,797</u>	<u>86,551</u>
Excess of revenues over expenditures	<u>(\$11,649)</u>	<u>(\$86,588)</u>	<u>120,519</u>
Other financing sources (uses):			
Operating transfers in	707,243	762,044	54,801
Operating transfers out	<u>(\$6,236)</u>	<u>(\$7,129)</u>	<u>58,708</u>
Total other financing sources (uses)	<u>610,405</u>	<u>729,915</u>	<u>114,510</u>
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	<u>98,748</u>	<u>343,777</u>	<u>245,029</u>
Fund balance, beginning of year	<u>604,382</u>	<u>527,269</u>	<u>(77,113)</u>
Fund balance, end of year	<u>\$703,130</u>	<u>\$871,046</u>	<u>\$167,916</u>

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

CITY OF FRANKLIN  
CERTAIN CAPITAL PROJECTS FUNDS

COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - BUDGET AND ACTUAL  
Year Ended April 30, 1997

	Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>			
Intergovernmental-			
St. Mary Parish Council	595,000	570,000	(25,000)
Consolidated Drainage No. 1	90,000	90,000	
Assessments	19,115	3,781	(15,334)
Interest earned	38,994	32,150	(6,844)
Miscellaneous		3,974	3,974
Total revenue	<u>733,099</u>	<u>709,805</u>	<u>(23,294)</u>
<b>Expenditures:</b>			
Capital outlay			
Sanitation			
Construction	393,400	54,209	339,191
Engineering	93,900	115,584	(21,684)
Other costs	44,213	40,193	4,020
Total expenditures	<u>531,513</u>	<u>310,086</u>	<u>221,427</u>
Excess of revenues over expenditures	<u>(298,417)</u>	<u>(12,871)</u>	<u>285,546</u>
<b>Other financing sources (uses)</b>			
Bond proceeds	1,945,000	1,674,995	(270,005)
Loan proceeds		60,690	60,690
Operating transfers in	10,820	384,348	273,528
Operating transfers out	(467,400)	(493,518)	(26,118)
Total other financing sources (uses)	<u>1,488,420</u>	<u>1,541,385</u>	<u>52,965</u>
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	<u>1,189,873</u>	<u>1,528,712</u>	<u>338,839</u>
Fund balance, beginning of year	441,537	384,574	(56,963)
Fund balance, end of year	<u>\$1,631,210</u>	<u>\$1,913,286</u>	<u>\$279,076</u>

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



## CITY OF FRANKLIN

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

 STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
 IN FUND BALANCE - BUDGET AND ACTUAL  
 Year Ended April 30, 1997

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Interest income	\$373	\$355	(\$18)
Miscellaneous		38	38
Mausoleum sales	385	385	
Total revenues	<u>758</u>	<u>778</u>	<u>18</u>
Expenditures:			
Repairs and maintenance	3,943	3,944	1
Total expenditures	<u>3,943</u>	<u>3,944</u>	<u>1</u>
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	<u>(3,187)</u>	<u>(3,166)</u>	<u>19</u>
Fund balance, beginning of year	19,942	19,970	28
Fund balance, end of year	<u>\$13,755</u>	<u>\$13,804</u>	<u>\$49</u>

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

## CITY OF FRANKLIN

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

Year Ended April 30, 1987

With Comparative Totals from Year Ended April 30, 1986

	1987	1986
<b>Operating revenues:</b>		
Charges for services -		
Water sales	\$785,854	\$687,484
Delinquency penalties	5,058	5,771
Street light fees	87,405	86,740
Miscellaneous revenues	5,360	7,520
<b>Total operating revenues</b>	<u>983,677</u>	<u>887,515</u>
<b>Operating expenses:</b>		
Administrative and finance	22,428	22,702
Tax collector	18,306	17,511
Inspection	20,850	20,872
Purchasing	23,488	18,888
Water production	233,840	214,589
Water distribution	186,236	138,455
Meters and collections	184,826	214,734
Meter department	24,879	63,660
Depreciation	76,821	62,749
Bad debts	7,341	4,888
Street light fees	83,400	88,280
<b>Total operating expenses</b>	<u>1,005,312</u>	<u>857,529</u>
<b>Operating income (loss)</b>	<u>(21,635)</u>	<u>(70,014)</u>
<b>Non-operating revenues (expenses):</b>		
Franchise fee		1,580
Earned income from sales-type lease		45,484
Interest income	9,845	28,434
Interest expense and fiscal charges	(3,000)	(34,238)
<b>Total non-operating revenues</b>	<u>6,845</u>	<u>41,260</u>
<b>Income (loss) before extraordinary item and operating transfers</b>	<u>(14,790)</u>	<u>(28,754)</u>
<b>Extraordinary item</b>		
Gain on early extinguishment of debt		251,202
<b>Income before operating transfers</b>	<u>(14,790)</u>	<u>222,448</u>
<b>Other financing sources (uses)</b>		
Operating transfers in		20,800
Operating transfers out	(2,800)	
<b>Total other financing sources (uses)</b>	<u>(2,800)</u>	<u>20,800</u>
<b>Net income</b>	<u>(17,590)</u>	<u>243,248</u>
Retained earnings, beginning of year	780,881	871,768
Residual equity transfer	273	
<b>Retained earnings, end of year</b>	<u>\$763,564</u>	<u>\$791,816</u>

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

**CITY OF PHOENIX**  
**COMPARATIVE STATEMENT OF CASH FLOWS**  
**UTILITY ENTERPRISE FUND**  
The Government's Only Proprietary Fund  
For the year ended April 30, 1997  
Increase (Decrease) in Cash and Cash Equivalents

	1997	1996
<b>Cash flows from operating activities:</b>		
Cash received from customers	\$805,192	\$798,982
Cash payments to employees for services	(501,499)	(508,541)
Cash payments to suppliers for goods & services	(408,191)	(523,860)
Other cash received	5,853	7,589
Net cash provided (used) operating activities	<u>29,455</u>	<u>(25,830)</u>
<b>Cash flows from investing activities:</b>		
Proceeds from the sale of an investment	_____	608,088
Net cash provided by investing activities	<u>_____</u>	<u>608,088</u>
<b>Cash flows from noncapital financing activities:</b>		
Loans to other funds	(88,180)	(28,820)
Loans from other funds	(88,180)	(138,287)
Operating transfers to other funds	(2,283)	_____
Operating transfers from other funds	_____	26,808
Residual equity transfer	223	_____
Net cash provided by noncapital financing activities	<u>(178,420)</u>	<u>(140,309)</u>
<b>Cash flows from capital and related financing activities:</b>		
Cash payments for principal on revenue bond maturities	(14,000)	(816,820)
Cash payments for interest on bonds	(679)	(81,888)
Cash payments made on lease obligations	(13,448)	(18,182)
Cash received for interest earned	3,845	28,428
Cash payments for acquisition of capital assets	(119,800)	(528,232)
Cash received from sales (type lease)	_____	127,349
Cash received on franchise fees	_____	1,588
Proceeds from revenue bonds	_____	591,000
Proceeds from capital lease	_____	21,084
Cash transferred to CLECO	_____	(808,078)
Net cash provided (used) by capital and related financing activities	<u>(128,792)</u>	<u>(1,626,785)</u>
Net increase or (decrease) in cash and cash equivalents	<u>(286,860)</u>	<u>(1,819,088)</u>
Cash and cash equivalents beginning of year	<u>546,732</u>	<u>1,708,748</u>
Cash and cash equivalents end of year	<u>\$259,872</u>	<u>(110,340)</u>

	1987	1986
Reconciliation of operating income to net cash provided by operating activities:		
Operating loss	<u>\$(64,261)</u>	<u>\$(66,122)</u>
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:		
Depreciation	35,621	63,148
Change in assets and liabilities:		
(Increase) Decrease in accounts receivable	(10,870)	28,498
(Increase) Decrease in income receivable	1,281	3,128
(Increase) Decrease in prepaid expenses	11,805	(8,770)
(Increase) (Decrease) in accounts payable and accrued expenses	4,261	1,037
(Increase) (Decrease) in accrued wages payable	3,644	(7,858)
(Increase) (Decrease) in customer deposits	11,762	7,148
Decrease in accrued bond interest payable		<u>(18,528)</u>
Total adjustments	<u>80,795</u>	<u>71,206</u>
Net cash provided (used) by operating activities	<u>____\$16,534</u>	<u>____\$(54,916)</u>
Cash and cash equivalents at the end of the year are reported on the condensed balance sheet as follows:		
Current assets:		
Cash and cash equivalents	\$244,432	\$206,279
Restricted assets:		
Revenue Bond Sinking Account	90,120	8,182
Revenue Bond Reserve Account	62,262	62,268
1985 Water and Sewer System Refund and Replacement Fund		66,648
General's Trust account	<u>70,432</u>	
	<u>____\$367,246</u>	<u>____\$343,377</u>

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

CITY OF FRANKLIN

NOTES TO THE FINANCIAL STATEMENTS

April 30, 1997

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The City of Franklin was incorporated April 15, 1878 under provisions of a special charter. The City operates under a Mayor - Council form of government.

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

The following is a summary of certain significant accounting policies:

**A. Reporting Entity**

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

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

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

**B. Individual Component Unit Disclosure**

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

Condensed Financial Statements  
- Discretely Presented Component Units  
Balance Sheets

	City Court of the City of Franklin	Marshall's Fund of the City Court	Total
<b>Assets:</b>			
Cash	\$21,753	\$7,033	\$28,786
Receivables/other	36,074	7,200	43,274
Due from other funds	18,639		18,639
Fixed assets	29,854	2,028	36,482
	<u>\$106,319</u>	<u>\$21,261</u>	<u>\$127,580</u>
<b>Liabilities:</b>			
Accounts payable	\$7,772		\$7,772
Due to other funds	31,939		31,939
Due to other governments	18,628		18,628
	<u>58,339</u>		<u>58,339</u>
<b>Fund equity:</b>			
Investment in general		7,033	7,033
Good assets	28,454		28,454
Fund balance	17,402	14,228	31,630
	<u>\$53,856</u>	<u>\$21,261</u>	<u>\$75,117</u>
<b>Total</b>	<u>\$106,319</u>	<u>\$21,261</u>	<u>\$127,580</u>

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

Statements of Revenues, Expenses, and Changes in Equity

	City Court of the City of Essex	Marshall's Fund of the City Court	Total
Revenues:			
Charges for services	\$28,543	\$21,136	\$49,679
Total revenues	28,543	21,136	49,679
Expenditures:			
Current			
General and admin.	28,664	12,580	41,244
Excess (deficiency) of revenue over expenses	3,879	8,556	12,435
Fund balance-beginning	13,523	5,908	19,431
Fund balance-ending	<u>\$17,402</u>	<u>\$14,464</u>	<u>\$31,866</u>

C. Fund Accounting

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

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

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

GOVERNMENTAL FUNDS

General Fund

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

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### Special Revenue Funds

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

### Debt Service Funds

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

### Capital Projects Funds

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

## PROPRIETARY FUND

### Enterprise Fund

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

## TRUST AND AGENCY FUNDS

### Fiduciary Funds

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

## D. Basis of Accounting

### 1. Primary Government

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



## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

### Revenues:

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

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

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

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

Substantially all other revenues are recorded when received.

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

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

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

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

### 2. Basis of Accounting - Discretely Presented Component Units

The City Council and City Marshal use the current financial resources measurement focus and modified accrual accounting.

### B. Budgets and budgetary accounting

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

1. The Mayor and City Clerk prepare a proposed budget and submit the same to the City Council no later than fifteen days prior to the beginning of each fiscal year.
2. A summary of the proposed budget is published and the public is notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
3. A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing.
4. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of an ordinance prior to the commencement of the fiscal year for which the budget is being adopted.
5. Budgetary amendments involving the transfer of funds from one fund, department, program or function to another or involving increases in expenditures resulting from revenues exceeding amounts estimated require the approval of the City Council.
6. All budgetary appropriations lapse at the end of each fiscal year.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

7. Budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP). All governmental funds have adopted budgets except for three special revenue funds. The omitted special revenue funds are: Summer Funding, Narcotics Aid, and Center Theatre. Accordingly the Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual omits actual activity for these funds without budgets.

The following is a reconciliation of the funds omitted:

**Special Revenue Funds**

Excess (deficiency) of revenues and other sources over expenditures and other uses (all Special Revenue Funds)	\$(20,744)
Debit (excess) add deficiency of revenues over expenditures for omitted funds:	
Summer Funding	566
Narcotics Aid	(927)
LCDMG Housing Fund	1,898
Center Theatre Restoration Committee	15
Excess (deficiency) of revenues and other sources over expenditures and other uses (Budgeted Special Revenue Funds only)	<u>\$124,353</u>

**Capital Project Funds**

Excess (deficiency) of revenue and other sources over expenditures and other uses (all Capital Projects Funds)	\$1,517,805
Willow Street Drainage Project	79
Resurfacing Drainage Project	901
LCIDMG Willow Street Reconstruction Project	2,174
LCIDMG Sewer Rehabilitation Project	12,850
Mill Construction Fund	12,172
Excess (deficiency) of revenue and other sources over expenditures and other uses (all Capital Projects Funds)	<u>\$1,538,712</u>

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

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**F. Cash and Cash Equivalents**

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

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

**G. Due From/To Other Funds**

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

**H. Investments**

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

Investments are stated at cost.

**I. Receivables**

Receivables are stated at net realizable value after provision for estimated uncollectible accounts, which are immaterial to the primary government. Provision for uncollectible accounts in the City Court total approximately \$14,000.

**J. Prepaid Expenses**

Payments made to suppliers for services that will benefit periods beyond April 30, 1997 are recorded as prepaid expenses in the Enterprise Fund.

**K. Restricted Assets**

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

**L. Fixed Assets**

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

#### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

Water utility -	
Water plant	30 years
Lines and meters	8 - 20 years
Other equipment	3 - 10 years
Automotive equipment	3 years
Furniture and fixtures	5 - 20 years

#### M. Capitalization of Interest Expense

It is the policy of the City to capitalize material amounts of interest resulting from borrowings in the course of the construction of fixed assets. For the year ended April 30, 1997, \$17,380 of interest was capitalized in the Utility Fund.

#### N. Encumbrances

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

The City does not reserve its fund balances for encumbrances outstanding. Encumbrances outstanding at April 30, 1997 are transitional.

#### O. Compensated Absences

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

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Ms. 10 requires an accrual of sick pay if an employee can receive sick pay for reasons other than illness (i.e. retirement, termination).

Compensated absences by fund are approximately as follows: accrued vacation time - General Fund \$68,000; Utility Fund \$17,000, and Liquid & Solid Waste \$17,000.

### F. Long-term Obligations

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

### G. Fund Equity

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

### H. Interfund Transactions

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

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Non-recurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

### I. Total Columns on Combined Statements - Overview

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

### J. Comparative Data

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

**NOTE 3 - FUNDS/DEFICITS**

The following individual funds of the City had deficit fund balances/retained earnings at April 30, 1997:

Fund	Deficit Amount
Capital Projects Funds:	
North Blvd.	\$10,000
Special Revenue Funds:	
Summer Feeding	(50)

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

**NOTE 3 - EXPENDITURES - EXCESS OR ACTUAL OVER BUDGETED**

The following individual funds had significant actual expenditures in excess of appropriated expenditures for the year ended April 30, 1997:

Fund	Budget	Actual	Variance
General Fund	\$2,903,340	\$3,067,839	\$164,499
Special Revenue Funds:			
Liquid & Solid Waste	1,170,000	1,194,428	(24,428)
Street Sweeping Fund	8,900	15,961	(7,061)

**NOTE 4 - AD VALOREM TAXES**

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied by the City in September or October and are actually billed to the taxpayers in November. Billed taxes become delinquent on January 1 of the following year. Revenues from ad valorem taxes are budgeted in the year billed.

The City bills and collects its own property taxes using the assessed values determined by the tax assessor of St. Mary Parish.

For the year ended April 30, 1997, taxes of 15.36 mills were levied on property with assessed valuations totaling approximately \$19,080,000 and were dedicated as follows:

General corporate purposes	15.13 mills
Sewerage system maintenance	0.23 mills

#### NOTE 5 - CASH AND CASH EQUIVALENTS

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

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

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

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

	Primary Government	Discretely Presented Units
Cash and cash equivalents—stated value	<u>\$1,471,994</u>	<u>\$24,786</u>
Cash and cash equivalents—bank balance	1,851,787	94,200
Portions insured by federal deposit insurance	388,739	94,200
Balance uninsured and uncollateralized under GASB codification	1,261,998	NONE
Remaining portions of deposits secured under Louisiana Law	1,261,998	NONE
Amount associated under Louisiana law	<u>NONE</u>	<u>NONE</u>

#### NOTE 6 - INVESTMENTS

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

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



## NOTE 6 - INVESTMENTS (continued)

	Categories			Carrying Amount	Market Value
	1	2	3		
Certificates of deposit	\$2,181,416	—	—	\$2,181,416	\$2,194,032
Total Investments	\$2,181,416	—	—	\$2,181,416	\$2,194,032

## NOTE 7 - DUE FROM/TO OTHER FUNDS

The following is a listing of due from/to other funds by individual fund as of April 30, 1997.

	Due from Other Funds	Due to Other Funds
General Fund	\$5,773	\$159,744
Special Revenue Funds -		
Liquid & Solid Waste	180,163	73
Summer Feeding Program	33	
Revolving Loan Fund		508
Date Service Funds -		
Consolidated Sewerage District No. 1 - 1988	788	6,800
Sales Tax Bond Sinking - 1987	34,759	48,249
Consolidated Sewer Sinking Fund - 1993	285	
Sales Tax Bond Reserve - 1998	811	
Capital Projects Funds -		
Northwest Blvd. Project		10,069
Consolidated Sewerage Project - 1993		288
Enterprise Fund -		
Utility Fund	149,302	142,872
Industry Fund -		
Expendable Trust:		
Museum Endowed Care	73	
Agency:		
Payroll Fund	941	10,370
Accounts Payable Clearing Self - Funded	53,635	53,635
	\$188,632	\$496,632

**NOTE 8 - DUE FROM/Other GOVERNMENTAL UNITS**

Amounts due from/to other governmental units by Fund at April 30, 1997 consisted of the following:

	General Fund	Liquid & Solid Waste Fund
Due from		
St. Mary Parish Council		\$12,583
St. Mary Parish School Board	\$4,887	

**NOTE 9 - FIXED ASSETS**

**Primary Government**

A summary of changes in general fixed assets for the year ended April 30, 1997 follows:

	Balance 3/31/96	Reclassifications	Additions	Deletions	Balance 4/30/97
Land	\$435,215				\$435,215
Buildings	1,179,031		525,250		1,204,281
Improvements other than buildings	8,041,253	3248,524	\$127,880		8,517,657
Equipment	1,203,307		108,859	\$2,500	1,313,756
Construction in progress	348,614	(348,614)	88,825		88,825
<b>Total</b>	<b>\$11,214,670</b>	<b>—</b>	<b>\$283,214</b>	<b>\$2,500</b>	<b>\$11,598,384</b>

A summary of proprietary fund type property, plant and equipment at April 30, 1997 follows:

	1997
Land	\$10,000
Building improvements and equipment	3,283,809
Automotive equipment	121,300
Furniture and fixtures	115,852
Total	3,528,823
Less: Accumulated depreciation	<u>3,612,214</u>
	<u>\$916,609</u>

Depreciation and amortization expense for 1997 is approximately \$79,000.

NOTE 9 - FIXED ASSETS (continued)

Electricity Generated Component Units

A summary of changes in general fixed assets for the year ended June 30, 1995 follows:

	Balance July 1, 1995	Additions	Deletions	Balance June 30, 1995
Equipment	\$24,312	\$4,942		\$29,254

NOTE 10 - LEASE OBLIGATIONS

The City's Enterprise fund has acquired three pieces of equipment with a combined book of \$80,000 under a capital lease. Total depreciation taken on leased assets totals approximately \$32,000 year to date. No governmental funds have any significant leases. The City does rent various equipment from time to time on a short-term basis.

The following is a schedule by years of future minimum lease payments under a capital lease together with the present value of the net minimum lease payments as of April 30, 1997:

April 1998	\$14,906
April 1999	2,270
Total minimum lease payments	17,176
Less: Amount representing interest	(3,356)
Present value of net minimum lease payments	\$13,820

NOTE 11 - LONG-TERM DEBT

The following is a summary of the City's long-term debt transactions for the year ended April 30, 1997:

	General Long-term Debt Account Group	Utility Revenue Bonds	Total
Balance at May 1, 1995	\$2,875,434	\$580,000	\$3,455,434
Additions	1,675,000		1,675,000
Deletions	(159,320)	(15,000)	(174,320)
Balance at April 30, 1997	\$4,391,114	\$565,000	\$4,956,114

**NOTE 11 - LONG-TERM DEBT (continued)**

Bonds and Notes payable at April 30, 1997 are comprised of the following individual issues:

**General Obligation Bonds:**

**Sales Tax Bonds - Series ST-1995** dated November 1, 1995, due in annual installments of \$50,000 to \$135,000 through November 1, 2016; interest at 8.0 percent, secured by a pledge of the City's portion of the 1% of the parish wide sales and use tax, payable from the Sales Tax Bond Sinking Fund 1995. \$1,675,000

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

**\$1,970,000 of Public Improvement Sales Tax Refunding Bonds Series 1987** dated September 22, 1987, due in annual installments of \$120,000 to \$210,000 through December 1, 1997, interest at 6.102%, secured by a pledge of the City's portion of the three-fourths of one percent (3/4%) parish wide sales and use tax, payable from the Sales Tax Bond Sinking Fund 130,000

**Municipal Facilities Revolving Loan (MFRL)** by a loan amount of \$750,000. A subsequent series of \$100,000 was issued in 1994. The amount funded as of April 30, 1997, is \$850,000; due in annual installments of \$50,000 to \$85,000 through December 2003; interest at 3.5% payable from Liquid & Solid Waste Fund 684,000

**Revenue Bonds:**

**1985 Water and Sewer Revenue Bonds, series A**, dated June 24, 1985, due in annual installments of \$18,000 to \$27,000 through March 1, 2018, interest at 2.990%, secured by a pledge of Utility and Liquid and Solid Waste revenues after reasonable and necessary operating expenses 364,000

NOTE 11 - LONG-TERM DEBT (continued)

**Special Agreement:**

\$50,124 Sewerage Certificates, Series 1995, dated July 1, 1995; due in annual installments of \$5,012 through July 1, 2005; interest at 6.175% payable from Consolidated Sewerage Project 1990 Fund

45,308

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

37,000

Other: \$43,000 of estimated claims payable

43,000

(See Note 10)

**Total General Long-term Debt**

**14,807,108**

**Utility Revenue Bonds**

1995 Water and Sewer Revenue Bonds, series B, dated August 1, 1995; due in annual installments of \$30,000 to \$50,000 through March 1, 2015; interest at 4.00% to 4.75%; secured by a pledge of Utility and Liquid and Solid Waste revenues after reasonable and necessary operating expenses

4,575,000

**Total Utility Bonds**

**4,575,000**

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

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

**NOTE 12- FLOW OF FUNDS, RESTRICTIONS ON USE - UTILITIES REVENUES  
AND LIQUID AND SOLID WASTE REVENUES (continued)**

There shall also be set aside into a "Revenue Bond Reserve Fund" \$58,685 of the Series B Bonds (Utility Fund) and an amount equal to 25% of the sinking fund payments for the 1999 A Bonds (Liquid and Solid Waste Fund) and the Reserve Fund equals \$86,482. Such amounts may be used only for the payment of maturing bonds and interest coupons for which sufficient funds are not on deposit in the Revenue Bond Sinking Fund and as to which there would otherwise be default.

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

**NOTE 13 - RECAPITULATION OF PROCEEDS AND FLOW OF FUNDS -  
SALES AND USE TAXES**

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

1. Proceeds of a 1% sales and use tax levied by the City in 1966 (1997 collections are \$869,740) are accounted for in the General Fund and are dedicated to the following purposes:

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

2. Proceeds of a 1.44% sales and use tax levied by the City in 1973 (1997 collections are \$814,013) are accounted for in the Liquid and Solid Waste Fund - a special revenue fund - and are authorized for the following usage:

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

3. Proceeds of a 3/100% sales and use tax levied by the City in 1963 (1997 collections are \$25,852) are accounted for in the Public Safety Fund - a special revenue fund - and are authorized for the following usage:

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

#### NOTE 14 - PENSION PLAN AND OTHER RETIREMENT BENEFITS

Substantially all of the City's full-time employees except for police and firefighters participate in the Municipal Employees' Retirement System of Louisiana (Plan A), a multiple employer cost sharing public employee retirement system. The City's police officers and firefighters are eligible to participate in two other multiple employer cost sharing public employee retirement systems. The retirement system for police officers is the Municipal Police Employees Retirement System and the system for firefighters is the Firefighters' Retirement System. Approximately 45% of police officers and 25% of firefighters have elected to participate in these plans.

The total payroll for the City for the year ended April 30, 1997, is approximately \$1,600,000. The payroll for City employees covered by the retirement systems are approximately as follows:

Municipal Employees' Retirement System of Louisiana	\$1,552,000
Municipal Police Employees Retirement System	31,000
Firefighters' Retirement System	17,000
	<u>\$1,600,000</u>

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

The City's and employees' required contribution rates and approximate contribution under each system are as follows for the year ended April 30, 1997:

Retirement System	Contributions For		Required Contribution Rate	
	City	Employee	City	Employee
Municipal Employees' Retirement System of Louisiana	\$67,000	\$85,000	4.24%	9.25%
Municipal Police Employees Retirement System	17,300	14,400	9.80%	7.50%
Firefighters' Retirement System	3,600	2,500	9.80%	9.80%

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

NOTE 14 - PENSION PLAN AND OTHER RETIREMENT BENEFITS (cont'd)

	<u>Annual Contribution Required</u>	<u>Actual Contributions For The Year Ended June 30, 1995</u>	<u>City's Per- cent of Annual Contributions</u>
Municipal Employees' Retirement System of Louisiana	\$ 8.9 million	\$17.7 million	.77%
Municipal Police Employees Retirement System	10.0 million	17.8 million	.10%
Firefighters' Retirement System	15.2 million	13.8 million	.01%

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

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

	<u>Pension Benefit Obligation</u>	<u>Net Assets Available for Benefits</u>	<u>Unfunded (Over Funded) Pension Benefit Obligation</u>
Municipal Employees' Retirement System of Louisiana	\$349.3 million	\$317.3 million	\$32.0 million
Municipal Police Employees Retirement System	\$812.0 million	\$839.2 million	(\$27.2 million)
Firefighters' Retirement System	\$476.9 million	\$437.3 million	\$39.6 million



#### NOTE 14 - PENSION PLAN AND OTHER RETIREMENT BENEFITS (cont'd)

Historical trend information showing the System's progress in accumulating sufficient assets to pay benefits when due is presented in the System's June 30, 1996, comprehensive annual financial report. The City does not guarantee the benefits granted by the Systems.

All three of the above mentioned plans changed their method of accounting for investments in 1998 in conformity with new Requirements of the Governmental Standards Board Statement NO. 25.

In prior years, stocks and bonds were recorded at the lower of amortized cost or market if the decline is deemed permanent. The change in method results in these investments being recorded at fair market value. This change had the following effect on the June 30, 1995 income as noted below for the respective plan.

	(Decrease) Increase
Municipal Employer' Retirement System of Louisiana (Plan A)	\$14,500,000
Municipal Police Employees Retirement System	43,000,000
Firefighters'	23,800,000

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

In 1976 the Franklin policemen joined the Municipal Police Employees' Retirement System. The City is still responsible for paying retirement benefits from City funds to eligible retired members, in accordance with the policies, terms, and rules of the Franklin police retirement system which was in effect prior to joining the state system. The City is funding the pension costs when benefits are paid to retired employees. An actuarial study has not been performed to determine the City's liability for vested benefits and past service costs. Generally accepted accounting principles required that the provisions for pension expense include a provision for amortization of past service costs. Expenditures by the City to fund the costs related to this prior retirement plan for year ended April 30, 1997 totaled approximately \$26,900.

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

#### NOTE 15 - COMMITMENTS

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

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

#### NOTE 15 - COMMITMENTS (continued)

Under a second agreement, the City has agreed to provide maintenance on the St. Joseph-Campoint, Chautauque sewerage collection system. The City receives a monthly fee for this service of approximately \$2,480.

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

The City has also entered into an agreement with the Louisiana Department of Transportation and Development for a flood control improvement project at the Bayou Volade Pump Station. The total estimated cost of this project is approximately \$5,550,000. The project is to be funded 70% by the Department of Transportation and Development and 30% by the City. The City also entered into an intergovernmental agreement with the parish of St. Mary and Consolidated Gravity Drainage District No. 1 stating that each entity will jointly provide the 30% of funds required to accomplish the project in accordance with the Department of Transportation and Development as well as to provide jointly any funds required to complete the project which are not covered by the Department of Transportation and Development. Approximately \$96,000 in engineering costs were incurred for this project as of April 30, 1997.

#### NOTE 16 - RISK MANAGEMENT AND CONTINGENCIES

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

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

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

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

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

NOTE 16 - RISK MANAGEMENT AND CONTINGENCIES (cont'd)

Changes in the City's estimated claims liabilities for the years ended April 30, 1996 and 1997 were:

Liability balance, May 1, 1995	\$8,000
Claims and changes in estimate	231,000
Claims paid	(169,000)
Liability balance, April 30, 1996	70,000
Claims and changes in estimate	271,000
Claims paid	(240,000)
Liability balance, April 30, 1997	\$101,000

Estimated claims liability at April 30, 1997 includes \$54,000 related to the medical and health plan for which \$85,900 in cash is available to pay claims, which is reported in the General Fund. The remaining \$47,000 in estimated liability is to be paid with future revenues and is reported in the General Long-term Debt Account Group.

The total expenditures reported by the City for claims related to retained risk for the year ended April 30, 1997 is \$240,000 (plus \$17,000 increase in the General Long-term Debt Account Group).

There is a claim against the City which management and their legal counsel believe will result in probable liability to the City. The ultimate amount of this liability cannot presently be determined. It is estimated that the minimum amount of this liability will be \$25,000 and accordingly a provision for this amount is included in these financial statements. It is possible that up to an additional \$15,000 in liability could be incurred, however, no provision for this possible additional liability is made in these financial statements.

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

NOTE 17 - RESIDUAL EQUITY TRANSFER

During the year under audit, the activities of Four Capital Project Funds, and one Special Revenue Fund, were consolidated into the activities of various other funds. The residual equity balances and related assets and liabilities at April 30, 1997, went into the following funds:

Fund Receiving Residual	Amount
<u>Equity Transfer</u>	
Special Revenue Fund -	
Liquid & Solid Waste Fund	\$2,494
General Fund	(14,032)
Utility Fund	273

FINANCIAL STATEMENTS  
OF INDIVIDUAL FUNDS  
AND ACCOUNT GROUPS

GENERAL FUND

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

CITY OF FRANKLIN  
GENERAL FUND

COMPARATIVE BALANCE SHEET

ASSETS	1992	1991
Cash and cash equivalents	\$208,400	\$144,569
Receivable:		
Taxes	50,725	192,337
Other	83,610	9,364
Due from other governmental units	4,888	4,887
Due from other funds	5,773	22,133
Prepaid salaries	2,473	
Refundable deposit	20,579	20,577
Total assets	\$514,448	\$383,806
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable	\$97,504	\$91,367
Accrued liabilities	68,438	43,951
Estimated claims payable	54,000	40,000
Due to other funds	155,744	56,952
Total liabilities	\$375,686	\$232,270
Fund balance :		
Unreserved, undesignated	138,767	151,536
Total fund balance	138,767	151,536
Total liabilities and fund balance	\$514,448	\$383,806

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

CITY OF FRANKLIN  
GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
Year Ended April 30, 1997  
With Comparative Actual Amounts for Year Ended April 30, 1996

	1997		Variance Favorable (Unfavorable)	1996 Actual
	Budget	Actual		
<b>Revenues:</b>				
<b>Taxes:</b>				
Sales	6940,000	6990,740	50,740	5700,150
All voters	304,000	304,840	840	313,400
<b>Licenses and permits:</b>				
Occupational licenses	245,000	252,734	7,734	253,800
Other (BOC) licenses	3,100	3,275	175	2,500
Liquor licenses	5,400	5,890	490	7,700
Franchises	220,000	218,282	(1,718)	207,000
Games of chance licenses	200	300	100	0
Building and electrical permits	11,000	11,817	817	10,207
<b>Intergovernmental:</b>				
Interest on delinquent tax	1,000	1,004	4	3,000
Telephone tax	40,700	40,700	(1)	40,700
Beer tax	14,800	17,007	2,207	14,800
Video poker	200,000	204,840	4,840	181,811
Gaming license taxes	260,700	260,801	101	195,000
State revenue sharing			(5,400)	400,750
Parish council	100,401	104,287		98,000
State grant	20,540	20,540		0
Federal grant	60,000	49,740	(10,260)	0
Other grant				30,000
Fines	70,177	68,810	(1,367)	40,000
Miscellaneous	30,000	27,070	(2,930)	20,000
Miscellaneous	87,814	100,000	12,186	88,770
Donations	1,000	2,000	1,000	10,000
Interest earned		4,000	4,000	
<b>Total revenues</b>	<u>3,027,000</u>	<u>3,040,600</u>	<u>13,600</u>	<u>2,747,007</u>
<b>Expenditures:</b>				
<b>Current:</b>				
General government				
Finance and administration	600,000	710,044	110,044	500,000
Judicial	711,000	715,000	4,000	87,700
Public safety -				
Police and fire department	1,271,000	1,350,000	79,000	1,181,787
Inspector	20,000	20,000	(587)	20,000
Tax collector	20,000	20,004	4	17,540
Public works	710,000	700,810	(9,190)	641,881
Recitation	240,000	240,000	(30,000)	234,000
Small animal control	20,000	24,544	4,544	10,000
Economic development	24,000	20,000	(4,000)	10,000
Purchasing	21,000	20,000	(1,000)	20,000
Data	144,700	143,000	(1,700)	110,000
Data service	0,700	0,000	(700)	
<b>Total expenditures</b>	<u>3,205,700</u>	<u>3,207,000</u>	<u>(13,300)</u>	<u>3,245,000</u>

	2003		Balance Forward Subsequent	2004 Actual
	Budget	Actual		
Excess (deficiency) of revenues over expenditures	(77,200)	(201,086)	(142,886)	201,729
Other financing sources (uses)				
Certificate of indebtedness proceeds				40,840
Operating transfers in				
100000 Sewer Rehab	2,864		(2,864)	
Public safety	204,000	207,476	1,476	171,867
Consolidated Sewer #1	1,064	1,134		
Summer Wreeding	479		(479)	9,800
Roads Project		13,520	13,520	
Utility Fund		2,000	2,000	
Liquid and Solid Waste	10,000	21,200	2,200	26,000
Operating transfers out				
Sales Tax '96 Billing Fund	(75,070)	(75,000)	70	
Sales Tax '96 Reserve Fund		200	(200)	
Summer Wreeding		(4,870)	(4,870)	
Liquid & Solid Waste		(2,000)	(2,000)	
Palmer Street drainage project				(204,280)
Capital projects				(40,840)
Roads project				(20,000)
Certificate of indebtedness proceeds fund	(4,270)	(4,280)	10	(4,000)
Total other financing sources (uses)	214,264	222,446	9,186	(140,729)
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	137,064	1,260	(24,699)	161,004
Fund balance, beginning	151,520	154,236	—	16,000
Residual equity transfer		(14,000)	(14,000)	
Fund balance, ending	<u>320,604</u>	<u>390,472</u>	<u>(34,699)</u>	<u>177,004</u>

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



## SPECIAL REVENUE FUNDS

**Liquid and Solid Waste Fund** - To account for the receipt and use of proceeds of the City's share of the three-fourths of one percent sales and use tax. These taxes are dedicated for the construction, acquisition, extension, improvements, operation and maintenance of solid waste collection and disposal sewers and sewerage disposal works, and other facilities for pollution control and abatement and to pay debt service requirements on bonds issued for such purposes.

**Summer Feeding Program** - To account for the receipt and use of funds reimbursed under the National School Lunch Act.

**Public Safety Fund** - To account for the receipt and use of proceeds of the City's share of three-eighths of one percent (3/10%) sales and use tax. These taxes are dedicated for the purpose of operating and maintaining the municipal police department, the municipal fire department and the volunteer fire department, and for the purpose of purchasing, constructing, acquiring, improving and maintaining any public works or capital improvements utilized or operated by said departments.

**Revolving Loan Fund** - To account for a revolving loan fund set up to loan funds to area small businesses or prospective small businesses. The fund was initially financed through a Federal grant. Funds received from loan repayments are used for additional loans.

**Shell Housing Fund** - To account for the receipt and disbursement of a private grant from Shell Oil Company for the purpose of rehabilitating homes in the City of Franklin.

**Center Theatre Restoration Committee** - To account for the receipt and expenditure of funds for the purpose of restoring the Center Theatre.

**LCDFG Housing Fund** - To account for the receipt and disbursement of federal grants to homeowners for the purpose of rehabilitating their homes. The money is given to homeowners in the form of a grant rather than a loan.

**Narcotic Aid** - To account for the receipt and disbursement of funds from the District Attorney's office for drug enforcement.

CITY OF CHARLESTON  
ANNUAL FINANCIAL STATEMENTS

COMPREHENSIVE BALANCE SHEET

April 30, 1987

Year Commencing Month for April 30, 1988

	ASSETS				LIABILITIES			NET POSITION		
	Liquid and Solid Assets	Public Safety Fund	Revenue Loans Fund	Special Account Fund	Accounts Payable	Deferred Revenue	Deferred Contributions	Reserve for Contingencies	Unassigned Fund Balance	
Cash and cash equivalents	\$20,280		\$19,608	\$449				\$3,792	\$17,117	\$38,461
Investments										
Loans receivable			42,508	21,752					108,940	151,992
Taxes receivable		\$51,482							50,199	101,681
Prepaid expenses									2,288	4,318
Due from other governmental entities	12,888								12,888	41,288
Due from other funds	200,188								200,188	281,760
Total assets	\$233,356	\$51,482	\$161,116	\$21,201	\$0	\$0	\$0	\$6,170	\$268,116	\$681,281

LIABILITIES AND FUND BALANCES

	LIABILITIES		FUND BALANCES	
	Accounts Payable	Deferred Revenue	Assigned	Unassigned
Accounts payable	\$0	\$0	\$0	\$0
Deferred revenue				
Accounts payable and accrued expenses				
Due to other funds				
Total liabilities	\$0	\$0	\$0	\$0
Fund Balances - unassigned			\$3,792	\$48,180
Total fund balances			\$3,792	\$48,180
Total liabilities and fund balances	\$0	\$0	\$3,792	\$48,180

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

CITY OF PEABODY  
 SPECIAL REVENUE FUNDS

COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 For the Year Ended April 30, 1997  
 Year Comparative Total for the Year Ended April 30, 1996

	General Fund	Public Safety	Sanitary	Solid Waste	Transfer	Center		LCCBQ Housing	Sewer	Total
						Administration	Commissariat			
<b>Revenues:</b>										
Taxes - 1997	\$11,643									\$11,643
Taxes - 1996	71,792									71,792
Change in assets	191,254									191,254
Interest gain										1,000
State grant										482
Other										2,815
<b>Expenditures:</b>										
Salaries	704	147		175						1,026
Health and welfare	348			4,818						5,166
Other indemnification				33,820						33,820
Other				1,307						1,307
<b>Total revenues</b>	<u>1,084,420</u>	<u>15</u>	<u>283,852</u>	<u>12,100</u>	<u>1,307</u>	<u>-</u>	<u>-</u>	<u>482</u>	<u>-</u>	<u>1,084,420</u>
<b>Total expenditures</b>	<u>1,084,420</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,084,420</u>
<b>Change in fund balance</b>	<u>0</u>	<u>15</u>	<u>283,852</u>	<u>12,100</u>	<u>1,307</u>	<u>-</u>	<u>-</u>	<u>482</u>	<u>-</u>	<u>288,746</u>
<b>Balance at beginning of year</b>	<u>1,084,420</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,084,420</u>
<b>Balance at end of year</b>	<u>1,084,420</u>	<u>15</u>	<u>283,852</u>	<u>12,100</u>	<u>1,307</u>	<u>-</u>	<u>-</u>	<u>482</u>	<u>-</u>	<u>1,382,166</u>
<b>Revenues:</b>										
Taxes - 1997	\$11,643									\$11,643
Taxes - 1996	71,792									71,792
Change in assets	191,254									191,254
Interest gain										1,000
State grant										482
Other										2,815
<b>Expenditures:</b>										
Salaries	704	147		175						1,026
Health and welfare	348			4,818						5,166
Other indemnification				33,820						33,820
Other				1,307						1,307
<b>Total revenues</b>	<u>1,084,420</u>	<u>15</u>	<u>283,852</u>	<u>12,100</u>	<u>1,307</u>	<u>-</u>	<u>-</u>	<u>482</u>	<u>-</u>	<u>1,084,420</u>
<b>Total expenditures</b>	<u>1,084,420</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,084,420</u>
<b>Change in fund balance</b>	<u>0</u>	<u>15</u>	<u>283,852</u>	<u>12,100</u>	<u>1,307</u>	<u>-</u>	<u>-</u>	<u>482</u>	<u>-</u>	<u>288,746</u>
<b>Balance at beginning of year</b>	<u>1,084,420</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,084,420</u>
<b>Balance at end of year</b>	<u>1,084,420</u>	<u>15</u>	<u>283,852</u>	<u>12,100</u>	<u>1,307</u>	<u>-</u>	<u>-</u>	<u>482</u>	<u>-</u>	<u>1,382,166</u>

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

CITY OF HOUSTON  
SPECIAL REVENUE FUNDS  
LIQUID AND SOLID WASTE FUND

STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - (2004) 1 AND ACTUAL,  
Year Ended April 30, 2007

With Comparative Actual Amounts for the year ended April 30, 2006

	2007		Variance - Favorable Unfavorable	2006 Actual
	Output	Actual		
<b>Revenues:</b>				
Taxes				
Sales	\$145,000	\$114,813	\$30,187	\$113,750
Ad valorem	17,750	17,750	-	17,750
License water fees	265,000	265,321	(261)	265,147
Garbage and other	685,700	470,583	(215,117)	371,363
Other	800	764	(36)	650
Miscellaneous revenues - Interest on investments	(2,000)	348	(2,348)	1,600
Total revenues	<u>1,101,750</u>	<u>1,089,529</u>	<u>12,221</u>	<u>1,046,310</u>
<b>Expenditures:</b>				
<b>Salaries:</b>				
General and administrative	155,200	158,504	(3,304)	174,333
Solid Waste Department	207,500	207,703	(203)	211,599
Garbage collection	503,000	171,848	(331,152)	181,445
Garbage plant	435,000	444,823	(9,823)	333,892
Tax collector	11,500	18,484	(6,984)	17,838
Inspection	21,000	21,354	(354)	-
Maintenance department	24,000	25,583	(1,583)	-
Purchasing	14,700	23,543	(8,843)	18,632
Total expenditures	<u>1,116,900</u>	<u>1,184,400</u>	<u>(67,500)</u>	<u>1,076,904</u>
Excess (deficiency) of revenues over expenditures	<u>444,850</u>	<u>(74,871)</u>	<u>519,721</u>	<u>(60,594)</u>
Other financing sources (uses)				
Operating transfers in -				
MFL Reserve Fund	5,000	-	5,000	-
MFL Sinking Fund	26,452	-	26,452	-
Carn. (SAV) Project 1983	43,713	45,411	(1,698)	-
Sales Tax Bond Reserve	11,179	13,138	(1,959)	-
Operating transfers out -				
1987 Sales Tax Bond Sinking Fund	(241,000)	(240,470)	530	(233,000)
1988 Sales Tax Bond Sinking Fund	(58,000)	(58,000)	-	(58,000)
1989 Sales Tax Bond Reserve Fund	(35,000)	(37,300)	2,300	(37,000)
General Fund	(35,000)	(37,300)	2,300	(38,000)
Sales Tax Bond Reserve	-	-	-	5,184
1993(1994) Sales Tax Bond Reserve Fund	-	(4,348)	4,348	(2,273)
Miscellaneous Bond	-	-	-	11,980
Miscellaneous Fund	-	-	-	(25,000)
MFL Sinking Fund	(27,880)	(27,771)	109	(47,385)
MFL Sinking Fund	(84,400)	(88,578)	(4,178)	(87,500)
MFL Reserve Fund	(18,100)	(23,807)	(5,707)	-
Transfer financing sources (uses)	<u>485,552</u>	<u>(498,078)</u>	<u>(12,526)</u>	<u>(258,888)</u>
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	<u>39,302</u>	<u>(24,658)</u>	<u>63,960</u>	<u>(146,182)</u>
Fund balance, beginning of year	<u>(258,380)</u>	<u>(258,380)</u>	<u>-</u>	<u>(258,340)</u>
Residual equity transfer	-	(2,494)	(2,494)	-
Fund balance, end of year	<u>\$297,382</u>	<u>\$197,238</u>	<u>(100,144)</u>	<u>\$258,380</u>

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

CITY OF FRANKLIN  
SPECIAL REVENUE FUNDS  
PUBLIC SAFETY FUND

STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
Year Ended April 30, 1997  
With Comparative Actual Amounts for Year Ended April 30, 1996

	1997		Variance - Favorable (Unfavorable)	1996 Actual
	Budget	Actual		
Revenues:				
Sales taxes	\$256,000	\$255,852	(\$148)	\$180,828
Total revenues	<u>256,000</u>	<u>255,852</u>	<u>(148)</u>	<u>180,828</u>
Expenditures	---	---	---	---
Excess of revenues over expenditures	<u>256,000</u>	<u>255,852</u>	<u>(148)</u>	<u>180,828</u>
Other financing (uses):				
Operating transfers out General fund	(256,000)	(257,418)	(1,418)	(171,987)
Total other (uses)	<u>(256,000)</u>	<u>(257,418)</u>	<u>(1,418)</u>	<u>(171,987)</u>
Excess of revenues over expenditures and other financing (uses)	---	(1,567)	(1,567)	8,841
Fund balance, beginning of year	---	<u>23,049</u>	<u>23,049</u>	<u>14,189</u>
Fund balance, end of year	---	<u>\$21,482</u>	<u>\$21,482</u>	<u>\$23,049</u>

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

CITY OF FRANKLIN  
SPECIAL REVENUE FUNDS  
REVOLVING LOAN FUND

STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
Year Ended April 30, 1997

With Comparative Actual Amounts for the Year Ended April 30, 1996

	1997		Variance Favorable (Unfavorable)	1996 Actual
	Budget	Actual		
<b>Revenues:</b>				
Federal grants	\$7,000	\$7,000		
Application fees		115	\$115	
Interest income	4,200	4,918	718	\$14,669
Total revenues	<u>11,200</u>	<u>12,033</u>	<u>833</u>	<u>14,669</u>
<b>Expenditures:</b>				
Processing fees	100		100	
Miscellaneous	50		50	10
Grant (Gleichenburg)				12,000
Total expenditures	<u>150</u>	<u>---</u>	<u>150</u>	<u>12,010</u>
<b>Excess of revenues over expenditures</b>	11,050	12,033	1,083	2,659
<b>Fund balance, beginning of year</b>	100,711	100,211	(500)	100,361
<b>Fund balance, end of year</b>	<u>\$111,761</u>	<u>\$112,244</u>	<u>\$233</u>	<u>\$103,211</u>

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

CITY OF FRANKLIN  
SPECIAL REVENUE FUNDS  
SHELL HOUSING FUND

STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
Year Ended April 30, 1997

With Comparative Actual Amounts for the Year Ended April 30, 1996

	1997		Variance Favorable (Unfavorable)	1996 Actual
	Budget	Actual		
Revenues:				
Interest on investments	\$5,000	\$5,601	\$601	\$6,113
Total revenues	<u>5,000</u>	<u>5,601</u>	<u>601</u>	<u>6,113</u>
Expenditures:				
Urban redevelopment				8,441
Bad debts		733	(733)	2731
Miscellaneous	8,900	10,228	(8,328)	
Housing				8,172
Total expenditures	<u>8,900</u>	<u>10,961</u>	<u>(7,661)</u>	
Excess of revenues over expenditures	(3,900)	(10,060)	(8,160)	(5,000)
Fund balance, beginning of year	176,820	88,261	(88,559)	91,300
Fund balance, end of year	<u>\$172,920</u>	<u>\$78,201</u>	<u>(\$94,719)</u>	<u>\$86,201</u>

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

## DEBT SERVICE FUNDS

**Consolidated Sewerage District No. 1 - 1985 -** To account for funds received from special assessments to pay a portion of the acquisition and construction of sewerage improvements and extensions to the sewerage system to serve properties located in certain areas within the City. Partial financing is provided by the sale of special assessment bonds. Cost of the project was estimated and property owners were assessed their proportionate share, i.e., estimated cost per linear foot times front footage. The property owners either pay the assessment within thirty days or over a ten year period. Interest is charged on the unpaid assessments at a rate not to exceed twelve percent. Bond principal and interest are paid with the monies provided by payments on the assessments and related interest.

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

**Sales Tax Bond Sinking Fund 1987 -** To accumulate monies for payment of the 1987 \$1,970,000 Public Improvement Sales Tax bonds, which are serial bonds due in annual installments, plus interest, through maturity in 2004. Debt service is financed from proceeds of the City's 3.45% sales and use tax.

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

**DEQ Loan Sinking Fund 1989 -** To accumulate money for payment of the Municipal Facilities Revolving Loan in the amount of \$850,000 due in annual installments plus interest through maturity in 2005. Debt service is financed with Liquid and Solid Waste revenues.

**DEQ Loan Reserve Fund 1989 -** The DEQ Loan Reserve Fund is a reserve required by the \$850,000 due in annual installments plus interest through maturity in 2005. Debt service is financed with Liquid and Solid Waste revenues.

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

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



#### DEBT SERVICE FUNDS (cont'd)

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

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

Sales Tax Bond Sinking Fund 1996 - To accumulate revenues for payment of the 1996 \$1,675,000 Sales Tax Bonds, which are serial bonds due in annual installments plus interest through maturity in 2,013. Debt service is financed with proceeds of the City's 1% sales and use tax.

Sales Tax Bond Reserve Fund 1996 - The Sales Tax Bond Reserve Fund is a reserve required by the \$1,675,000 1996 bond issue indenture.





CITY OF FRANKLIN  
 DEBT SERVICE FUND  
 CONSOLIDATED SEWERAGE DISTRICT NO. 1 - 1996

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
 BUDGET AND ACTUAL  
 Year Ended April 30, 1997  
 With Comparative Actual Amounts for Year Ended April 30, 1996

	1997		Variance Favorable Unfavorable)	1996 Actual
	Budget	Actual		
Revenues:				
Special assessments	\$7,923	\$4,487	(\$3,436)	
Miscellaneous -				
Interest on investments		826	826	\$1,405
Total revenues	<u>7,923</u>	<u>5,313</u>	<u>(2,610)</u>	<u>1,405</u>
Expenditures:				
Debt service:				
Interest and bank charges				775
Miscellaneous		353	(353)	4,205
Bond payments				
Total expenditures	<u>--</u>	<u>353</u>	<u>(353)</u>	<u>4,980</u>
Excess (deficiency) of revenues over expenditures	<u>7,923</u>	<u>4,960</u>	<u>(2,957)</u>	<u>(3,575)</u>
Other financing sources:				
Operating transfers out				
General fund		(1,154)	(1,154)	
Total other financing sources	<u>--</u>	<u>(1,154)</u>	<u>(1,154)</u>	<u>--</u>
Excess (deficiency) of revenues over expenditures and other financing sources	<u>7,923</u>	<u>3,766</u>	<u>(4,127)</u>	<u>(3,575)</u>
Fund balance, beginning	<u>--</u>	<u>12,311</u>	<u>12,311</u>	<u>13,880</u>
Fund balance, ending	<u>\$7,923</u>	<u>\$16,107</u>	<u>\$8,184</u>	<u>\$12,311</u>

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

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

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

Year Ended April 30, 1997

With Comparative Actual Amounts for Year Ended April 30, 1996

	1997		Variance Favorable Unfavorable	1996 Actual
	Budget	Actual		
<b>Revenues:</b>				
Special assessments	\$8,208	\$8,664	\$456	
Miscellaneous - interest on investments	180	2,901	2,721	\$110
<b>Total revenues</b>	<u>8,388</u>	<u>11,565</u>	<u>3,177</u>	<u>110</u>
<b>Expenditures:</b>				
Debt service	5,012	5,012		
Interest & bank charges	3,195	3,195	1	89
<b>Total expenditures</b>	<u>8,208</u>	<u>8,207</u>	<u>1</u>	<u>89</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>180</u>	<u>3,349</u>	<u>3,168</u>	<u>37</u>
<b>Other financing sources:</b>				
Operating transfers in Liquid and Solid Waste Fund				12,462
<b>Total other financing         sources</b>	---	---	---	<u>12,462</u>
<b>Excess (deficiency) of revenues over expenditures and other financing sources</b>	<u>180</u>	<u>3,348</u>	<u>3,168</u>	<u>12,499</u>
<b>Fund balance, beginning</b>	<u>11,058</u>	<u>12,488</u>	<u>1,430</u>	---
<b>Fund balance, ending</b>	<u>\$11,238</u>	<u>\$15,837</u>	<u>\$4,600</u>	<u>\$12,499</u>

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

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

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

Year Ended April 30, 1987

With Comparative Actual Amounts for Year Ended April 30, 1986

	1987		Variance Favorable Unfavorable	1986
	Budget	Actual		Actual
<b>Revenues</b>				
Miscellaneous		\$51,688	\$51,688	
Interest on investments	\$801	1,167	286	\$2,266
<b>Total revenues</b>	<u>801</u>	<u>63,075</u>	<u>62,174</u>	<u>2,266</u>
<b>Expenditures:</b>				
Administrative	32,208	1,637	30,571	
Miscellaneous		96	(96)	
Debt service				
Interest and bank charges	109,899	112,366	(2,467)	146,089
Bond payments	129,898	130,008	1,110	115,080
<b>Total expenditures</b>	<u>271,905</u>	<u>264,027</u>	<u>7,878</u>	<u>266,069</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(203,896)</u>	<u>(180,947)</u>	<u>22,949</u>	<u>(257,807)</u>
<b>Other financing sources</b>				
Payment to refunding bond escrow agent				(1,445,507)
Proceeds from refunding bonds				1,412,309
Operating transfers in				
Liquid and Solid Waste Fund	243,500	243,472	(28)	233,279
Operating transfers out				
1987 Reserve fund	(23,375)	(18,823)	5,552	
<b>Total other financing sources</b>	<u>(23,375)</u>	<u>(18,823)</u>	<u>5,552</u>	<u>290,959</u>
<b>Excess (deficiency) of revenues over expenditures and other financing sources</b>	<u>(43,571)</u>	<u>42,899</u>	<u>86,270</u>	<u>(57,492)</u>
Fund balance, beginning	69,671	46,361	(23,310)	183,558
Residual equity transfer in				
<b>Fund balance, ending</b>	<u>\$26,100</u>	<u>\$89,760</u>	<u>\$63,660</u>	<u>\$46,066</u>

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

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

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
Year Ended April 30, 1987  
With Comparative Actual Amounts for Year Ended April 30, 1986

	1987		Variance Favorable Unfavorable	1986 Actual
	Budget	Actual		
<b>Revenues:</b>				
Miscellaneous -				
Interest on investments	\$12,800	\$14,217	\$2,217	\$15,432
<b>Total revenues</b>	<u>12,800</u>	<u>14,217</u>	<u>2,217</u>	<u>15,432</u>
<b>Expenditures:</b>				
Debt service				
Miscellaneous		30	(30)	80
<b>Total expenditures</b>	<u>—</u>	<u>30</u>	<u>(30)</u>	<u>80</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>12,800</u>	<u>14,187</u>	<u>2,187</u>	<u>15,342</u>
<b>Other financing sources</b>				
Operating transfers in				
Liquid and Solid Waste Fund				5,154
Sales Tax Sinking Fund 1987		19,825	19,825	
Operating transfers out				
Liquid and Solid Waste Fund	(10,000)	(12,158)	(2,158)	
Sinking Fund 1987	(2,500)		2,500	
DED Loan Reserve 1986				(30,000)
<b>Total other financing sources</b>	<u>(12,500)</u>	<u>6,667</u>	<u>10,167</u>	<u>(26,806)</u>
<b>Excess (deficiency) of revenues over expenditures and other financing sources</b>	<u>(900)</u>	<u>20,854</u>	<u>21,354</u>	<u>(11,464)</u>
<b>Fund balance, beginning</b>	<u>232,807</u>	<u>248,103</u>	<u>15,296</u>	<u>269,657</u>
<b>Fund balance, ending</b>	<u>\$231,907</u>	<u>\$268,957</u>	<u>\$36,742</u>	<u>\$248,193</u>

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

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

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

Year Ended April 30, 1997

With Comparative Actual Amounts for Year Ended April 30, 1996

	1997		Variance Favorable Unfavorable)	1996 Actual
	Budget	Actual		
<b>Revenues:</b>				
Miscellaneous -				
Interest on investments	\$1,500	\$1,405	(95)	\$1,404
<b>Total revenues</b>	<u>1,500</u>	<u>1,405</u>	<u>(95)</u>	<u>1,404</u>
<b>Expenditures:</b>				
Debt service				
Bond payments	56,000	56,000		56,000
Interest and bank charges	39,018	39,018		40,442
<b>Total expenditures</b>	<u>95,018</u>	<u>95,018</u>		<u>96,442</u>
Excess (deficiency) of revenues over expenditures	(93,518)	(93,613)	(95)	(95,038)
<b>Other financing sources</b>				
Operating transfers out Liquid and Solid Waste Fund	(1,500)		1,500	
Operating transfers in Liquid and Solid Waste Fund	99,600	99,600		99,600
<b>Total other financing         sources</b>	<u>98,100</u>	<u>99,600</u>	<u>1,500</u>	<u>99,600</u>
Excess (deficiency) of revenues over expenditures and other financing sources	2,582	4,019	1,436	4,562
Fund balance, beginning	59,910	59,787	(123)	55,225
Fund balance, ending	<u>\$62,492</u>	<u>\$63,806</u>	<u>\$1,412</u>	<u>\$59,787</u>

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



CITY OF FRANKLIN  
DEBT SERVICE FUND  
D. E. G. LOAN RESERVE FUND 1986

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL  
Year Ended April 30, 1987  
With Comparative Actual Amounts for Year Ended April 30, 1986

	1987		Variance Favorable (Unfavorable)	1986 Actual
	Budget	Actual		
Revenues:				
Miscellaneous -		\$138	\$138	
Interest on investments	3,000	2,514	(486)	858
Total revenues	3,000	2,742	(258)	656
Expenditures:				
Debt service				
Total expenditures	--	--	--	--
Excess (deficiency) of revenues over expenditures	3,000	2,742	(258)	656
Other financing sources:				
Operating transfers in Liquid and Sold Waste Fund Sales tax reserve 1987				67,800 30,000
Total other financing sources	--	--	--	97,800
Excess (deficiency) of revenues over expenditures and other financing sources	3,000	2,742	(258)	100,136
Fund balance, beginning	100,136	100,136	--	--
Fund balance, ending	\$103,136	\$102,878	(\$258)	\$100,136

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

CITY OF FRANKLIN  
 GARBAGE SERVICE FUND  
 SEWER & SEWER REVENUE BOND SINKING FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
 BUDGET AND ACTUAL  
 Year Ended April 30, 1997  
 With Comparative Actual Amounts for Year Ended April 30, 1996

	1997		Variance Favorable (Unfavorable)	1996 Actual
	Budget	Actual		
<b>Revenues:</b>				
Miscellaneous -		\$44	\$44	
Interest on investments	\$600	656	56	\$279
Total revenues	600	700	100	279
<b>Expenditures:</b>				
Debt service:				
Bond payments	16,000	16,000		4,988
Interest and bank charges	30,413	11,856	18,557	
1995 W&S Series B	25,804		25,804	
Miscellaneous		30	(30)	41
Total expenditures	71,417	27,856	43,561	5,019
Excess (deficiency) of revenues over expenditures	(70,817)	(26,956)	43,861	(4,740)
<b>Other financing sources:</b>				
Operating transfers in				
Liquid and Solid Waste Fund	27,722	27,721	(1)	12,762
Utility fund	35,008		(35,008)	
Total other financing sources	62,730	27,721	(35,008)	12,762
Excess (deficiency) of revenues over expenditures and other financing sources	(8,087)	735	8,822	8,012
Fund balance, beginning	16,764	8,512	(8,252)	
Fund balance, ending	\$8,677	\$9,247	\$70	\$8,012

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

CITY OF FRANKLIN  
DEBT SERVICE FUND  
2% WATER & SEWER REVENUE BOND RESERVE FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-  
BUDGET AND ACTUAL  
Year Ended April 30, 1997  
With Comparative Actual Amounts for Year Ended April 30, 1996

	1997		Variance Favorable (Unfavorable)	1996 Actual
	Budget	Actual		
Revenues:				
Interest on investments	\$1,804	\$1,891	887	\$1,366
Miscellaneous		114	114	
Total revenues	<u>1,804</u>	<u>2,005</u>	<u>201</u>	<u>1,366</u>
Expenditures:				
Debt service				
Total expenditures	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>
Excess (deficiency) of revenues over expenditures	<u>1,804</u>	<u>2,005</u>	<u>201</u>	<u>1,366</u>
Other financing sources:				
Operating transfers out				
Liquidated Solid Waste Fund	(3,200)		3,200	34,800
Utility Fund	(52,200)		52,200	
Total other financing sources	<u>(55,400)</u>	<u>---</u>	<u>55,400</u>	<u>34,800</u>
Excess (deficiency) of revenues over expenditures and other financing sources	<u>(53,596)</u>	<u>2,005</u>	<u>\$3,601</u>	<u>35,196</u>
Fund balance, beginning	89,396	90,190	(52,200)	---
Fund balance, ending	<u>\$34,800</u>	<u>\$38,201</u>	<u>\$3,401</u>	<u>\$35,196</u>

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

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

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL  
Year Ended April 30, 1997  
With Comparative Actual Amounts for Year Ended April 30, 1996

	1997		Variance Favorable Unfavorable)	1996 Actual
	Budget	Actual		
<b>Revenues:</b>				
Miscellaneous		\$11	\$11	
Interest on investments	\$400	483	83	\$60
<b>Total revenues</b>	<u>400</u>	<u>494</u>	<u>94</u>	<u>60</u>
<b>Expenditures:</b>				
Debt service				
Bond payments	20,000	20,000		
Interest & bank charges	32,264	32,264		
Miscellaneous		12	(12)	10
<b>Total expenditures</b>	<u>52,264</u>	<u>52,276</u>	<u>(12)</u>	<u>10</u>
Excess (deficiency) of revenues over expenditures	(51,864)	(51,782)	82	50
<b>Other financing sources</b>				
Operating transfers in Liquid and Solid Waste Fund	34,634	98,629	63,995	
<b>Total other financing     sources</b>	<u>34,634</u>	<u>98,629</u>	<u>63,995</u>	<u>--</u>
Excess (deficiency) of revenues over expenditures and other financing sources	(17,230)	46,847	64,077	50
Fund balance, beginning	25,060	63	(25,000)	--
Fund balance, ending	<u>\$7,830</u>	<u>\$46,910</u>	<u>\$39,080</u>	<u>\$50</u>

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

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

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL  
Year Ended April 30, 1997  
With Comparative Actual Amounts for Year Ended April 30, 1996

	1997		Variance Favorable (Unfavorable)	1996 Actual
	Budget	Actual		
<b>Revenues:</b>				
Special assessments				
Miscellaneous -		\$27	\$27	
Interest on investments	\$300	329	29	\$31
Total revenues	300	356	56	31
<b>Expenditures:</b>				
<b>Debt service</b>				
Bond payments				
Interest and bank charges				
Miscellaneous		30	(30)	
Total expenditures	--	30	(30)	--
Excess (deficiency) of revenues over expenditures	300	326	26	31
<b>Other financing sources</b>				
Operating transfers out				
Liquid and Solid Waste Fund	(300)		300	
Operating transfers in				
Liquid and Solid Waste Fund	27,060	33,967	6,907	
Total other financing sources	26,760	33,967	7,207	--
Excess (deficiency) of revenues over expenditures and other financing sources	27,060	34,232	7,172	31
Fund balance, beginning	6,291	31	(6,260)	--
Fund balance, ending	\$33,351	\$34,263	\$879	\$31

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

CITY OF FRANKLIN  
DEBT SERVICE FUND  
CERTIFICATES OF INDEBTEDNESS-SERIES 1995

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-  
BUDGET AND ACTUAL  
Year Ended April 30, 1997  
With Comparative Actual Amounts for Year Ended April 30, 1996

	1997		Variance Favorable (Unfavorable)	1996 Actual
	Budget	Actual		
<b>Revenues:</b>				
Miscellaneous -				
Interest on investments	\$20	\$67	\$47	\$26
Total revenues	<u>20</u>	<u>67</u>	<u>47</u>	<u>26</u>
<b>Expenditures:</b>				
Debt service				
Bond payments	4,200	3,000	1,200	
Interest & bank charges	2,310	3,510	(1,200)	
Miscellaneous		44	(44)	76
Total expenditures	<u>6,510</u>	<u>6,554</u>	<u>(44)</u>	<u>76</u>
Excess (deficiency) of revenues over expenditures	(6,490)	(6,487)	3	(50)
<b>Other financing sources</b>				
Operating transfers in General fund	5,355	5,355		4,050
Total other financing sources	<u>5,355</u>	<u>5,355</u>	<u>--</u>	<u>4,050</u>
Excess (deficiency) of revenues over expenditures and other financing sources	(1,135)	(1,132)	3	4,000
Fund balance, beginning	4,490	4,000	(490)	--
Fund balance, ending	<u>\$3,325</u>	<u>\$2,868</u>	<u>(\$457)</u>	<u>\$4,000</u>

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

CITY OF FRANKLIN  
DEBT SERVICE FUND  
SALES TAX BOND SINKING FUND 1996

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-  
BUDGET AND ACTUAL  
Year Ended April 30, 1997

	1997		Variance Favorable (Unfavorable)
	Budget	Actual	
<b>Revenues:</b>			
Miscellaneous		\$1,157	\$1,157
Interest on investments	\$100	399	299
<b>Total revenues</b>	<u>100</u>	<u>1,556</u>	<u>1,458</u>
<b>Expenditures:</b>			
<b>Debt service</b>			
Interest and bank charges	500	52,144	(51,644)
Bond payments	51,844		51,844
Miscellaneous		100	(100)
<b>Total expenditures</b>	<u>52,344</u>	<u>52,252</u>	<u>92</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(52,244)</u>	<u>(50,696)</u>	<u>1,548</u>
<b>Other financing sources:</b>			
Operating transfers in			
General Fund	70,844	70,844	
1996 ST Bond Reserve Fund	3,800	2,883	(917)
<b>Total other financing     sources</b>	<u>74,644</u>	<u>73,727</u>	<u>(917)</u>
<b>Excess (deficiency) of revenues over expenditures and other financing sources</b>	<u>22,400</u>	<u>23,031</u>	<u>731</u>
<b>Fund balance, beginning</b>	--	--	--
<b>Fund balance, ending</b>	<u>\$22,400</u>	<u>\$23,031</u>	<u>\$231</u>

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

CITY OF FRANKLIN  
DEBT SERVICE FUND  
SALES TAX BOND RESERVE FUND 1995

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-  
BUDGET AND ACTUAL  
Year Ended April 30, 1997

	1997		Variance Favorable (Unfavorable)
	Budget	Actual	
<b>Revenues:</b>			
Miscellaneous -			
Interest on investments	\$3,703	\$3,704	\$1
Total revenues	<u>3,703</u>	<u>3,704</u>	<u>1</u>
<b>Expenditures:</b>			
Debt service			
Miscellaneous	--	20	(20)
Total expenditures	<u>--</u>	<u>20</u>	<u>(20)</u>
Excess (deficiency) of revenues over expenditures	<u>3,703</u>	<u>3,774</u>	<u>71</u>
<b>Other financing sources:</b>			
Operating transfers in			
General Fund		20	20
1995 S/T Construction Fund	153,887	153,888	1
Operating transfers out			
1995 S/T Sinking Fund	(3,703)	(2,953)	750
Total other financing sources	<u>149,834</u>	<u>150,725</u>	<u>891</u>
Excess (deficiency) of revenues over expenditures and other financing sources	<u>153,887</u>	<u>154,499</u>	<u>612</u>
Fund balance, beginning	--	--	--
Fund balance, ending	<u>\$153,887</u>	<u>\$154,499</u>	<u>\$612</u>

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



## CAPITAL PROJECTS FUNDS

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

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

**Yokely Project** - To account for the receipt and expenditure of funds used to relieve drainage problems during floods.

**Sales Tax Bond Construction Fund 1998** - To account for the receipt and expenditure of funds used to construct and improve public streets, drainage facilities, public parks, recreational facilities, paving public parking lots and acquiring equipment.

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

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

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

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

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

CITY OF FRANKLIN  
CAPITAL PROJECTS FUND

COMBINED BALANCE SHEET

April 30, 1997

With Comparative Totals for April 30, 1996

	Consolidated Revenue Project 1996	Nonfund Blvd. Project	Valety Project	Sales Tax Bond Continuation 1996	1996	
	1996		1996	1996	1996	1996
<b>ASSETS</b>						
Cash and cash equivalents	\$28,278		\$12,548	\$118,790	\$168,117	\$179,243
Investments						2,084
Due from other funds						282
Due from governmental units	25,862				25,862	18,883
Investments			742,721	1,285,088	1,742,721	318,888
<b>Total assets</b>	<u>\$54,141</u>	<u>---</u>	<u>\$755,269</u>	<u>\$1,413,790</u>	<u>\$1,923,400</u>	<u>\$459,344</u>
<b>LIABILITIES AND FUND EQUITY</b>						
<b>Liabilities:</b>						
Accounts payable						\$14,555
Contracts payable						26,988
Due to other funds	\$288	\$12,887			\$13,885	\$7,228
<b>Total liabilities</b>	<u>288</u>	<u>12,887</u>	<u>---</u>	<u>---</u>	<u>13,885</u>	<u>\$48,771</u>
<b>Fund equity:</b>						
Fund balance						
Unreserved, undesignated		(10,889)		\$1,118,790	1,108,321	(26,821)
Reserved for interagency contracts	\$4,263		\$755,269		\$808,324	\$82,482
<b>Total fund balance</b>	<u>\$4,263</u>	<u>(\$10,889)</u>	<u>755,269</u>	<u>1,118,790</u>	<u>1,916,645</u>	<u>\$55,661</u>
<b>Total liabilities and fund balance</b>	<u>\$4,261</u>	<u>---</u>	<u>\$755,269</u>	<u>\$1,118,790</u>	<u>\$1,923,400</u>	<u>\$459,344</u>



CITY OF FRANKLIN  
CAPITAL PROJECTS FUNDS  
CONSOLIDATED SEMI-ANNUAL REPORT 1997

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - BUDGET AND ACTUAL,  
Year Ended April 30, 1997

With Comparative Totals for the Year Ended April 30, 1996

	Budget	Actual	Variance Favorable (Unfavorable)	1996 Actual
<b>Revenues:</b>				
Intergovernmental:				
St. Mary Parish Council				
Interest earned	\$3,304	\$3,384	\$80	\$3,308
Assessments	1,000		(1,000)	53,764
Miscellaneous		3,050	3,050	
Total revenues	<u>4,304</u>	<u>7,434</u>	<u>3,130</u>	<u>57,072</u>
<b>Expenditures:</b>				
Capital outlay				
Sanitation				
Construction	55,915	29,257	26,658	377,659
Engineering		3,520	(3,520)	30,653
Other costs		2,014	(2,014)	39,448
Total expenditures	<u>55,915</u>	<u>34,791</u>	<u>21,124</u>	<u>437,760</u>
Excess (deficiency) of revenues over expenditures	<u>(51,611)</u>	<u>(27,357)</u>	<u>24,254</u>	<u>(378,688)</u>
<b>Other financing sources (uses):</b>				
Operating transfers in:				
Liquid and Solid Waste				
Operating transfers out Consolidated Sewer Sinking Fund 1993				(12,480)
Liquid & Solid Waste Solid Process	(43,710)	(43,411)	299	408,000
Return of overpayment Sewer Certificates	62,680	62,680		58,124
Total other financing sources (uses)	<u>18,970</u>	<u>19,269</u>	<u>299</u>	<u>453,644</u>
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	<u>(32,641)</u>	<u>(7,972)</u>	<u>24,669</u>	<u>58,166</u>
Fund balance, beginning	80,537	62,627	(17,910)	3,829
Fund balance, ending	<u>\$47,896</u>	<u>\$54,655</u>	<u>\$6,759</u>	<u>\$62,027</u>

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

CITY OF FRANKLIN  
CAPITAL PROJECTS FUNDS  
NORTHWEST BLVD. PROJECT

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

Year Ended April 30, 1997

With Comparative Totals for the Year Ended April 30, 1996

	Budget	Actual	Variance Favorable (Unfavorable)	1996 Actual
Revenues:				
Assessments	\$18,115	\$3,761	(\$14,354)	
Total revenues	<u>18,115</u>	<u>3,761</u>	<u>(14,354)</u>	<u>--</u>
Expenditures:				
Capital outlay				
Sanitation				
Construction	18,115		18,115	\$5,833
Engineering		13,618	(13,618)	9,791
Other costs		82	(82)	82
Total expenditures	<u>\$18,115</u>	<u>13,567</u>	<u>4,548</u>	<u>15,506</u>
Excess (deficiency) of revenues over expenditures	<u>--</u>	<u>(9,786)</u>	<u>(9,786)</u>	<u>(10,506)</u>
Other financing sources:				
Operating transfers in				
Liquid and Solid Waste		14,318	14,318	1,190
Total other financing sources	<u>--</u>	<u>14,318</u>	<u>14,318</u>	<u>1,190</u>
Excess (deficiency) of revenues over expenditures and other financing sources	<u>---</u>	<u>4,532</u>	<u>4,532</u>	<u>(10,316)</u>
Fund balance, beginning	<u>--</u>	<u>(15,199)</u>	<u>(15,199)</u>	<u>117</u>
Fund balance, ending	<u>---</u>	<u>(\$10,667)</u>	<u>(\$10,667)</u>	<u>(\$10,199)</u>

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

CITY OF FRANKLIN  
CAPITAL PROJECTS FUNDS  
YOKELY PROJECT

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

Year Ended April 30, 1997

With Comparative Totals for the Year Ended April 30, 1996

	Budget	Actual	Variance Favorable (Unfavorable)	1996 Actual
<b>Revenues:</b>				
Intergovernmental-				
St. Mary Parish Council	866,000	870,000	(605,000)	825,500
Consolidated Drainage				
District No. 1	60,000	60,000		60,000
Interest earned	18,980	21,151	1,171	12,600
Total revenues	<u>944,980</u>	<u>951,151</u>	<u>(23,629)</u>	<u>938,100</u>
<b>Expenditures:</b>				
Capital outlay				
Drainage				
Engineering	43,500	25,267	18,233	60,840
Other costs				344
Total expenditures	<u>43,500</u>	<u>25,267</u>	<u>18,233</u>	<u>61,184</u>
Excess (deficiency) of revenues over expenditures	<u>901,480</u>	<u>925,884</u>	<u>(5,595)</u>	<u>876,916</u>
<b>Other financing sources:</b>				
Bond proceeds	270,000		(270,000)	
Operating transfer in				
General fund	13,520		(13,520)	30,390
Sales Tax Construction 1996		270,000	270,000	
Operating transfer out				
General fund		(13,520)	(13,520)	
Total other sources	<u>283,520</u>	<u>256,480</u>	<u>(27,040)</u>	<u>30,390</u>
Excess (deficiency) of revenues over expenditures and other financing sources	<u>449,000</u>	<u>412,264</u>	<u>(32,605)</u>	<u>86,814</u>
Fund balance, beginning	355,000	342,965	(12,035)	296,091
Fund balance, ending	<u>\$804,000</u>	<u>\$754,269</u>	<u>(\$44,731)</u>	<u>\$342,905</u>

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

CITY OF FRANKLIN  
 CAPITAL PROJECTS FUNDS  
 SALES TAX BOND CONSTRUCTION FUND 1995

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
 IN FUND BALANCES - BUDGET AND ACTUAL  
 Year Ended April 30, 1997

	Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>			
Interest earned	\$8,000	\$7,415	\$1,415
Miscellaneous		15	15
Total revenues	<u>8,000</u>	<u>7,430</u>	<u>1,430</u>
<b>Expenditures:</b>			
Capital outlay			
Construction	216,400	24,952	291,448
Engineering	50,400	72,879	(22,479)
Attorney fees	5,000	5,900	
Advertising	2,000		2,000
Bond counsel	30,000	32,482	(2,482)
Inspections	5,000	1,905	3,485
Legal fees	1,000	830	75
Printing	1,023	1,022	1
Miscellaneous	150	178	12
Total expenditures	<u>411,013</u>	<u>138,949</u>	<u>272,065</u>
Excess (deficiency) of revenues over expenditures	<u>(403,013)</u>	<u>(131,519)</u>	<u>271,495</u>
<b>Other financing sources (uses):</b>			
Bond proceeds	1,675,000	1,674,895	(5)
Operating transfers out			
Sales Tax Bond Reserve			
Fund 1995	(153,687)	(153,687)	
Yokely Project	(278,000)	(278,000)	
Total other financing sources (uses)	<u>1,261,313</u>	<u>1,261,308</u>	<u>(5)</u>
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	<u>848,300</u>	<u>1,129,790</u>	<u>273,490</u>
Fund balance, beginning	---	---	---
Fund balance, ending	<u>\$848,300</u>	<u>\$1,129,790</u>	<u>\$273,490</u>

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

## ENTERPRISE FUND

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



CITY OF FRANKLIN  
ENTERPRISE FUND  
UTILITY FUND

COMPARATIVE BALANCE SHEET  
Years Ending April 30,

	1997	1996
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$244,433	\$536,270
Receivables		
Accounts	203,237	189,558
Interest	219	2,000
Due from other funds	140,322	83,143
Prepaid expenses	1,254	12,779
Total current assets	609,465	823,749
Restricted assets, cash and investments		
Revenue Bond Sinking Account		6,762
'95 Water & Sewer Bond Sinking	16,130	
Revenue Bond Reserve Account	52,269	52,200
'95 Water & Sewer System Renewal and Replacement Fund		55,510
Capital Additions and Contingency	73,479	
Total restricted assets, cash and investments	135,739	118,462
Property, plant, and equipment		
Land	10,000	10,000
Building, improvements and equipment	3,203,891	3,196,297
Automotive equipment	121,303	99,513
Furniture and fixtures	115,052	115,052
	3,530,246	3,410,862
Less: Accumulated depreciation	2,612,234	2,536,613
Net property, plant and equipment	918,012	874,249
Total assets	\$1,667,276	\$1,813,950

LIABILITIES AND FUND EQUITY	1997	1996
<b>Liabilities:</b>		
<b>Current liabilities (payable from current assets):</b>		
Accounts payable and accrued expenses	\$87,203	\$48,502
Accrued wages payable	17,399	13,855
Customer deposits	114,041	102,329
Due to other funds	142,872	227,866
Current portion of obligation under capital lease	15,242	16,606
<b>Total current liabilities (payable from current assets)</b>	<b>346,557</b>	<b>419,558</b>
<b>Current liabilities (payable from restricted assets):</b>		
Current portion of revenue bonds	15,000	15,000
<b>Total current liabilities (payable from restricted assets)</b>	<b>15,000</b>	<b>15,000</b>
<b>Long-term liabilities:</b>		
Revenue bonds (net of current portion)	560,000	576,000
Obligation under capital lease (net of current portion)	1,320	14,403
<b>Total long-term liabilities</b>	<b>561,320</b>	<b>590,403</b>
<b>Total liabilities</b>	<b>922,877</b>	<b>1,024,961</b>
<b>Fund equity:</b>		
Retained earnings		
Reserved for revenue bond retirement	52,512	101,462
Unreserved	691,800	589,459
<b>Total fund equity</b>	<b>744,312</b>	<b>790,921</b>
<b>Total liabilities and fund equity</b>	<b>\$1,667,176</b>	<b>\$1,815,882</b>

## FIDUCIARY FUNDS

### Expendable Trusts:

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

### Agency:

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

CITY OF FRANKLIN  
FINANCIAL FUNDS

COMBINING BALANCE SHEET

Year Ended April 30, 2007

With Comparative Totals for Year Ended April 30, 1999

	Expendable Trust Municipal Employed Care	Payroll Fund	Agency Accounts Payable Cleaning	Retired Employee Insurance	Totals 1997	1999
Cash and cash equivalents	\$10,726	\$47,158	\$10,394	\$2,959	\$60,204	\$54,461
Due from other funds	73	641	53,695		54,709	66,010
Total assets	\$10,800	\$48,007	\$72,049	\$2,959	\$136,643	\$120,071
<b>LIABILITIES AND FUND EQUITY</b>						
<b>Liabilities</b>						
accounts payable				\$2,959	\$2,959	\$2,717
Due to other funds		\$10,370	\$72,049		\$82,419	\$9,579
Payroll deductions payable		\$7,727			\$7,727	4,200
Total liabilities		\$48,007	\$72,049	2,959	\$136,005	\$16,506
Fund Equity						
Fund balances	10,800				10,800	19,075
Total liabilities and fund balances	\$10,800	\$48,007	\$72,049	\$2,959	\$136,643	\$120,071

## CITY OF FRANKLIN

COMBINED STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
-ALL AGENCY FUNDS  
Year Ended April 30, 1997

	Payroll Fund	Accounts Payable (Client)	Retired Employees' Insurance	Total All Agency Funds
Cash - beginning	\$23,514	\$11,209	\$2,119	\$37,842
Additions	1,979,138	2,823,249	52,829	4,855,626
Deductions	(1,952,598)	(2,829,441)	(27,289)	(4,809,328)
Cash - ending	<u>49,154</u>	<u>15,017</u>	<u>3,659</u>	<u>67,830</u>
Due from other funds - beginning	\$41	\$2,499		\$2,540
Additions		2,214,249		2,214,249
Deductions		(2,225,199)		(2,225,199)
Due from other funds - ending	<u>\$41</u>	<u>\$2,499</u>	<u>--</u>	<u>\$2,540</u>
<b>Total assets</b>	<b>\$49,195</b>	<b>\$27,516</b>	<b>\$3,659</b>	<b>\$80,370</b>
Accounts payable - beginning			\$2,119	\$2,119
Additions			27,829	27,829
Deductions			(27,289)	(27,289)
Accounts payable - ending	<u>--</u>	<u>--</u>	<u>3,659</u>	<u>3,659</u>
Accrued salaries payable - beginning	--	--	--	--
Additions	\$2,142,895			2,142,895
Deductions	(2,142,895)			(2,142,895)
Accrued salaries payable - ending	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Due to other funds - beginning	18,254	79,721		97,975
Additions		28,288		28,288
Deductions	(9,944)	(62,954)		(72,898)
Due to other funds - ending	<u>18,310</u>	<u>45,055</u>	<u>--</u>	<u>63,365</u>
Payroll deductions payable - beginning	8,298			8,298
Additions	724,274			724,274
Deductions	(724,247)			(724,247)
Payroll deductions payable - ending	<u>\$7,325</u>	<u>--</u>	<u>--</u>	<u>\$7,325</u>
<b>Total liabilities</b>	<b>\$49,195</b>	<b>\$27,516</b>	<b>\$3,659</b>	<b>\$80,370</b>

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

**GENERAL FIXED ASSETS ACCOUNT GROUP**

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

CITY OF FRANKLIN

STATEMENT OF CHANGES IN GENERAL FIXED ASSETS  
Year Ended April 30, 1997

	Land	Buildings	Improvements Other Than Buildings	Equipment	Construction in Progress	Total
General Fixed Assets, beginning of year	\$435,255	\$1,179,971	\$8,041,369	\$1,210,397	\$948,834	\$11,214,870
Additions:						
Original Fund		60,932	11,819	96,403	13,563	193,017
Liquid and Solid Waste Fund			3,706	13,455	19,026	36,187
1996 SUT Bond Construction Consolidated Sewerage Project 1993 assessment			69,337		33,079	99,326
Northwest Blvd. Project Yolby Project			32,793			32,793
Jail Construction Center		13,949	13,915		25,208	52,915
	--	84,880	127,862	109,858	68,803	380,315
Reductions:						
Reclassification to improvements			348,834	(2,500)	(349,834)	--
Sale of asset						(2,500)
General Fixed Assets end of year	\$435,255	\$1,234,290	\$8,817,667	\$1,317,756	\$699,803	\$11,505,364

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

SUPPLEMENTARY INFORMATION



**CITY OF PEABODY**  
**Schedule of Changes in Assets Related to**  
**Water and Revenue Bond Debt Service**  
**For the Year Ended April 30, 1987**

	Operating Funds				Reserve Funds	
	Water & Sewer Debt Service Fund	Water & Sewer Revenue Fund	Utility Fund	Total Operating Funds	Water & Sewer Revenue Bond	Utility Bond
CASH, May 1, 1986	\$65,513	18,022	59,752	\$143,287	\$55,498	\$12,200
Cash receipts:						
Interest earned on cash accounts	11,418		1,884	12,302	2,808	
Transfers from operating account	32,882		\$12,303	\$45,185		
Total cash receipts	44,300	0	14,187	58,487	2,808	0
Total cash available	\$109,813	\$18,022	\$73,939	\$201,774	\$58,306	\$12,200
Cash disbursements:						
Interest and bank charges			11,873	11,873		
Principal payments		8,022	12,308	20,330		
Transfer to operating account	15,568			15,568		
Total cash disbursements	15,568	8,022	\$24,181	\$47,771	-	-
Cash, April 30, 1987	\$94,245	\$10,000	\$49,758	\$153,993	\$58,306	\$12,200
				\$153,993	\$58,306	\$12,200
						\$80,506

**CITY OF FRANKLIN**

**Analysis of Additions, Replacements, and Improvements  
Water and Sewer Systems  
For the Year Ended April 30, 1997**

	Additions	Improvements	Total
Sewer System	\$2,000	\$69,122	\$71,122
Water System	41,447	548,571	590,018
	<u>\$43,447</u>	<u>\$617,693</u>	<u>\$661,140</u>

CITY OF FRANKLIN

Schedule of Sewerage Rates and Billings  
For the Year Ended April 30, 1997

		Billing Accounts
May 1996	Fee based upon consumption	\$28,593
June 1996		30,000
July 1996		37,195
August 1996		31,840
September 1996		31,000
October 1996		28,411
November 1996		30,423
December 1996		31,458
January 1997		35,762
February 1997		22,484
March 1997		30,473
April 1997		32,405
		<u>\$393,940</u>

\*The number of system users at the end of the fiscal year was 3,120.

\*The average monthly billing per user was approximately \$9.00.

\*The fee is based on water consumption set at:

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

Unaudited

**CITY OF FRANKLIN**

**Schedule of Water Rates and Billings  
For the Year Ended April 30, 1997**

		<b>Billing Amounts</b>
May 1996	Fee based upon consumption	550,249
June 1996		65,507
July 1996		63,000
August 1996		56,433
September 1996		54,811
October 1996		53,108
November 1996		64,513
December 1996		66,706
January 1997		70,491
February 1997		41,090
March 1997		37,109
April 1997		56,009
		<hr/>
		<b>\$663,766</b> <hr/>

\*The number of system users at the end of the fiscal year was 3,160.

\*The average monthly billing per user was approximately \$17.91.

\*The fee is based on water consumption set at:

- a. \$4.18 minimum up to 2000 gallons
- b. \$2.31 per 1,000 gallons from 2501 to 13,000 gallons
- c. \$2.17 per 1,000 gallons from 13,001 to 50,000 gallons
- d. \$2.99 per 1,000 gallons thereafter

Unaudited

**CITY OF HAMBLEN**  
**Schedule of Insurance Policies in Force**  
**As of April 30, 1997**

<b>Coverage</b>	<b>Amounts or Limits</b>	<b>Expires</b>	<b>Company</b>
<b>Workers' Compensation</b>	Statutory Louisiana Benefits \$500,000 - each accident \$500,000 - each employee \$500,000 - each policy	1/1/98	LA Safety Assco. of Teachers
<b>Business Automobile</b>	auto liability - \$500,000 collision - \$500 (deductible) - \$0,000 to \$0,000 specified causes of loss - \$25 (de- ductible) \$0,000 to \$0,000	1/1/98	Glendon National Insurance Co.
<b>Surety Bond</b>	\$80,000 - Mayor \$60,000 - City Clerk \$20,000 - other employees \$50,000 - Tax collector \$0,000 - City Marshal \$4,000 - Court Clerk \$0,000 - City Deputy Marshal \$0,000 - City Deputy Marshal	9/30/98 9/30/98 9/30/98 9/30/98 9/1/98 10/1/97 9/3/98 9/3/98	Western Surety
<b>Dealer &amp; Machinery</b>	\$7,000,000	10/98	Hartford
<b>Fire &amp; Extended Coverage</b>	All city buildings - \$4,450,478 Inns Street - \$800,000	9/1/98 9/1/98	Lexington Insurance Co. Statewide Ins. Co.
<b>Mobile Machinery Flotation</b>	\$100,110	7/3/98	Continental Casualty Co.
<b>Premises Liability</b>	bodily injury & damage - \$1,000,000	9/1/98	Essex Insurance Co.
<b>Composter Coverage</b>	\$400,000	11/02/97	Hartford
<b>Health Benefit Plan</b>	\$1,000,000 - maximum individual Medical benefit \$20,000 - individual mental & nervous \$0,000 - individual alcohol & sub- stance abuse \$20,000 - lifetime nursing care	4/30/98	Guarantee Insurance Resources

Unaudited

**CITY OF FRANKLIN**

Compensation Paid to Members of Governing Board  
For the Year Ended April 30, 1997

	Salary	Expense Allowance	Car Allowance
<b>Mayor</b>			
Sam Jones	\$35,400	\$4,200	\$5,400
 <b>Council Members</b>			
Carl Foulcard	3,000	1,800	
Sarah Belle Minor	3,000	1,800	
John O'Neill	3,000	1,800	
Craig Pellerin	3,000	1,800	
Nancy Scott	3,000	1,800	
	<hr/> \$58,400	<hr/> \$13,200	<hr/> \$5,400
	<hr/>	<hr/>	<hr/>

Unaudited

INTERNAL ACCOUNTING CONTROL AND COMPLIANCE SECTION



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

September 19, 1997

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

We have audited the general purpose financial statements of the City of Franklin, Louisiana as of and for the year ended April 30, 1997, and have issued our report thereon dated September 19, 1997 which was qualified due to the lack of proper reporting of certain pension related costs. Separate auditors' reports have been issued for the financial statements of the City's component units (City Court of the City of Franklin and Marshall's Fund of the City Court). Reports similar to those have been issued on the component units. Therefore, this report does not include any information related to the component units.

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

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



In planning and performing our audit of the general purpose financial statements of the City of Franklin, Louisiana, for the year ended April 30, 1997, we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

We noted a certain matter involving the internal control structure and its operation that we consider to be a reportable condition 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 entity's ability to record, process, summarize, and report financial data consistent with the assertions of management in the general purpose financial statements.

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 that are also considered to be material weaknesses as defined above. However, we believe the reportable condition described above is not a material weakness.

A similar letter issued by us dated October 25, 1996, for the year ended April 30, 1996, reported no material weaknesses in internal accounting control.

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



CERTIFIED PUBLIC ACCOUNTANTS

REPORTABLE CONDITION

## PREPARATION OF PAYROLL TAX REPORTS

**Condition:** During our testing of payroll, we noted significant, although not material, differences between amounts reported on the quarterly payroll tax returns as compared to the general ledger.

**Criteria:** This condition is caused by failure to properly reconcile the underlying payroll records to the payroll tax returns and to the general ledger.

**Effect:** This condition affects the accuracy of the amounts as represented on the quarterly payroll tax reports, as well as increasing the risk that additional taxes, penalties, and interest may be assessed.

**Recommendation:** We recommend that all payroll tax reports be reconciled to underlying payroll records and the general ledger and that they be reviewed and approved by the Chief Financial Officer to insure accuracy.

### Management Comments:

In the future, the payroll reports will be subject to the Chief Financial Officer's review for the purpose of reconciling the payroll reports to the underlying payroll records and to the general ledger.



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

September 15, 1997

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

We have audited the general purpose financial statements of the City of Franklin, Louisiana as of and for the year ended April 30, 1997 and have issued our report thereon dated September 15, 1997, which was qualified due to the lack of proper reporting of certain pension related costs. Separate auditors' reports have been issued for the financial statements of the City's component units (City Court of the City of Franklin and Member's Fund of the City Court). Reports similar to these have been issued on the component units. Therefore, this report does not include any information related to the component units.

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

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

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

We considered these instances of noncompliance in forming our opinion on whether the City of Franklin's 1997 general purpose financial statements are presented fairly, in all material respects, in conformity with generally accepted accounting principles, and this report does not affect our report dated September 19, 1997, on these general purpose financial statements.

A similar report issued by us dated October 26, 1996 for the year ended April 30, 1996 reported similar instances of noncompliance which are repeated this year.

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



CERTIFIED PUBLIC ACCOUNTANTS

ITEMS OF NONCOMPLIANCE

### BUDGET AMENDMENT COMPLIANCE

**Condition:** We noted during our review of budget to actual comparisons that several funds had expenditures in excess of appropriations and revenues which were less than the budgeted amounts.

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

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

**Effect:** Noncompliance with state law.

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

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

	Budget	Actual	Variance
<b>Debt Service Funds:</b>			
Consolidated Sewerage District			
No. 1 - 1989	\$7,903	\$8,313	\$(2,610)
D.E. Q. Loan Reserve Fund-1989	3,000	2,340	(258)
<b>Capital Projects:</b>			
Northwest Blvd. Project	18,115	3,781	(14,334)
Yokaty Project	204,980	181,151	(23,829)

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

	Budget	Actual	Variance
General Fund	\$2,805,160	\$3,067,839	\$162,679
Special Revenue Fund: Shell Housing	8,900	13,961	(7,061)

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

	Budget	Actual	Variance
Special Revenue Funds: Shell Housing	\$176,820	\$88,261	\$88,559
Debt Service Funds:			
1995 Water & Sewer Revenue			
Bond Sinking Fund	18,764	8,012	(8,752)
Municipal Facilities Loan - 1993			
Sinking Fund	25,892	59	(25,833)
Municipal Facilities Loan - 1995			
Reserve Fund	8,291	31	(8,260)
Capital Projects Funds:			
Consolidated Sewerage Project 1993	86,537	62,027	(24,510)
Northwest Blvd. Project		(15,199)	(15,199)

**Management's Comments:**

Although a number of funds had significant variances from budget, only one fund, general fund, had a large actual dollar variance.

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

In regards to the general fund, our vacation schedule is based on a calendar year rather than our fiscal year which creates an awkward situation. Our year ends at April 30 and few employees have exhausted their vacation time by then. This created an accrued liability of \$68,000 which we did not budget for thus creating an average in expenditures of 6%. In the future we will budget for such.



## PREPARATION OF PAYROLL TAX REPORTS

**Condition:** During our testing of payroll, we noted significant, although not material, differences between amounts reported on the quarterly payroll tax returns as compared to the general ledger.

**Cause:** This condition is caused by failure to properly reconcile the underlying payroll records to the payroll tax returns and to the general ledger.

**Effect:** This condition affects the accuracy of the amounts as represented on the quarterly payroll tax reports, as well as increasing the risk that additional taxes, penalties, and interest may be assessed.

**Recommendation:** We recommend that all payroll tax reports be reconciled to underlying payroll records and the general ledger and that they be reviewed and approved by the Chief Financial Officer to insure accuracy.

### Management Comments:

In the future, the payroll reports will be subject to the Chief Financial Officer's review for the purpose of reconciling the payroll reports to the underlying payroll records and to the general ledger.