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TOWN OF FRANKLINTON
PARISH OF WASHINGTON
FRANKLINTON, LOUISIANA

FINANCIAL REPORT

October 31, 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: MAY 13 1997

TOWN OF FRANKLINTON
General Purpose Financial Statements
As of and for the Year Ended October 31, 1987
With Supplemental Information Schedules

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TOWN OF FRANKLINTON, LOUISIANA
 October 31, 1993

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October 31, 1997

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TOWN OF FRANKLINTON, LOUISIANA

October 31, 1997

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Faculty of Louisiana CPAs

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying general purpose financial statements of the Town of Franklinton, Louisiana, as of October 31, 1997, and for the year then ended, as listed in the table of contents. These general purpose financial statements are the responsibility of the Town of Franklinton, Louisiana, management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

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

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Town of Franklinton, Louisiana, as of October 31, 1997, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated February 8, 1998 on our consideration of the Town of Franklinton's internal control over financial reporting and our test of its compliance with certain provisions of laws, regulations, contracts and grants.

Our audit was performed for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. The combining and individual fund and account group financial statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the Town of Franklinton, Louisiana. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.



Bruce Harrell & Company, CPAs
A Professional Accounting Corporation
February 8, 1998

Town of Franklin

**Condensed Balance Sheet - All Fund Types and Account Groups
October 31, 1997**

	Governmental Fund Type		
	General Fund	Special Revenue Fund	Capital Projects Fund
Assets			
Cash and Cash Equivalents	\$ 108,581	\$ 52,865	\$ -
Investments	-	-	-
Receivables:			
Intergovernmental	121,089	8,774	42,783
Accounts	358,685	-	-
Due From Other Funds	80,132	-	-
Inventories	-	-	-
Restricted Assets:			
Cash and Cash Equivalents	-	-	-
Land	-	-	-
Buildings and Furnishings	-	-	-
Improvements Other Than Buildings	-	-	588,856
Equipment	-	-	-
Utility Plant and Equipment	-	-	-
Accumulated Depreciation	-	-	-
Total Assets	\$ 666,329	\$ 62,639	\$ 631,189
Liabilities and Fund Equity			
Liabilities:			
Accounts Payable	\$ 83,239	\$ 2,426	\$ -
Due To Other Funds	-	7,780	62,363
Retainage Payable	-	-	-
Customer Deposits Payable	-	-	-
Compensated Absences Payable	21,263	-	-
Short-term Bonds Payable	-	-	-
Long-term Bonds Payable	-	-	-
Deferred Revenue	121,828	-	-
Total Liabilities	428,329	10,126	62,363
Fund Equity:			
Investments in General Fixed Assets	-	-	-
Contributed Capital	-	-	588,496
Accumulated Amortization	-	-	-
Retained Earnings:			
Reserved for Revenue Bond Retirement	-	-	-
Unassigned	-	-	-
Fund Balances:			
Undesignated	238,007	52,513	-
Total Fund Equity	238,007	52,513	588,496
Total Liabilities and Fund Equity	\$ 666,329	\$ 62,639	\$ 631,189

The accompanying notes are an integral part of these statements.

Statement A

Proprietary Fund Type		Account Group	Totals
Enterprise Fund	Internal Service Fund	General Fund Assets	(Monetary Unit)
\$ 744,688	\$ -	\$ -	\$ 998,877
820,204	-	-	820,204
-	-	-	171,548
141,145	-	-	497,813
5,000	-	-	81,132
3,962	-	-	8,962
440,180	-	-	440,180
-	-	352,127	352,127
-	-	585,257	585,257
-	-	129,600	777,426
-	-	978,798	978,798
3,132,236	-	-	3,132,236
(2,372,149)	-	-	(2,372,149)
<u>\$ 3,874,451</u>	<u>\$ -</u>	<u>\$ 2,046,181</u>	<u>\$ 8,536,181</u>
\$ 41,695	\$ -	\$ -	\$ 129,338
34,669	-	-	85,132
143,681	-	-	143,681
908,910	-	-	100,000
8,268	-	-	28,531
68,233	-	-	68,230
1,476,497	-	-	1,476,487
-	-	-	331,820
<u>1,871,938</u>	<u>-</u>	<u>-</u>	<u>2,805,199</u>
-	-	2,846,182	2,846,182
4,183,697	-	-	4,781,103
(2,131,262)	-	-	(1,132,262)
110,899	-	-	110,899
1,925,614	-	-	1,925,614
-	-	-	180,516
4,095,454	-	2,846,182	7,021,392
<u>\$ 2,933,431</u>	<u>\$ -</u>	<u>\$ 2,846,182</u>	<u>\$ 9,336,181</u>

The accompanying notes are an integral part of these statements.

Town of Franklin

Statement B

**Combined Statement of Revenues, Expenditures, and Changes in Fund Balances
All Governmental Fund Types
For the Year Ended October 31, 1997**

	General Fund	Special Revenue Fund	Capital Projects Fund	Totals (Memorandum Only)
Revenues				
Taxes	\$ 803,614	\$ 125,400	\$ -	\$ 929,014
Licenses and Permits	208,539	-	-	208,539
Intergovernmental	115,880	15,978	680,680	812,538
Charges for Services	208,675	-	-	208,675
Fees and Forfeits	18,680	-	-	18,680
Interest	5,985	1,485	-	7,470
Miscellaneous	11,990	-	-	11,990
Total Revenues	<u>1,413,742</u>	<u>152,863</u>	<u>680,680</u>	<u>2,247,285</u>
Expenditures				
General Government	585,585	-	-	585,585
Public Safety:				
Police	392,190	41,213	-	433,403
Fire	15,638	-	-	15,638
Highways, Streets and Driveways	215,946	14,007	-	230,953
Sanitation	111,827	-	-	111,827
Health and Welfare	42,835	-	-	42,835
Transportation	3,144	-	-	3,144
Capital Outlays	12,228	48,124	680,680	740,032
Total Expenditures	<u>1,419,282</u>	<u>113,424</u>	<u>680,680</u>	<u>2,213,386</u>
Excess of Revenues Over (Under) Expenditures	<u>54,460</u>	<u>39,439</u>	<u>-</u>	<u>93,900</u>
Other Financing Sources (Uses)				
Sale of Fixed Assets	635	-	-	635
Loan Interest Payments	18,000	-	-	18,000
Transfers (To)/From Other Funds	(1,811)	3,809	-	1,998
Total Other Financing Sources (Uses)	<u>17,824</u>	<u>3,809</u>	<u>-</u>	<u>21,633</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>72,284</u>	<u>43,248</u>	<u>-</u>	<u>115,532</u>
Fund Balances (Deficit), Beginning	<u>188,242</u>	<u>64,827</u>	<u>-</u>	<u>253,069</u>
Fund Balances (Deficit), Ending	<u>\$ 260,526</u>	<u>\$ 108,075</u>	<u>\$ -</u>	<u>\$ 368,601</u>

The accompanying notes are an integral part of these statements.

Town of Franklinton

**Combined Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget (GAAP Basis) and Actual
Governmental Fund Types
For the Year Ended October 31, 1997**

	General Fund		Variance Favorable (Unfavorable)
	Budget	Actual	
Revenues			
Taxes	\$ 829,115	\$ 887,634	\$ (21,981)
Licenses and Permits	211,348	269,339	(2,163)
Intergovernmental	148,308	133,880	(12,408)
Charges for Services	221,708	288,673	(14,893)
Fines and Forfeits	62,508	58,488	(4,020)
Interest	1,808	1,808	2,908
Miscellaneous	27,100	21,858	4,242
Total Revenues	<u>1,500,115</u>	<u>1,485,342</u>	<u>(43,773)</u>
Expenditures			
General Government	587,080	585,565	2,585
Public Safety:			
Police	278,380	292,280	(17,899)
Fire	40,175	25,658	4,317
Highways, Streets and Drainage	209,858	225,948	13,784
Sanitation	132,000	131,837	163
Health and Welfare	37,265	42,416	(4,851)
Transportation	21,308	3,144	20,258
Capital Outlays	21,208	23,236	19,264
Total Expenditures	<u>1,486,899</u>	<u>1,429,202</u>	<u>37,318</u>
Excess of Revenues Over (Under) Expenditures	<u>58,115</u>	<u>28,248</u>	<u>(7,585)</u>
Other Financing Sources (Uses)			
Sale of Fixed Assets	480	813	25
Lease Income Payments	10,080	10,080	-
Transfers (To)/From Other Funds	-	(1,811)	(1,811)
Total Other Financing Sources (Uses)	<u>10,560</u>	<u>9,082</u>	<u>163</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>46,725</u>	<u>39,604</u>	<u>(7,651)</u>
Fund Balance (Deficit), Beginning	<u>185,242</u>	<u>185,242</u>	<u>-</u>
Fund Balance, Ending	<u>\$ 221,668</u>	<u>\$ 224,807</u>	<u>\$ (7,651)</u>

The accompanying notes are an integral part of these statements.

Special Revenue Funds			Capital Projects Fund		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$ 128,580	\$ 129,481	\$ 903	\$ -	\$ -	\$ -
35,974	35,976	2	690,660	690,660	-
-	-	-	-	-	-
1,680	1,481	(199)	-	-	-
<u>166,234</u>	<u>166,938</u>	<u>704</u>	<u>690,660</u>	<u>690,660</u>	<u>-</u>
-	-	-	-	-	-
99,856	41,213	(58,643)	-	-	-
21,708	24,843	(3,135)	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
47,808	48,124	(316)	690,660	690,660	-
<u>118,568</u>	<u>114,024</u>	<u>(4,544)</u>	<u>690,660</u>	<u>690,660</u>	<u>-</u>
38,714	32,640	(6,074)	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
5,080	5,080	-	-	-	-
<u>5,080</u>	<u>5,080</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
63,724	57,440	(6,284)	-	-	-
<u>19,927</u>	<u>16,927</u>	<u>(2,994)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 35,797</u>	<u>\$ 31,313</u>	<u>\$ (4,484)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of these statements.

Town of Fredonia

Statement D

**Combined Statement of Revenues, Expenses, and Changes in Retained Earnings
All Proprietary Fund Types
For the Year Ended October 31, 1997**

	Enterprise Fund	Interest Service Fund	Totals (Monocash Only)
Operating Revenues			
Gas Sales	\$ 218,089	\$ -	\$ 218,089
Water Sales	244,610	-	244,610
Sewer Service Charges	269,176	-	269,176
Tie-In	4,120	-	4,120
Interest	-	30	30
Miscellaneous	2,894	-	2,894
Total Operating Revenues	<u>1,029,089</u>	<u>30</u>	<u>1,029,119</u>
Operating Expenses			
Personnel Services	296,667	-	296,667
Supplies	184,651	-	184,651
Other Services and Charges	173,726	-	173,726
Gas Purchases	394,974	-	394,974
Depreciation	184,685	-	184,685
Medical Claims Paid	-	2,818	2,818
Total Operating Expenses	<u>1,154,703</u>	<u>2,818</u>	<u>1,157,521</u>
Operating Income (Loss)	<u>(95,614)</u>	<u>(2,808)</u>	<u>(98,422)</u>
Nonoperating Revenues (Expenses)			
Interest Expense	(72,806)	-	(72,806)
Interest Income	88,824	-	88,824
Dividend Income	3,482	-	3,482
Total Nonoperating Revenues	<u>18,500</u>	<u>-</u>	<u>18,500</u>
Operating Transfers (Out)			
Operating Transfers Out	(4,892)	-	(4,892)
Total Operating Transfers Out	<u>(4,892)</u>	<u>-</u>	<u>(4,892)</u>
Net Income (Loss)	<u>(81,923)</u>	<u>(2,988)</u>	<u>(84,911)</u>
Increases (Decrease) in Retained Earnings Reserved for:			
Depreciation and Contingency Fund	16,977	-	16,977
Reserve Fund	(3,987)	-	(3,987)
Amortization of Contributions	129,155	-	129,155
Unreserved Retained Earnings, Beginning of Year	1,289,156	2,988	1,292,144
Unreserved Retained Earnings, End of year	<u>\$ 1,025,804</u>	<u>\$ -</u>	<u>\$ 1,025,804</u>

The accompanying notes are an integral part of these statements.

Town of Franklinton

Statement 2

Combined Statement of Cash Flows
All Proprietary Fund Types
For the Year Ended October 31, 1997

	Enterprise Fund	Internal Service Fund	Totals (Memorandum Only)
Cash Flows from Operating Activities			
Operating Income (Loss)	\$ (91,604)	\$ (2,985)	\$ (94,589)
Adjustments to Reconcile Net Operating Income to Net Cash Provided (Used) by Operating Activities:			
Depreciation	354,885	-	354,885
Change in Accounts Receivable	18,295	-	18,295
Change in Unbilled Receivables	(15,640)	-	(15,640)
Change in Due From Other Funds	80,232	-	80,232
Change in Due From State	29,843	-	29,843
Change in Inventory	1,213	-	1,213
Change in Accounts Payable	(156,810)	-	(156,810)
Change in Compensated Absences Payable	(655)	-	(655)
Change in Retainage Payable	75,797	-	75,797
Change in Customer Deposits Payable	(5,412)	-	(5,412)
Net Cash Provided (Used) by Operating Activities	<u>118,156</u>	<u>(2,985)</u>	<u>115,171</u>
Cash Flows from Noncapital Financing Activities			
Operating Transfers Out	(4,899)	-	(4,899)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(4,899)</u>	<u>-</u>	<u>(4,899)</u>
Cash Flows from Capital and Related Financing Activities			
Principal Payments	(64,253)	-	(64,253)
Payments for Capital Assets	(1,363,924)	-	(1,363,924)
Interest Payments	(71,696)	-	(71,696)
Contributed Capital	935,278	-	935,278
Proceeds From Loans	368,444	-	368,444
Net Cash Provided (Used) by Capital & Related Financing Activities	<u>3,236</u>	<u>-</u>	<u>3,236</u>
Cash Flows from Investing Activities			
Payments for Capital Investments	(48,348)	-	(48,348)
Receipts of Interest	89,094	-	89,094
Receipts of Dividends	1,482	-	1,482
Net Cash Provided (Used) by Investing Activities	<u>42,228</u>	<u>-</u>	<u>42,228</u>
Net Cash Increase (Decrease)	159,824	(2,985)	156,839
Cash and Cash Equivalents, Beginning of Year	1,828,646	1,208	1,829,854
Cash and Cash Equivalents, End of Year	<u>\$ 1,988,470</u>	<u>\$ -</u>	<u>\$ 1,988,470</u>

The accompanying notes are an integral part of these statements.

TOWN OF FRANKLINTON
NOTES TO FINANCIAL STATEMENTS
As of and for the Year Ended October 31, 1997

INTRODUCTION

The Town of Franklinton was incorporated March 7, 1881, under the provisions of a Special Legislative Charter. The Town operates under a Mayor-Board of Aldermen form of government.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. REPORTING ENTITY

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

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

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

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

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

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

B. FUND ACCOUNTING

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

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

Funds of the municipality are classified into two categories: governmental and proprietary. In turn, each category is divided into separate fund types. The fund classifications and a description of each existing fund type follow:

Governmental Funds

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

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

Proprietary Funds

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

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

TOWN OF FRANKLINTON, LOUISIANA

Notes to the Financial Statements

(Continued)

C. BASIS OF ACCOUNTING

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

Revenues

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

Expenditures

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

Other Financing Sources (Uses)

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

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

D. BUDGET PRACTICES

The proposed budget for 1997 was made available for public inspection on October 8, 1996. The proposed budget, prepared on the modified accrual basis of accounting, was published in the official journal 15 days prior to the public hearing, which was held at the Town of Franklinton's City Hall on October 22, 1996, for comments from taxpayers. The budget is legally adopted and amended, as necessary, by the board of aldermen.

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

TOWN OF FRANKLINTON, LOUISIANA

Notes to the Financial Statements

(Continued)

E. ENCUMBRANCES

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

F. CASH AND CASH EQUIVALENTS AND INVESTMENTS

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

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

G. SHORT-TERM INTERFUND RECEIVABLES/PAYABLES

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

H. INVENTORIES

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

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

I. RESTRICTED ASSETS

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

J. FIXED ASSETS

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

Fixed assets of the enterprise funds are included on the balance sheets of the funds. Interest costs incurred during construction are capitalized. Depreciation of all exhaustible fixed assets is charged as an expense against operations. Fixed assets reported on the balance sheet are net of accumulated depreciation. Depreciation is computed using the straight line method over the estimated lives of 10 to 33 years.

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

K. COMPENSATED ABSENCES

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

L. LONG-TERM LIABILITIES

Long-term liabilities are recognized within the enterprise funds.

M. FUND EQUITY

Contributed Capital

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

Reserves

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

N. TOTAL COLUMNS ON COMBINED STATEMENTS

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

2. FUND DEFICIT

The Police Ad Valorem Special Revenue Fund has a deficit fund balance of \$9,568 as of October 31, 1997. Management notes that this fund deficit will be resolved when the next year's ad valorem taxes are collected by December 31, 1997.

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

The Town had no individual funds with actual expenditures over budgeted expenditures for the year ended October 31, 1997.

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

4. LEVIED TAXES

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

	Authorized Millage	Levied Millage	Collected Millage
General corporate purposes	7.24 mills	75,147	75,207
Poll tax salaroom	5.18 mills	53,766	54,619
Street and drainage ad valorem	7.24 mills	75,147	74,788

5. CASH AND CASH EQUIVALENTS

At October 31, 1997, the municipality has cash and cash equivalents (book balances) totaling \$1,345,487, as follows:

Demand deposits	\$	604
Interest-bearing demand deposits		483,349
Money market accounts		-
Time deposits		852,494
Total		\$ 1,346,457

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

At October 31, 1997, the municipality has \$1,418,035 in deposits (collected bank balances). These deposits are secured from risk by \$209,348 of federal deposit insurance and \$1,208,687 of pledged securities held by the custodial bank in the name of the fiscal agent bank (Category 3).

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 18 days of being notified by the municipality that the fiscal agent has failed to pay deposited funds upon demand.

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

6. INVESTMENTS

The following is a summary of investments as October 31, 1997:

	Carrying Amount	Market Value
Federal Home Loan Mortgage Corporation	\$ 101,819	\$ 139,288
Federal National Mortgage Association	328,142	382,191
Government Money Market	76,442	76,442
Cash	33,081	33,080
Total	\$ 539,484	\$ 780,991

The investments are in the name of the municipality and are held by the municipality's agent. Because the investments are in the name of the municipality and are held by the municipality's agent, the investments are considered insured and registered, Category I, in applying the credit risk of GASB Codification Section 138.104.

7. RECEIVABLES

The receivables of \$671,357 as October 31, 1997, are as follows:

Class of Receivable	General Fund	Special Revenue Fund	Capital Projects Fund	Enterprise Fund	Total
Accounts - Customers	\$ 13,838	\$ -	\$ -	\$ 141,140	\$ 154,978
Franchise Tax	18,956	-	-	-	18,956
Lease Payment	320,828	-	-	-	320,828
Washington Parish -					
Police Jury	68,804	-	-	-	68,804
Sheriff	48,332	-	-	-	48,332
State	8,047	9,774	42,783	-	60,604
State - Food Stamps	887	-	-	-	887
Total	\$ 477,635	\$ 9,774	\$ 42,783	\$ 141,140	\$ 671,357

8. CHANGES IN GENERAL FIXED ASSETS

A summary of changes in general fixed assets follows:

	Balance November 1, 1996	Additions	Deletions	Balance 11, 1997
Land	\$ 352,124	\$ -	\$ -	\$ 352,124
Buildings and Improvements	688,336	26,862	-	715,198
Vehicles	484,185	21,179	38,137	475,227
Office Furniture and Fixtures	3,480	-	90	3,390
Equipment	307,081	8,528	15,424	300,185
Total	\$2,835,125	\$ 56,578	\$ 45,651	\$2,846,052

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

9. PROPERTY, PLANT AND EQUIPMENT

Gas Utility:	
Operating System	\$ 340,080
Improvements	577,204
Equipment	78,668
Total Gas Utility	<u>995,952</u>
Water Utility:	
Land	3,200
Operating System	1,890,549
Improvements	395,016
Equipment	12,592
Total Water Utility	<u>3,612,157</u>
Sewer Utility:	
Collection System & Treatment Plant	5,785,669
Equipment	8,299
Construction in Progress	-
Total Sewer Utility	<u>1,314,868</u>
Total Utilities	7,102,216
Less Accumulated Depreciation	(3,522,143)
Net Property, Plant & Equipment	<u>\$ 3,818,971</u>

10. CHANGES IN LONG-TERM DEBT

The following is a summary of long-term debt transactions for the year ended October 31, 1997:

	Revenue Bonds
Bonds Payable, November 1, 1995	\$ 1,041,316
Bonds Issued	168,444
Bonds Retired	(64,232)
Bonds Payable, October 31, 1997	<u>\$ 1,345,528</u>

Revenue bonds payable at October 31, 1997, are comprised of the following individual issues:

\$140,080 Gas utility bonds dated June 8, 1995 due in annual installments of \$1,600 to \$15,080 through November 1, 1998; interest at 5.75% payable semi-annually May 1 and November 1, 1995	\$ 25,809
\$170,000 Sewer revenue refunding bonds dated November 1, 1993 due in annual installments of \$19,080 to \$40,008 through November 1, 2003; interest at 5.75% payable semi-annually May 1, and November 1 each year.	278,080
\$1,258,808 Water revenue bonds dated December 26, 1996, due in monthly installments of principal and interest of \$6,181.30 from January 28, 1997 to December 26, 2026	<u>1,241,747</u>
	<u>\$1,345,528</u>

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

11. DEDICATION OF PROCEEDS AND FLOW OF FUNDS - 1% SALES AND USE TAX

Proceeds of a 1% sales and use tax levied by the municipality (1997 collections - \$387,747) are dedicated with the revenues derived from said sales and use tax to be used for the purpose of constructing, improving, extending, and maintaining playgrounds and recreational facilities, public roads, streets, bridges and crossings, sewerage, garbage disposal and water works, and other works of permanent public improvements in the municipality.

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

GAS UTILITY REVENUE BONDS

The Gas Utility Revenue Bond issue required that all income and revenues be deposited into the Washington Bank and Trust Company (now Hancock Bank), Franklinton, Louisiana. The depository account is represented by a checking account in the amount of a cash overdraft of \$113,182.

The Gas Utility Revenue Bond issue required that a sinking fund be established at the Hancock Bank, Franklinton, Louisiana, for the purpose of retiring Gas Utility Revenue Bonds plus accrued interest. The sinking fund is represented by cash on deposit at the Hancock Bank, Franklinton, Louisiana, in the amount of \$18,790.

The Gas Utility Revenue Bond issue required that a reserve fund be established at the Hancock Bank, Franklinton, Louisiana, with an initial deposit of \$18,790 and monthly deposits of 20% of the balance remaining in the Revenue Fund after all required payments have been made into the sinking fund until there shall have accumulated a reserve of \$28,800. The money in said Reserve Fund shall be retained safely for the purpose of paying the principal and interest on the bonds payable from the aforesaid sinking fund as to which there would otherwise be a default. The monies in this fund are represented by 12,080 in a checking account and \$28,800 in Certificates of Deposit both of which are on deposit at the Hancock Bank, Franklinton, Louisiana.

The Gas Utility Revenue Bond issue required that a depreciation and contingencies fund be established at the Hancock Bank, Franklinton, Louisiana, and maintained to provide for extensions, additions, improvements, renewals, and replacements necessary to properly operate the system, by payment of 40% of the balance remaining in the Reserve Fund in any month in which there is less than the sum of \$15,000 on deposit. The money in the Contingencies Fund shall be used for making extensions, additions, improvements, renewals, and replacements provided such use will leave in the fund a balance for emergency repairs and replacements of not less than \$5,808. The fund is represented by \$1,808 in a checking account and \$14,808 in Certificates of Deposit, both of which are on deposit at the Hancock Bank, Franklinton, Louisiana.

SEWER REVENUE REFUNDING BONDS

The Sewer Revenue Refunding Bonds, Series 1993 issue required that all income and revenues earned or derived from the operation of the system be deposited as the same may be collected in the Revenue Fund. Out of the funds on deposit in the Revenue Fund, after reasonable and necessary expenses of operating the system have been paid, monies are to be transferred to the Sinking Fund, the Reserve Fund and/or the Contingency Fund as provided in the Resolution. The fund is represented by \$14,424 in a checking account and \$93,498 in a Certificate of Deposit.

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

The Sinking Fund is designed to achieve a proper matching of revenues and debt service on the bonds with each bond year. For purposes of this certificate, "Bond Year" shall mean 1 year period ending on each principal payment date of the bonds, which is November 1. The municipality is required by the Resolution to make monthly deposits into the Sinking Fund no later than the 15th day of each month, a sum of between \$4,017 to \$4,121. Amounts deposited in the Sinking Fund will be applied to the payment of principal and interest on the bonds in the bond year of their receipts. All amounts deposited in the Sinking Fund are expected to be depleted at least each bond year, except for a reasonable carryover amount which will not exceed the greater of (i) the earnings on the Debt Service Fund for the immediately preceding bond year, or (ii) 1% of the principal and interest payments on the bonds for the immediately preceding year. The fund is represented by \$64,891 in a checking account.

The Reserve Fund is maintained solely for the purpose of paying the principal of and interest on bonds payable from the Sinking Fund so to which these would otherwise be default. The Reserve Fund was established by depositing \$17,000 into the Reserve Fund on the day of the delivery of the bonds and maintained therein over the life of the bonds. The balance of the fund as of October 31, 1997 is \$48,183.

The Contingency Fund is established to care for depreciation, extensions, additions, improvements, renewals and replacements necessary to operate properly the System, by transferring from the Sewer Revenue Fund on or before the 20th day of each month of each year a sum of Two Hundred Seventy Dollars (\$270.00) per month, provided such sum is available as provided in the Resolution. In addition to caring for depreciation, extensions, additions, improvements, renewals and replacements necessary to properly operate the System, the money in the Contingency Fund may also be used to pay the principal of and the interest on the bonds including any additional pari passu bonds issued hereafter in the manner provided by the Resolution, for the payment of which there is not sufficient money in the Sinking Fund or Reserve Funds. The Fund is represented by \$20,596 in a checking account.

WATER REVENUE BONDS

The Water Revenue Bonds, Series 1996 issue required that all income and revenues earned or derived from the operation of the system be deposited as the same may be collected in the Revenue Fund. Out of the funds so deposit in the Revenue Fund, after reasonable and necessary expenses of operating the system have been paid, moneys are to be transferred to the Sinking Fund, the Reserve Fund and/or the Contingency Fund as provided in the Resolution. The fund is represented by \$18,535 in a checking account and \$34,480 in a Certificate of Deposit.

The Sinking Fund is designed to achieve a proper matching of revenues and debt service on the bonds with each bond year. For purposes of this certificate, "Bond Year" shall mean 1 year period ending on each principal payment date of the bonds, which is December 26. The municipality is required by the Resolution to make monthly deposits into the Sinking Fund no later than the 20th day of each month, a sum of \$4,100.90. Amounts deposited in the Sinking Fund will be applied to the payment of principal and interest on the bonds in the bond year of their receipts. The municipality has elected to make these payments monthly in RUS. The fund is represented by \$105 in a checking account.

The Reserve Fund is maintained solely for the purpose of paying the principal of and interest on bonds payable from the Sinking Fund so to which these would otherwise be default. The Reserve Fund is established by depositing \$460 monthly into the Reserve Fund commencing with the month following the completion of the project. The balance of the fund as of October 31, 1997 is \$1,112.

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

The Contingency Fund is established to care for depreciation, extensions, additions, improvements, renewals and replacements necessary to operate properly the System, by transferring from the Water Revenue Fund on or before the 20th day of each month of each year a sum of \$121, provided such sum is available as provided in the Resolution. In addition to caring for depreciation, extensions, additions, improvements, renewals and replacements necessary to properly operate the System, the money in the Contingency Fund may also be used to pay the principal of and the interest on the bonds including any additional pari passu bonds issued hereafter in the manner provided by the Resolution, for the payment of which there is not sufficient money in the Sinking Fund or Reserve Funds. The Fund is represented by \$32,771 in a checking account.

13. COMPENSATED AGENCIES

At October 31, 1997, employees of the municipality have accumulated and vested 120,131 of employee leave benefits, which was recognized in accordance with GASB Codification Section 609. Of this amount, \$21,363 is recorded as an obligation of the General Fund, none is recorded within the general long-term obligations account group, and \$8,262 is recorded as an obligation of the Enterprise Funds.

14. PENSION PLAN

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

A. Municipal Employees Retirement System of Louisiana (System)

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

All permanent employees working at least 45 hours per week, who are not covered by another pension plan and are paid wholly or in part from municipal funds and all elected officials are eligible to participate in the System. Under Plan B, employees who retire at or after age 60 with at least 10 years of creditable service or at or after age 55 with at least 30 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 2 per cent of their final-average salary for each year of creditable service. Furthermore, with at least 10 years of creditable service, but less than 30 years, an employee may take early retirement benefits commencing at age 60, with the basic benefit reduced 3 per cent for each year retirement precedes age 60, unless he has at least 20 years of creditable service. In any case, monthly retirement benefits paid under Plan B cannot exceed 100 per cent of final-average salary. Final-average salary is the employee's average salary over the 25 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above and do not withdraw their employee contributions may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplemental information for the System. That report may be obtained by writing to the Municipal Employees Retirement System of Louisiana, 7917 Office Park Boulevard, Baton Rouge, Louisiana 70809, or calling (184) 521-4810.

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

Funding Policy. Under Plan B, members are required by state statute to Contribute 5.0 percent of their annual covered salary and the Town of Franklinton is required to contribute at an actuarially determined rate. The current rate is 3.25 percent of annual covered payroll. Contributions to the System also include one-fourth of one per cent (except Orleans and East Baton Rouge Parishes) of the taxes shown to be collectible by the tax rolls of each parish. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. The contribution requirements of plan members and the Town of Franklinton are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Town of Franklinton's contributions to the System under Plan B for the years ending October 31, 1997, 1996, and 1995, were \$13,282, \$16,131, and \$12,635, respectively, equal to the required contributions for each year.

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

Plan Description. All full-time police department employees engaged in law enforcement are required to participate in the System. Employees who retire at or after age 58 with at least 20 years of creditable service or at age 55 with at least 12 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 1 1/3 percent of their final-average salary for each year of creditable service. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified previously and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplemental information for the System. That report may be obtained by writing to the Municipal Police Employees Retirement System of Louisiana, 8481 United Plaza Boulevard, Baton Rouge, Louisiana 70809-2150, or by calling (504) 928-7411.

Funding Policy. Plan members are required by state statute to Contribute 7.5 percent of their annual covered salary and the Town of Franklinton is required to contribute at an actuarially determined rate. The current rate is 9.0 percent of annual covered payroll. The contribution requirements of plan members and the Town of Franklinton are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:185, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Town of Franklinton's contributions to the System for the years ending October 31, 1997, 1996, and 1995, were \$7,764, \$8,144, and \$6,797, respectively, equal to the required contributions for each year.

15. OTHER POSTEMPLOYMENT BENEFITS

The Town of Franklinton provides health care insurance for employees who retire with twenty years of service. These benefits are provided until the retiree becomes eligible for Medicare. For the year ended October 31, 1997, the Town of Franklinton had no retirees eligible for this benefit.

TOWN OF FRANKLINTON, LOUISIANA

Notes to the Financial Statements

(Continued)

16. PENDING LITIGATION AND CONTINGENT LIABILITIES

As of October 31, 1997, the Town of Franklinton had no outstanding suits pending or threatened litigation.

17. FOOD STAMP PROGRAM

The Food Stamp Program is operated by the Town under an agreement with the Louisiana Department of Social Services. Under this program, the Town is responsible for the issuance of food stamps to eligible participants in the Town. The value of food stamps on hand, received, and issued is not recorded in the accompanying statements. Activity for the year is listed in the schedule of federal financial assistance. At the end of the year (October 31, 1997), the food stamp program began using atm cards instead of paper coupons. This closed out the issuance of food stamps individually, so the program was discontinued by the Louisiana Department of Social Services.

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

The Town was approved for and executed a grant award to be received through the Louisiana Department of Transportation and Development (DOTD) which is funded under the Public Transportation for Non-Urbanized Areas - Section 18 of the Urban Mass Transportation Act of 1994, as amended by Section 313 of the Surface Transportation Assistance Act of 1998, entitled "Formula Grant Program for Areas Other Than Urbanized." The period covered by this grant is from November 1, 1994, through October 31, 1997.

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

19. SEGMENT INFORMATION - ENTERPRISE FUND

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

Individual enterprise fund statements in columns in the combining balance sheet; combining statements of revenues, expenses, and charges or retained earnings - proprietary fund type; and combining statement of cash flows - proprietary fund type and notes to the general purpose financial statements.

20. CONSTRUCTION COMMITMENT

Jones Creek Improvements

On July 26, 1994, the Town approved accepting a grant from the State of Louisiana, Department of Transportation and Development through the Statewide Flood Control Program for Jones Creek Improvements. The funding of this state project number 976-19-0001 is \$1,023,754. Louisiana's funding share is \$786,628 (77%) and the Town's funding share is \$237,127 (23%). On November 8, 1994 the Town authorized the engineering firm to proceed on the engineering services and topographic surveys for the project in accordance with the engineering contract dated April 10, 1990. The Town has decided to dedicate surplus funds in the Enterprise Fund to fulfill the Town's matching obligation in the project.

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

Water Improvements Project

On February 28, 1985, the Town adopted a resolution of intent to issue \$1,250,000 of Water Revenue Bonds. On January 23, 1997, the Town adopted a resolution to issue the \$1,250,000 of Water Revenue Bonds, for the purpose of improving the water system of the Town. The project was completed at the end of the year, and only the remaining was payable at year end.

Overley Runway, Taxiway, Apron - Franklinton Airport

On October 3, 1993, the Town received confirmation from the Louisiana Department of Transportation and Development to proceed with bidding of State Project No. 938-02-0804, for the improvement to the Franklinton Airport runway. The Phase I cost of this project is estimated to be \$1,057,808, with the state portion being 180% and the Town's share to be only incidental cost.

**FINANCIAL STATEMENTS OF INDIVIDUAL
FUNDS, ACCOUNT GROUPS AND
SUPPLEMENTAL INFORMATION SCHEDULES**

GENERAL FUND

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

Town of Franklinton

Schedule 1

Balance Sheet
General Fund
October 31, 2007

Assets	
Cash and Cash Equivalents	\$ 108,532
Receivables	
Intergovernmental	131,080
Accounts	204,666
Due From Other Funds	80,131
Total Assets	\$ 524,399
Liabilities and Fund Balance	
Liabilities	
Accounts Payable	\$ 81,279
Compensated Absences Payable	21,263
Deferred Revenues	371,828
Total Liabilities	474,370
Fund Balance	
Undesignated	228,817
Total Fund Balance	228,817
Total Liabilities and Fund Balance	\$ 703,187

The accompanying notes are an integral part of these statements.

Town of Franklinton

Schedule 2

**Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget (GAAP Basis) and Actual
General Fund
For the Year Ended October 31, 2007**

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Taxes	\$ 879,115	\$ 807,814	\$(71,301)
Licenses and Permits	211,500	208,018	(3,481)
Intergovernmental	548,280	555,808	(7,472)
Charges for Services	222,780	208,677	(14,103)
Fees and Fines	62,580	58,460	(4,120)
Interest	2,080	5,908	3,828
Miscellaneous	37,180	31,950	(5,230)
Total Revenues	<u>1,983,115</u>	<u>1,857,742</u>	<u>(125,373)</u>
Expenditures			
General Government	587,500	583,583	3,917
Public Safety:			
Police	334,500	362,160	(27,660)
Fire	40,173	35,638	4,535
Highways and Streets	229,658	225,946	3,712
Sanitation	102,000	111,837	(9,837)
Health and Welfare	77,500	42,416	(35,084)
Transportation	23,500	3,144	20,356
Capital Outlay	51,900	32,236	19,664
Total Expenditures	<u>1,468,899</u>	<u>1,429,282</u>	<u>39,617</u>
Excess of Revenues Over (Under) Expenditures	<u>514,215</u>	<u>428,460</u>	<u>(85,755)</u>
Other Financing Sources (Uses)			
Sale of Fixed Assets	600	600	-
Lease Interest Payments	18,800	18,800	-
Operating Transfers Out	-	(181)	(181)
Total Other Financing Sources (Uses)	<u>18,800</u>	<u>18,319</u>	<u>481</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>495,415</u>	<u>446,779</u>	<u>(48,636)</u>
Fund Balance, Beginning	188,943	188,943	-
Fund Balance, Ending	<u>\$ 684,358</u>	<u>\$ 635,717</u>	<u>\$(48,641)</u>

The accompanying notes are an integral part of these statements.

Town of Franklin

Schedule B

**Schedule of Revenues Compared to Budget (GAAP Basis) and Actual
General Fund
For the Year Ended October 31, 1997**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Percentile (Unfavorable)</u>
Taxes:			
Ad Valorem	\$ 76,808	\$ 76,912	\$ 104
Sales Taxes	698,515	587,747	(110,768)
Cablevision Franchise	16,800	8,898	(7,902)
CLECO Franchise	92,000	82,640	(9,360)
RCA Franchise	15,000	13,389	(1,611)
Telephone Franchise	32,000	26,888	(5,112)
Total Taxes	<u>870,123</u>	<u>887,274</u>	<u>(16,849)</u>
Licenses and Permits:			
Occupational License	210,000	207,858	(2,142)
Building Permits	1,380	1,881	501
Total Licenses and Permits	<u>211,380</u>	<u>209,739</u>	<u>(1,641)</u>
Intergovernmental:			
Tobacco Tax	20,800	15,100	(5,700)
Beer Tax	9,800	12,249	2,449
Police Jury Rebate	66,800	65,884	(916)
State DDTD - Reimbursement	8,800	8,289	(511)
State Fire Insurance Rebate	21,500	12,222	(9,278)
State Food Stamp Reimbursement	7,800	9,219	1,419
State Grant	3,200	3,287	87
Federal Grant	8,700	8,781	81
Total Intergovernmental	<u>148,200</u>	<u>135,531</u>	<u>(12,669)</u>
Charges for Services:			
Sanitation User Fees	160,000	151,828	(8,172)
Fees - Water and Gas	15,000	13,376	(1,624)
Crossing Guard Reimbursement	4,300	3,458	(842)
Animal Registration	300	218	(82)
Total Charges for Services	<u>180,600</u>	<u>178,872</u>	<u>(1,728)</u>
Fees and Forfeits:			
Total Fees and Forfeits	<u>61,900</u>	<u>58,663</u>	<u>(3,237)</u>
Interest:			
Total Interest	<u>2,800</u>	<u>5,966</u>	<u>3,166</u>
Miscellaneous:			
Rent	28,100	28,912	(1,188)
Miscellaneous	7,000	17,038	10,038
Total Miscellaneous	<u>35,100</u>	<u>45,950</u>	<u>10,850</u>
Total Revenues	<u>\$ 1,500,123</u>	<u>\$ 1,437,742</u>	<u>\$ (62,381)</u>

The accompanying notes are an integral part of these statements.

Town of Frankleece

Schedule 4

**Schedule of Expenditures Compared to Budget (GAAP Basis) and Actual
General Fund
For the Year Ended October 31, 1997**

	Budget	Actual	Variance Favorable (Unfavorable)
General Government			
Administration's Fund Expense	\$ 6,800	\$ 6,175	\$ (1,355)
Mayor's Fund	2,000	876	1,124
Officials' Salaries	38,000	38,000	-
Officials' Travel and Per Diem	6,000	6,177	(177)
Retirement	6,000	4,175	1,825
dues to Municipal Associations	1,500	1,388	112
Salaries	60,000	64,135	5,865
Payroll Taxes	10,000	10,617	(617)
Health Insurance	175,000	171,500	3,414
Legal Counsel	5,000	5,185	(185)
Janitorial Supplies	1,500	1,235	265
Physical Examinations	500	480	20
Legal Fees	8,500	9,011	(511)
Assessor's Fee	-	1,500	(1,500)
Insurance	125,000	126,400	518
Unemployment	500	184	316
Office Supplies	10,000	10,150	(555)
Postage	5,000	4,585	415
Uniforms	6,500	5,952	548
Manager's Fund	1,500	1,150	350
Notice Cost	1,500	1,500	-
Utilities	8,000	7,674	326
Building Maintenance	1,500	10,504	(9,004)
Industrial Development	67,000	66,700	310
Total General Government	<u>381,500</u>	<u>381,320</u>	<u>1,800</u>
Public Safety			
Police			
Salaries	280,000	296,867	(7,867)
Retirement	8,000	7,678	322
Utilities	11,000	11,314	(734)
Janitorial	3,000	2,815	185
Office Supplies	13,000	13,300	(301)
Payroll Taxes	25,000	25,334	(334)
Aids Insurance	2,500	2,600	(100)
Entertainment	-	33	(33)
Fuel	13,000	14,536	474
Unemployment	1,500	1,211	289
Drug Fund	3,000	2,268	732
Reserve	-	3,497	(3,497)
Drug Testing	1,500	1,354	146
Jail & Court Cost	300	250	50
Meccopy	500	500	-
Radio Repairs	-	1,710	(1,710)
Total Police	<u>374,500</u>	<u>392,310</u>	<u>(17,810)</u>

Continued on the following page:

The accompanying notes are an integral part of these statements.

Town of Franklinton

Schedule 4

**Schedule of Expenditures Compared to Budget (GAAP Basis) and Actual
General Fund
For the Year Ended October 31, 1997**

Func	Variance		
	Budget	Actual	Favorable (Unfavorable)
Fire			
Salaries	\$ 18,800	\$ 9,791	\$ 9,009
Payroll Taxes	800	789	11
Health Insurance	2,000	2,008	(8)
Deas	100	100	-
Utilities	-	73	(73)
Telephone	1,200	1,260	(60)
Radio Expenses	8,500	118	8,382
Truck Repair	2,000	1,924	76
Equipment	1,500	3,897	(1,397)
Insurance	11,500	11,382	118
Supplies	1,300	1,867	(567)
Meetings	1,000	939	61
Fuel	1,300	1,197	103
School and Training	323	1,460	(1,137)
Building Maintenance	50	4	46
Unemployment	-	42	(42)
Uniforms	300	258	42
Total Fire	40,173	35,095	4,278
Highways, Streets and Drainage:			
Salaries	142,900	173,323	(30,423)
Payroll Taxes	11,850	10,348	1,502
Retirement	8,900	8,782	118
Equipment Repairs	13,500	14,813	(1,313)
Supplies	28,900	22,792	6,108
Tools	300	300	-
Fuel	8,800	8,882	(82)
Street Lights	25,000	25,853	(853)
Total Highways, Streets and Drainage	239,050	225,948	13,102
Sanitation:			
Sanitation Fees	112,000	111,857	143
Total Sanitation	112,000	111,857	143
Health and Welfare:			
Food Stamp Salaries	12,800	12,518	282
Food Stamp Payroll Taxes	1,000	1,019	(19)
Food Stamp Office Rent	840	840	-
Food Stamp Operating Expenses	2,000	3,805	(1,805)
Vaccines Contribution	925	904	21
Animal Control	20,000	22,510	(2,510)
Total Health and Welfare	37,565	42,616	(5,051)

Continued on the following page.

The accompanying notes are an integral part of these statements.

Town of Franklinton

Schedule 4

**Schedule of Expenditures Compared to Budget (GAAP Basis) and Actual
General Fund
For the Year Ended October 31, 1997**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Transportation:			
Airport Utilities	\$ 508	\$ 817	\$ (309)
Airport Maintenance	23,808	3,287	20,521
Total Transportation	<u>24,316</u>	<u>4,104</u>	<u>19,212</u>
Capital Outlays:			
General Government	4,500	4,212	288
Highway & Streets	4,000	3,974	26
Public Safety	43,000	34,000	9,000
Total Capital Outlays	<u>51,500</u>	<u>42,186</u>	<u>9,314</u>
Total Expenditures	\$ 1,466,080	\$ 1,629,282	\$ 17,788

Continued

The accompanying notes are an integral part of these statements.

SPECIAL REVENUE FUNDS

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

Town of Franklinton

Schedule B

Combining Balance Sheet
Special Revenue Funds
October 31, 1997

	<u>Police Ad Valorem</u>	<u>Street Ad Valorem</u>	<u>Bond Development</u>	<u>Total</u>
Assets				
Cash	\$ 118	\$ 52,651	\$ 50	\$ 52,819
Due From State	-	\$ 9,774	-	\$ 9,774
Total Assets	<u>\$ 118</u>	<u>\$ 62,425</u>	<u>\$ 50</u>	<u>\$ 62,638</u>
Liabilities and Fund Equity				
Liabilities:				
Accounts Payable	\$ 2,426	\$ -	\$ -	\$ 2,426
Due to Other Funds	7,780	-	-	7,780
Total Liabilities	<u>10,206</u>	<u>-</u>	<u>-</u>	<u>10,206</u>
Fund Equity:				
Fund Balance	<u>(9,868)</u>	<u>62,425</u>	<u>50</u>	<u>52,612</u>
Total Fund Equity	<u>(9,868)</u>	<u>62,425</u>	<u>50</u>	<u>52,612</u>
Total Liabilities and Fund Equity	<u>\$ 118</u>	<u>\$ 62,425</u>	<u>\$ 50</u>	<u>\$ 62,638</u>

The accompanying notes are an integral part of these statements.

Town of Franklin

Schedule 6

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances
Special Revenue Funds
For the Year Ended October 31, 2007

	Police <u>Ad Valorem</u>	Street <u>Ad Valorem</u>	Bond <u>Development</u>	<u>Total</u>
Revenues				
Ad Valorem Taxes	\$ 54,015	\$ 74,788	\$ -	\$ 128,803
Federal Grant	1,282	9,774	-	11,056
State Grant	-	-	25,000	25,000
Interest	346	1,208	37	1,481
Total Revenues	<u>55,643</u>	<u>85,770</u>	<u>25,037</u>	<u>166,450</u>
Expenditures				
Police	41,233	-	-	41,233
Highways and Streets	-	11,974	-	11,974
Drainage	-	12,883	-	12,883
Capital Outlays	24,154	-	25,000	49,154
Total Expenditures	<u>65,387</u>	<u>24,857</u>	<u>25,000</u>	<u>115,244</u>
Excess of Revenues Over (Under) Expenditures	<u>10,256</u>	<u>60,913</u>	<u>37</u>	<u>71,206</u>
Other Financing Sources (Uses)				
Operating Transfers In	5,000	-	-	5,000
Operating Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	<u>5,000</u>	<u>-</u>	<u>-</u>	<u>5,000</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>15,256</u>	<u>60,913</u>	<u>37</u>	<u>76,206</u>
Fund Balance (Deficit), Beginning	<u>(5,658)</u>	<u>712</u>	<u>39</u>	<u>(4,907)</u>
Fund Balance (Deficit), Ending	<u>\$ 9,598</u>	<u>\$ 61,625</u>	<u>\$ 76</u>	<u>\$ 71,299</u>

The accompanying notes are an integral part of these statements.

Town of Franklinton

Schedule 7

**Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget (GAAP Basis) and Actual
Special Revenue Fund - Police Ad Valorem
For the Year Ended October 31, 1997**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues			
Ad Valorem Taxes	\$ 54,000	\$ 54,615	\$ 615
Federal Grants	1,200	1,200	-
Interest	300	248	(50)
Total Revenues	<u>55,500</u>	<u>56,063</u>	<u>563</u>
Expenditures			
Schools & Training	3,080	2,682	398
Uniform Allowance	3,480	3,916	436
Uniform Accessories	1,200	1,432	232
Officer Certification	1,200	1,785	(585)
Radio Repair	3,200	4,322	(1,122)
Equipment Repair	22,000	22,287	(287)
Filing Range	50	928	(878)
Capital Outlay	21,800	24,134	(2,334)
Total Expenditures	<u>60,410</u>	<u>67,387</u>	<u>(6,977)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(4,910)</u>	<u>(1,324)</u>	<u>(3,586)</u>
Other Financing Sources			
Operating Transfer In	1,000	1,000	-
Total Other Financing Sources	<u>1,000</u>	<u>1,000</u>	<u>-</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures	<u>(3,910)</u>	<u>(3,324)</u>	<u>(586)</u>
Fund Balance (Deficit), Beginning	<u>(3,618)</u>	<u>(3,618)</u>	<u>-</u>
Fund Balance (Deficit), Ending	<u>\$ (7,528)</u>	<u>\$ (6,942)</u>	<u>\$ (586)</u>

The accompanying notes are an integral part of these statements.

Town of Franklinton

Schedule B

**Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget (GAAP Basis) and Actual
Special Revenue Fund - Street Ad Valorem
For the Year Ended October 31, 1997**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues			
Ad Valorem Taxes	\$ 74,936	\$ 74,768	\$ 168
Federal Grant	9,774	9,774	-
Interest	1,328	1,328	(84)
Total Revenues	<u>86,038</u>	<u>85,870</u>	<u>168</u>
Expenditures			
Highways and Streets	11,608	11,974	26
Drainage Projects	10,708	12,683	(1,975)
Total Highways and Streets	<u>22,316</u>	<u>24,657</u>	<u>(2,341)</u>
Excess of Revenues Over (Under) Expenditures	<u>63,722</u>	<u>61,213</u>	<u>(2,511)</u>
Other Financing Sources (Uses)			
Operating Transfers In	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>63,722</u>	<u>61,213</u>	<u>(2,511)</u>
Fund Balance, Beginning	712	712	-
Fund Balance (Deficit), Ending	\$ <u>64,434</u>	\$ <u>62,425</u>	\$ <u>(2,009)</u>

The accompanying notes are an integral part of these statements.

Town of Franklinton

Schedule 9

Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget (GAAP Basis) and Actual
Special Revenue Fund - Rural Development Grant
For the Year Ended October 31, 1997

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues			
State Grant	\$ 25,800	\$ 25,808	\$ -
Interest	-	37	37
Total Revenues	<u>25,800</u>	<u>25,845</u>	<u>37</u>
Expenditures			
Capital Outlays	25,800	25,808	-
Total Expenditures	<u>25,800</u>	<u>25,808</u>	<u>-</u>
Excess of Revenues Over (Under) Expenditures	<u>-</u>	<u>37</u>	<u>37</u>
Other Financing Sources (Uses)			
Operating Transfers Out	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>-</u>	<u>37</u>	<u>37</u>
Fund Balance, Beginning	<u>19</u>	<u>19</u>	<u>-</u>
Fund Balance, Ending	<u>19</u>	<u>56</u>	<u>37</u>

The accompanying notes are an integral part of these statements.

CAPITAL PROJECTS FUNDS

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

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

Town of Franklin

Schedule 10

Combining Balance Sheet
 Capital Projects Funds
 October 31, 1997

	LCDEG Project	Airport Project	Total
Assets			
Construction in Progress	\$ 588,406	\$ -	\$ 588,406
Due From State	-	42,763	42,763
Total Assets	<u>\$ 588,406</u>	<u>\$ 42,763</u>	<u>\$ 631,169</u>
Liabilities and Fund Equity			
Liabilities:			
Accounts Payable	\$ -	\$ -	\$ -
Due to Other Funds	-	42,763	42,763
Total Liabilities	<u>-</u>	<u>42,763</u>	<u>42,763</u>
Fund Equity:			
Contributions	588,406	-	588,406
Fund Balance	-	-	-
Total Fund Equity	<u>588,406</u>	<u>-</u>	<u>588,406</u>
Total Liabilities and Fund Equity	<u>\$ 588,406</u>	<u>\$ 42,763</u>	<u>\$ 631,169</u>

The accompanying notes are an integral part of these statements.

Town of Franklin

Schedule 11

**Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance
Capital Projects Funds
For the Year Ended October 31, 1997**

	<u>LCDBG Project</u>	<u>Airport Project</u>	<u>Total</u>
Revenues			
Federal Grants	\$ 146,872	\$ 343,788	\$ 490,660
State Grant	-	-	-
Total Revenues	<u>146,872</u>	<u>343,788</u>	<u>490,660</u>
Expenditures			
Sewer Construction	346,872	-	346,872
Airport Construction	-	343,788	343,788
Total Expenditures	<u>346,872</u>	<u>343,788</u>	<u>690,660</u>
Excess of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, Beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of these statements.

Town of Franklinton

Schedule 12

**Schedule of Revenues, Expenditures, and Changes in Fund Balance
 Budget (GAAP Basis) and Actual
 Capital Project Fund - LCDRG Project
 For the Year Ended October 31, 1997**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues			
Federal Grant	\$ 146,873	\$ 146,873	\$ -
Total Revenues	<u>146,873</u>	<u>146,873</u>	<u>-</u>
Expenditures			
Construction	146,873	146,873	-
Total Expenditures	<u>146,873</u>	<u>146,873</u>	<u>-</u>
Excess of Revenues Over (Under) Expenditures	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance, Beginning	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance, Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

The accompanying notes are an integral part of these statements.

Town of Franklinton

Schedule 13

Schedule of Revenues, Expenditures, and Changes in Fund Balance
 Budget (GAAP Basis) and Actual
 Capital Project Fund - Airport Project
 For the Year Ended October 31, 1997

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues			
Federal Grant	\$ 143,788	\$ 143,788	\$ -
Total Revenues	<u>143,788</u>	<u>143,788</u>	<u>-</u>
Expenditures			
Construction	<u>143,788</u>	<u>143,788</u>	<u>-</u>
Total Expenditures	<u>143,788</u>	<u>143,788</u>	<u>-</u>
Excess of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, Beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of these statements.

ENTERPRISE FUNDS

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

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

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

Town of Franklinton

Schedule 04

**Combining Balance Sheet
Enterprise Funds - Utility Funds
October 31, 1997**

	Gas Utility System	Water Utility System	Sewer Utility System	Total
Assets				
Current Assets:				
Cash and Cash Equivalents	\$ 521,898	\$ 84,756	\$ 128,826	\$ 745,680
Investments	147,677	311,877	368,899	828,453
Accounts Receivable	25,361	24,908	24,223	74,592
Unbilled Receivables	29,083	12,818	14,924	56,825
Due From Other Funds	5,000	-	-	5,000
Inventory	8,962	-	-	8,962
Total Current Assets	<u>745,581</u>	<u>434,359</u>	<u>536,872</u>	<u>1,716,812</u>
Restricted Assets:				
Customer Deposits:				
Cash and Cash Equivalents	58,865	42,866	-	101,731
Bond Reserve Account:				
Cash and Cash Equivalents	28,898	3,122	40,193	72,213
Bond Contingency Account:				
Cash and Cash Equivalents	15,800	3,275	20,596	39,671
Bond Sinking Account:				
Cash and Cash Equivalents	18,706	225	64,491	73,422
MBSD Construction Account:				
Cash and Cash Equivalents	-	153,031	-	153,031
Total Restricted Assets	<u>112,269</u>	<u>202,299</u>	<u>125,190</u>	<u>440,758</u>
Plant and Equipment:				
Plant and Equipment, at Cost	855,784	2,422,384	3,714,808	7,132,976
Accumulated Depreciation	(678,733)	(1,080,468)	(1,561,804)	(3,321,145)
Net Plant and Equipment	<u>177,051</u>	<u>1,341,916</u>	<u>2,153,004</u>	<u>5,811,831</u>
Total Assets	<u>\$ 1,174,681</u>	<u>\$ 1,980,497</u>	<u>\$ 2,813,448</u>	<u>\$ 5,959,481</u>

Continued on the following page.

Town of Franklin

Schedule 14

Combining Balance Sheet
Enterprise Funds - Utility Funds
October 31, 1997

	Gas Utility System	Water Utility System	Sewer Utility System	Total
Liabilities and Fund Equity				
Liabilities:				
Current Liabilities (Payable From Current Assets):				
Accounts Payable	\$ 28,849	\$ 4,338	\$ 9,386	\$ 41,683
Retainage Payable	-	143,800	-	143,800
Compensated Absence Payable	4,136	3,800	389	8,388
Due To Other Funds	34,669	-	-	34,669
Total Current Liabilities (Payable From Current Assets)	<u>68,874</u>	<u>151,942</u>	<u>9,313</u>	<u>328,121</u>
Current Liabilities (Payable From Restricted Assets):				
Customer Deposits	58,034	41,606	-	100,040
Revenue Bonds Payable	25,080	35,320	34,800	89,200
Total Current Liabilities (Payable From Restricted Assets)	<u>83,034</u>	<u>77,186</u>	<u>34,800</u>	<u>189,280</u>
Long-Term Liabilities:				
Revenue Bonds Payable	-	3,211,497	343,808	3,555,497
Total Long-Term Liabilities	<u>-</u>	<u>3,211,497</u>	<u>343,808</u>	<u>3,555,497</u>
Total Liabilities	<u>149,948</u>	<u>3,035,325</u>	<u>388,313</u>	<u>3,571,586</u>
Fund Equity:				
Contributed Capital	433,183	385,679	3,933,913	4,752,899
Less: Accumulated Amortization	<u>(122,131)</u>	<u>(883,941)</u>	<u>(1,316,288)</u>	<u>(2,122,360)</u>
Net Contributed Capital	<u>311,052</u>	<u>301,738</u>	<u>2,617,625</u>	<u>2,630,533</u>
Retained Earnings:				
Reserved for Revenue Bond Refinancing	43,608	6,397	68,688	118,893
Unreserved	740,783	426,347	648,564	1,815,734
Total Retained Earnings	<u>784,391</u>	<u>432,744</u>	<u>717,252</u>	<u>1,634,387</u>
Total Fund Equity	<u>1,095,443</u>	<u>734,482</u>	<u>2,334,877</u>	<u>2,164,802</u>
Total Liabilities and Fund Equity	<u>\$ 1,144,631</u>	<u>\$ 3,769,807</u>	<u>\$ 2,713,190</u>	<u>\$ 3,876,432</u>

Continued

The accompanying notes are an integral part of these statements.

Town of Framingham

Schedule 1B

Combining Schedule of Revenues, Expenses and Changes in Unreserved Retained Earnings
Enterprise Funds - Utility Funds
For the Year Ended October 31, 1999

	Gas Utility System	Water Utility System	Sewer Utility System	Total
Operating Revenues				
Gas Sales	\$ 338,669	\$ -	\$ -	\$ 338,669
Water Sales	-	344,610	-	344,610
Sewer Service Charges	-	-	369,336	369,336
Tie-In	1,808	1,260	1,190	4,258
Miscellaneous	1,850	589	132	2,571
Total Operating Revenues	<u>342,927</u>	<u>346,459</u>	<u>370,658</u>	<u>1,059,044</u>
Operating Expenses				
Personnel Services	130,872	98,586	87,269	316,727
Supplies	24,453	40,841	26,357	91,651
Other Services and Charges	42,315	63,337	87,434	173,086
Gas Purchases	994,938	-	-	994,938
Depreciation	46,218	11,061	127,176	184,455
Total Operating Expenses	<u>1,240,796</u>	<u>213,825</u>	<u>308,236</u>	<u>1,762,857</u>
Operating Income (Loss)	<u>(897,869)</u>	<u>132,634</u>	<u>62,422</u>	<u>(702,813)</u>
Nonoperating Revenues (Expenses)				
Interest Income	34,781	27,182	23,290	85,253
Dividend Income	267	363	613	1,243
Interest Expense	(3,073)	(33,352)	(16,232)	(52,657)
Total Nonoperating Revenues (Expenses)	<u>31,975</u>	<u>(4,807)</u>	<u>9,671</u>	<u>(1,131)</u>
Operating Transfer Out				
Operating Transfer Out	40,058	(10,823)	(34,818)	(4,583)
Total Operating Transfer Out	<u>40,058</u>	<u>(10,823)</u>	<u>(34,818)</u>	<u>(4,583)</u>
Net Income (Loss)	<u>(25,952)</u>	<u>(1,996)</u>	<u>(25,146)</u>	<u>(53,094)</u>
Decrease (Increase) in Retained Earnings Reserved For:				
Depreciation and Contingency Fund	-	(3,279)	(3,660)	(6,939)
Reserve Fund	-	(3,026)	(785)	(3,807)
Amortization of Contributions	31,857	860	98,335	129,052
Unreserved Retained Earnings, Beginning	734,479	344,438	618,668	1,697,585
Unreserved Retained Earnings, Ending	<u>\$ 738,384</u>	<u>\$ 339,205</u>	<u>\$ 689,812</u>	<u>\$ 1,767,399</u>

The accompanying notes are an integral part of these statements.

Town of Franklinton

Schedule 16

Combining Schedule of Cash Flows
Enterprise Funds - Utility Funds
For the Year Ended October 31, 1997

	Gas Utility System	Water Utility System	Sewer Utility System	Total
Cash Flows from Operating Activities				
Operating Income (Loss)	\$ (97,318)	\$ 33,644	\$ (93,938)	\$ (95,609)
Adjustments to Reconcile Net Operating Income to Net Cash Provided (Used) by Operating Activities				
Depreciation	48,258	11,851	127,276	184,685
Change in Accounts Receivable	3,883	(807)	2,718	10,295
Change in Unbilled Receivables	(12,621)	(1,888)	(1,378)	(15,669)
Change in Due From Other Funds	-	43,080	48,232	89,232
Change in Due From State	19,843	-	-	19,843
Change in Inventory	1,383	-	-	1,315
Change in Accounts Payable	8,489	(149,661)	3,962	(138,610)
Change in Comp. Accounts Payable	171	(688)	(185)	(655)
Change in Retainage Payable	-	35,303	-	79,303
Change in Customer Deposits Payable	(1,388)	(1,238)	-	(3,422)
Net Cash Provided by Operating Activities	<u>(\$ 28,258)</u>	<u>5,218</u>	<u>141,196</u>	<u>118,155</u>
Cash Flows from Noncapital Financing Activities				
Operating Transfers Out	48,028	(18,027)	(24,838)	4,899
Net Cash (Used) by Noncapital Financing Activities	<u>48,028</u>	<u>(18,027)</u>	<u>(24,838)</u>	<u>(4,899)</u>
Cash Flows from Capital and Related Financing Activities				
Principal Payments	(24,808)	(8,252)	(22,088)	(54,253)
Payments for Capital Assets	-	(428,648)	(695,179)	(1,163,834)
Interest Payments	(3,818)	(52,767)	(56,224)	(72,089)
Proceeds From Grant	-	-	933,278	933,278
Proceeds From Loan	-	968,848	-	563,444
Net Cash (Used) by Capital and Related Financing Activities	<u>(28,626)</u>	<u>78,794</u>	<u>(98,222)</u>	<u>3,399</u>
Cash Flows from Investing Activities				
Payments for Capital Investments	(8,684)	(18,128)	(23,277)	(48,248)
Receipts of Interest	34,781	27,183	27,281	89,094
Receipts of Dividends	387	383	652	1,482
Net Cash Provided by Investing Activities	<u>26,484</u>	<u>9,438</u>	<u>4,656</u>	<u>41,218</u>
Net Cash Increase (Decrease)	10,655	81,275	45,686	119,824
Cash and Cash Equivalents, Beginning of Year	624,516	204,818	187,328	1,016,662
Cash and Cash Equivalents, End of Year	<u>\$ 635,171</u>	<u>\$ 286,093</u>	<u>\$ 233,014</u>	<u>\$ 1,154,278</u>

The accompanying notes are an integral part of these statements.

Town of Franklin

Schedule 17

**Schedule of Revenues, Expenses, and Changes in Unreserved Retained Earnings
Budget (GAAP Basis) and Actual
Enterprise Fund - Gas Utility System
For the Year Ended October 31, 1997**

	Budget	Actual	Variance Favorable (Unfavorable)
Operating Revenues			
Gas Sales	\$ 227,800	\$ 528,009	\$ 300,209
Tickets	1,800	1,800	(000)
Miscellaneous	1,400	2,080	680
Total Operating Revenues	<u>230,000</u>	<u>531,889</u>	<u>101,509</u>
Operating Expenses			
Personnel Services:			
Salaries	60,000	87,328	27,328
Payroll Taxes	7,500	6,850	(650)
Retirement	5,100	3,878	(1,222)
Health Insurance	10,000	10,807	807
Supplies:			
Billing	4,000	3,300	(700)
Station	3,500	2,800	(700)
Supplies	80,000	12,873	(67,127)
Fuel	3,500	3,630	130
Equipment Repairs	1,500	1,200	(300)
Other Services and Charges:			
Uniforms	3,500	2,011	(1,489)
Auditing	9,800	8,990	(810)
Permit Fees	500	450	(50)
Insurance	8,500	8,600	100
Drug Program	3,800	2,100	(1,700)
Administrative Fees to General Fund	18,000	18,682	682
Bad Debt	1,800	1,350	(450)
Gas Purchases	380,000	394,004	14,004
Depreciation	28,000	40,258	12,258
Total Operating Expenses	<u>615,100</u>	<u>696,471</u>	<u>81,371</u>
Operating Income (Loss)	<u>68,900</u>	<u>(64,582)</u>	<u>(133,482)</u>
Nonoperating Revenues (Expenses)			
Interest Expense	(2,000)	(2,118)	(118)
Interest Income	20,000	24,700	4,700
Dividend Income	-	267	267
Total Nonoperating Revenues (Expenses)	<u>18,000</u>	<u>22,849</u>	<u>4,849</u>
Operating Transfers In			
Operating Transfers In	40,000	40,000	0
Total Operating Transfers In	<u>40,000</u>	<u>40,000</u>	<u>0</u>
Net Income (Loss)	<u>(24,600)</u>	<u>(15,500)</u>	<u>9,100</u>
Amortization of Contributions	-	31,857	31,857
Unreserved Retained Earnings, Beginning	734,428	734,428	-
Unreserved Retained Earnings, Ending	<u>\$ 709,828</u>	<u>\$ 740,785</u>	<u>\$ 30,957</u>

The accompanying notes are an integral part of these statements.

Town of Franklin

Schedule 18

**Schedule of Revenues, Expenses, and Changes in Unreserved Retained Earnings
Budget (GAAP Basis) and Actual
Enterprise Fund - Water Utility System
For the Year Ended October 31, 1997**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Operating Revenues			
Water Sales	\$ 348,080	\$ 344,618	\$ (4,290)
Tie-In	1,580	1,208	(360)
Miscellaneous	780	668	(112)
Total Operating Revenues	<u>350,440</u>	<u>346,494</u>	<u>(4,212)</u>
Operating Expenses			
Personnel Services:			
Salaries	34,808	32,180	1,580
Payroll Taxes	6,808	5,749	251
Retirement	4,208	2,949	1,251
Health Insurance	17,808	17,786	13
Supplies:			
Misc.	3,808	2,322	778
Supplies	32,808	31,389	3,611
Fuel	1,580	1,441	58
Chemicals	4,580	3,898	912
Equipment Repairs	2,580	2,201	299
Other Services and Charges:			
Utilities	25,080	24,248	712
Audit	3,080	3,808	-
Uniforms	2,080	1,743	217
Administrative Fees to General Fund	32,080	32,464	(494)
Rail Dues	1,980	1,872	28
Depreciation	49,080	11,031	38,049
Total Operating Expenses	<u>217,436</u>	<u>213,815</u>	<u>3,621</u>
Operating Income (Loss)	<u>(1,203)</u>	<u>32,644</u>	<u>33,844</u>
Nonoperating Revenues (Expenses)			
Interest Expense	(51,808)	(52,762)	158
Interest Income	3,808	27,182	23,182
Dividend Income	-	363	363
Total Nonoperating Revenues (Expenses)	<u>(48,000)</u>	<u>(25,217)</u>	<u>22,523</u>
Operating Transfers (Out)			
Operating Transfers Out	(18,800)	(18,827)	(27)
Total Operating Transfers Out	<u>(18,800)</u>	<u>(18,827)</u>	<u>(27)</u>
Net Income (Loss)	<u>(58,200)</u>	<u>(2,400)</u>	<u>56,728</u>
Decrease (Increase) in Retained Earnings Reserved for Debt Service	<u>-</u>	<u>(6,367)</u>	<u>(6,367)</u>
Amortization of Contributions	<u>-</u>	<u>900</u>	<u>900</u>
Unreserved Retained Earnings, Beginning	<u>511,481</u>	<u>544,458</u>	<u>-</u>
Unreserved Retained Earnings, Ending	<u>\$ 453,281</u>	<u>\$ 536,549</u>	<u>\$ 51,268</u>

The accompanying notes are an integral part of these statements.

Town of Frankfort

Schedule 19

Schedule of Revenues, Expenses, and Changes in Unreserved Retained Earnings
Budget (GAAP Basis) and Actual
Enterprise Fund - Sewer Utility System
For the Year Ended October 31, 1997

	Budget	Actual	Variance Favorable (Unfavorable)
Operating Revenues			
Sewer Service Charges	\$ 361,000	\$ 389,376	\$ 4,376
Tie-In	1,500	1,150	(350)
Interfund Income	190	191	(1)
Total Operating Revenues	<u>362,690</u>	<u>390,717</u>	<u>4,026</u>
Operating Expenses			
Personal Services:			
Salaries	48,000	47,808	192
Payroll Taxes	3,800	3,718	82
Retirement	3,200	3,034	1,166
Health Insurance	15,000	15,009	(9)
Supplies:			
Supplies	20,000	21,424	(1,424)
Fuel	1,500	1,164	336
Chemicals	4,500	3,730	770
Equipment Repairs	12,500	13,029	(529)
Other Services and Charges:			
Utilities	68,000	68,680	1,320
Uniforms	1,500	1,107	393
Auto	3,000	3,000	-
Permit Fees	1,500	1,321	179
Bad Debt	1,800	1,817	(17)
Fees Made & Root Cut	1,600	1,609	(9)
Depreciation	49,000	52,778	(3,778)
Total Operating Expenses	<u>217,900</u>	<u>201,898</u>	<u>16,002</u>
Operating Income (Loss)	<u>44,790</u>	<u>18,819</u>	<u>25,971</u>
Nonoperating Revenues (Expenses)			
Interest Income	7,800	27,291	19,491
Dividend Income	-	622	622
Interest Expense	(14,800)	(18,275)	(3,475)
Total Nonoperating Revenues (Expenses)	<u>(7,000)</u>	<u>11,718</u>	<u>18,718</u>
Operating Transfers (Out)			
Operating Transfers Out	(9,000)	(14,900)	70
Total Operating Transfers Out	<u>(9,000)</u>	<u>(14,900)</u>	<u>70</u>
Net Income (Loss)	6,790	(3,559)	(10,349)
Decrease (Increase) in Retained Earnings Reserved for Debt Service			
Debt Service	-	(4,447)	(4,447)
Amortization of Contributions	-	96,333	96,333
Unreserved Retained Earnings, Beginning	618,682	612,608	6,074
Unreserved Retained Earnings, Ending	<u>\$ 617,412</u>	<u>\$ 648,204</u>	<u>\$ 30,792</u>

The accompanying notes are an integral part of these statements.

INTERNAL SERVICE FUND

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

Town of Franklinton

Schedule 20

Balance Sheet
Internal Service Fund
October 31, 1997

Assets		
Cash		\$ -
Accounts Receivable		-
Total Assets		\$ <u>-</u>
Liabilities and Fund Equity		
Liabilities		
Accounts Payable		\$ -
Total Liabilities		<u>-</u>
Fund Equity:		
Unreserved Retained Earnings		-
Total Fund Equity		<u>-</u>
Total Liabilities and Fund Equity		\$ <u>-</u>

The accompanying notes are an integral part of these statements.

Town of Franklinton

Schedule 21

Schedule of Revenues, Expenses, and Changes in Unreserved Retained Earnings
Internal Service Fund
For the Year Ended October 31, 1997

Operating Revenues	
Payments from Other Funds	\$ -
Interest Income	10
Total Operating Revenues	<u>10</u>
Operating Expenses	
Medical Claims	2,918
Fees to Insurance Company	-
Total Operating Expenses	<u>2,918</u>
Net Income (Loss)	(2,908)
Unreserved Retained Earnings, Beginning of Year	1,908
Unreserved Retained Earnings, End of Year	<u>\$ -</u>

The accompanying notes are an integral part of these statements.

Town of Franklinton

**Schedule of Cash Flows
Internal Service Fund
For the Year Ended October 31, 1997**

Schedule 23

Cash Flows from Operating Activities	
Operating Income (Loss)	\$ (2,808)
Adjustments to Reconcile Net Operating Income to Net Cash Provided (Used) by Operating Activities:	
Changes in Accounts Receivable	-
Changes in Accounts Payable	-
Net Cash Provided (Used) by Operating Activities	<u>12,588</u>
Net Cash Increase (Decrease) for the Year	(1,500)
Cash, Cash Equivalents, and Investments, Beginning	<u>2,908</u>
Cash, Cash Equivalents, and Investments, Ending	<u>\$ 1,408</u>

The accompanying notes are an integral part of these statements.

GENERAL FIXED ASSET ACCOUNT GROUP

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

Views of Franklinton

Schedule 23

Schedule of General Fixed Assets
October 31, 1997

General Fixed Assets, At Cost

Land:

Town Hall	\$ 3,500
Riverside Development	48,570
Williams Lumber Company	2,500
Industrial Park	25,000
Airport	3,500
Karr-Magoo Property	42,500
Stockyard Property	157,000
Railroad Property	33,182
Miscellaneous	1,140
First State Bank Property	2,790
Main Street Parking Lot	25,405
Total Land	<u>392,127</u>

Buildings and Furnishings:

Town Hall	248,779
Police and Fire Complex	31,300
Washington Parish Activity Center	189,313
Karr-Magoo Improvements	31,320
Poston Building	93,823
Filing Range	2,973
Town Hall Improvements	9,815
Police Building Addition	44,804
Police Impound Yard	2,632
Total Buildings and Furnishings	<u>648,737</u>

Improvements Other than Buildings:

Airport	178,000
Total Improvements Other than Buildings	<u>178,000</u>

Equipment:

Equipment	978,768
Total Equipment	<u>978,768</u>
Total General Fixed Assets	\$ <u>2,046,132</u>

Investment in General Fixed Assets

General Obligation Bonds	\$ 31,780
State Grants	204,344
Federal Revenue Sharing	377,927
Contributed Capital	31,447
Gas Utility System	280,250
General Fund Revenues	868,623
Police Ad Violators Revenues	175,374
Street Ad Violators Revenues	23,000
Rural Development	50,470
Total Investment in General Fixed Assets	\$ <u>2,046,132</u>

The accompanying notes are an integral part of these statements.

SCHEDULE OF FEDERAL AWARDS

Town of Franklinton

**Schedule of Federal Awards
For the Year Ended October 31, 1997**

Federal Grant, Pass-Through Grant, Program Title	Federal CFDA Number	Program or Award Amount	Grant Number
<u>United States Department of Transportation</u> Passed through State Dept. of Transportation and Development: Section 18 Rural Public Transportation of the Urban Mass Transportation Capital and Operating Assistance Grants/Subcontracted to the Washington Parish Council on Aging, Inc.	20.508	\$ 43,915	LA-18-20084
Passed through Louisiana Highway Safety Commission: Traffic Sign Program	20.308	9,754	-
Passed through State Dept. of Transportation and Development: Airport Improvement Program Total U.S. Department of Transportation	28.108	\$ 84,732	-
<u>United States Department of Agriculture</u> Rural Utilities Service Water and Waste Disposal loans and Grants	10.770	\$ 1,258,808	-
Passed through State Dept. of Health and Human Resources: Office of Family Security - Food Stamp Program Total U.S. Department of Agriculture	10.551	-	-
<u>United States Department of Housing and Urban Development</u> Passed through State Division of Administration: FY 1994 LCDBG Project	14.219	\$ 935,080	001-0065
<u>United States Department of Justice</u> Office of Community-Oriented Policing Service COPS Afloat Program		\$ 54,353	-
Total Federal Financial Assistance			

The accompanying Schedule of Federal Awards is a summary of the cash activity of the Town of Franklinton's federal awards programs, and does not present transactions that would be included in the financial statements of the Town of Franklinton, based on the modified accrual basis, or the accrual basis, as applicable for specific funds.

<u>Grant Period</u>	<u>Accrued (Deferred) Revenue 11/01/96</u>	<u>Receipts or Revenue Recognized</u>	<u>Expenditures/ Disbursements</u>	<u>Accrued (Deferred) Revenue 10/31/97</u>
11/01/96 - 10/31/97	\$ -	\$ 43,003	\$ 43,003	\$ -
	-	-	9,774	(9,774)
"	-	153,477	308,200	(143,723)
	<u>-</u>	<u>207,380</u>	<u>418,899</u>	<u>(153,500)</u>
"	-	583,444	415,413	168,031
"	<u>482,813</u>	<u>793,808</u>	<u>1,251,813</u>	<u>-</u>
	<u>482,813</u>	<u>1,381,444</u>	<u>1,671,319</u>	<u>(153,500)</u>
"	<u>-</u>	<u>348,871</u>	<u>348,871</u>	<u>-</u>
"	<u>-</u>	<u>8,301</u>	<u>8,301</u>	<u>-</u>
	<u>\$ 482,813</u>	<u>\$ 2,114,409</u>	<u>\$ 2,476,701</u>	<u>\$ 180,531</u>

The accompanying notes are an integral part of these statements.

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**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

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

We have audited the general purpose financial statements of the Town of Franklinton, Louisiana, as of and for the year ended October 31, 1997, and have issued our report thereon dated February 5, 1998. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

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

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Town of Franklinton, Louisiana's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

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


Bruce Harrell and Company, CPAs
A Professional Accounting Corporation
February 5, 1998

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**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH
MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB CIRCULAR A-133**

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

Compliance

We have audited the compliance of the Town of Franklinton, Louisiana with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended October 31, 1997. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Town of Franklinton, Louisiana's management. Our responsibility is to express an opinion on the Town of Franklinton, Louisiana's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town of Franklinton, Louisiana's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Town of Franklinton, Louisiana's compliance with those requirements.

In our opinion, the Town of Franklinton, Louisiana complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended October 31, 1997.

Internal Control Over Compliance

The management of the Town of Franklinton, Louisiana is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Town of Franklinton, Louisiana's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Bruce Harvell & Co.
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Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that non-compliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

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


Bruce Harvell & Company, CPAs
A Professional Accounting Corporation
February 8, 1998