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TOWN OF FRANKLINTON
PARISH OF WASHINGTON
FRANKLINTON, LOUISIANA

FINANCIAL REPORT

October 31, 1998

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TOWN OF FRANKLINTON
General Purpose Financial Statements
As of and for the Year Ended October 31, 1998
With Supplemental Information Schedules

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TOWN OF FRANKLINTON, LOUISIANA

October 31, 1998

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October 31, 1998

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying general purpose financial statements of the Town of Franklinton, Louisiana, as of October 31, 1998, 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.

Except as discussed in the following paragraph, 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.

Governmental Accounting Standards Board Technical Bulletin 98-1, *Disclosures about Year 2000 Issues*, requires disclosure of certain matters regarding the year 2000 issue. The Town of Franklinton, Louisiana, has included such disclosures in Note 20. Because of the unprecedented nature of the year 2000 issue, its effects and the success of related remediation efforts will not be fully determinable until the year 2000 and thereafter. Accordingly, insufficient audit evidence exists to support the Town of Franklinton, Louisiana's disclosures with respect to the year 2000 issue made in Note 20. Further, we do not provide assurance that the Town of Franklinton, Louisiana, is or will be successful in whole or in part, or that parties with which the Town of Franklinton, Louisiana, does business will be year 2000 ready.

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to examine evidence regarding year 2000 disclosures, 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, 1998, 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.

BRUCE HARRELL & CO.
CERTIFIED PUBLIC ACCOUNTANTS
A Professional Accounting Corporation

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



Bruce Harrell & Company, CPAs
A Professional Accounting Corporation

February 8, 1999

Town of Franklinton

**Combined Balance Sheet - All Fund Types and Account Groups
October 31, 1998**

	Governmental Fund Type		
	General Fund	Special Revenue Fund	Capital Projects Fund
Assets			
Cash and Cash Equivalents	\$ 276,581	\$ 26,503	\$ -
Investments	-	-	-
Receivables :			
Intergovernmental	192,018	-	98,058
Accounts	451,512	-	-
Due From Other Funds	2,700	-	42,025
Inventory	-	-	-
Restricted Assets :			
Cash and Cash Equivalents	-	-	-
Land	-	-	-
Buildings and Furnishings	-	-	-
Improvements Other Than Buildings	-	-	-
Equipment	-	-	-
Utility Plant and Equipment	-	-	-
Accumulated Depreciation	-	-	-
Total Assets	\$ 922,811	\$ 26,503	\$ 140,083
 Liabilities and Fund Equity			
Liabilities:			
Accounts Payable	\$ 91,140	\$ 1,579	\$ -
Due To Other Funds	-	64,725	-
Retainage Payable	-	-	148,200
Customer Deposits Payable	-	-	-
Compensated Absences Payable	26,275	-	-
Short-term Bonds Payable	-	-	-
Long-term Bonds Payable	-	-	-
Deferred Revenue	432,356	-	-
Total Liabilities	549,771	66,304	148,200
 Fund Equity:			
Investments in General Fixed Assets	-	-	-
Contributed Capital	-	-	-
Accumulated Amortization	-	-	-
Retained Earnings:			
Reserved for Revenue Bond Retirement	-	-	-
Unreserved	-	-	-
Fund Balances:			
Undesignated	373,040	(39,801)	(8,117)
Total Fund Equity	373,040	(39,801)	(8,117)
Total Liabilities and Fund Equity	\$ 922,811	\$ 26,503	\$ 140,083

The accompanying notes are an integral part of these statements.

Statement A

<u>Proprietary Fund Type</u>	<u>Account Group</u>	<u>Totals (Memorandum Only)</u>
<u>Enterprise Fund</u>	<u>General Fixed Assets</u>	
\$ 783,117	\$ -	\$ 1,086,201
831,949	-	831,949
-	-	290,076
135,085	-	586,597
20,000	-	64,725
8,278	-	8,278
329,148	-	329,148
-	247,677	247,677
-	479,516	479,516
-	129,030	129,030
-	1,000,777	1,000,777
7,137,063	-	7,137,063
(3,571,061)	-	(3,571,061)
<u>\$ 5,673,579</u>	<u>\$ 1,857,000</u>	<u>\$ 8,619,976</u>
\$ 45,441	\$ -	\$ 138,160
-	-	64,725
-	-	148,200
106,006	-	106,006
9,419	-	35,694
123,034	-	123,034
1,368,191	-	1,368,191
-	-	432,356
<u>1,652,091</u>	<u>-</u>	<u>2,416,366</u>
-	1,857,000	1,857,000
4,192,697	-	4,192,697
(2,269,777)	-	(2,269,777)
122,964	-	122,964
1,975,604	-	1,975,604
-	-	325,122
<u>4,021,488</u>	<u>1,857,000</u>	<u>6,203,610</u>
<u>\$ 5,673,579</u>	<u>\$ 1,857,000</u>	<u>\$ 8,619,976</u>

The accompanying notes are an integral part of these statements.

Town of Franklinton

Statement B

**Combined Statement of Revenues, Expenditures, and Changes in Fund Balances
All Governmental Fund Types
For the Year Ended October 31, 1998**

	General Fund	Special Revenue Fund	Capital Projects Fund	Totals (Memorandum Only)
Revenues				
Taxes	\$ 877,626	\$ 134,887	\$ -	\$ 1,012,513
Licenses and Permits	241,490	-	-	241,490
Intergovernmental	193,383	32,289	321,057	546,729
Charges for Services	203,562	-	-	203,562
Fines and Forfeits	43,902	-	-	43,902
Interest	8,468	1,866	-	10,334
Miscellaneous	15,619	-	-	15,619
Total Revenues	1,584,050	169,042	321,057	2,074,149
Expenditures				
General Government	621,507	-	-	621,507
Public Safety:				
Police	400,811	53,493	-	454,304
Fire	36,790	-	-	36,790
Highways, Streets and Drainage	235,186	18,365	-	253,551
Sanitation	114,297	-	-	114,297
Health and Welfare	31,434	-	-	31,434
Transportation	6,153	-	-	6,153
Capital Outlays	10,936	30,361	531,483	572,780
Total Expenditures	1,457,114	102,219	531,483	2,090,816
Excess of Revenues Over (Under) Expenditures	126,936	66,823	(210,426)	(16,667)
Other Financing Sources (Uses)				
Sale of Fixed Assets	26,085	6,367	-	32,452
Lease Payments	26,671	-	-	26,671
Transfers (To)/From Other Funds	(34,669)	(165,504)	202,309	2,136
Total Other Financing Sources (Uses)	18,087	(159,137)	202,309	61,259
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	145,023	(92,314)	(8,117)	44,592
Fund Balance, Beginning	228,017	52,513	-	280,530
Fund Balance (Deficit), Ending	\$ 373,040	\$ (39,801)	\$ (8,117)	\$ 325,122

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, 1998**

	General Fund		
	Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Taxes	\$ 856,400	\$ 877,626	\$ 21,226
Licenses and Permits	241,000	241,490	490
Intergovernmental	75,800	193,383	117,583
Charges for Services	199,725	203,562	3,837
Fines and Forfeits	45,000	43,902	(1,098)
Interest	5,000	8,468	3,468
Miscellaneous	34,600	15,619	(18,981)
Total Revenues	<u>1,457,525</u>	<u>1,584,050</u>	<u>126,525</u>
Expenditures			
General Government	630,625	621,507	9,118
Public Safety:			
Police	397,470	400,811	(3,341)
Fire	39,400	36,790	2,610
Highways, Streets and Drainage	244,900	235,186	9,714
Sanitation	114,000	114,297	(297)
Health and Welfare	29,075	31,434	(2,359)
Transportation	6,000	6,153	(153)
Capital Outlays	4,850	10,936	(6,086)
Total Expenditures	<u>1,466,320</u>	<u>1,457,114</u>	<u>9,206</u>
Excess of Revenues Over (Under) Expenditures	<u>(8,795)</u>	<u>126,936</u>	<u>135,731</u>
Other Financing Sources (Uses)			
Sale of Fixed Assets	685	26,085	25,400
Lease Payments	-	26,671	26,671
Transfers (To)/From Other Funds	-	(34,669)	(34,669)
Total Other Financing Sources (Uses)	<u>685</u>	<u>18,087</u>	<u>17,402</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>(8,110)</u>	<u>145,023</u>	<u>153,133</u>
Fund Balance (Deficit), Beginning	<u>228,017</u>	<u>228,017</u>	<u>-</u>
Fund Balance, (Deficit) Ending	<u>\$ 219,907</u>	<u>\$ 373,040</u>	<u>\$ 153,133</u>

The accompanying notes are an integral part of these statements.

Statement C

Special Revenue Funds			Capital Projects Funds		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$ 134,000	\$ 134,887	\$ 887	\$ -	\$ -	\$ -
-	-	-	-	-	-
38,768	32,289	(6,479)	321,000	321,057	57
-	-	-	-	-	-
-	-	-	-	-	-
1,800	1,866	66	-	-	-
-	-	-	-	-	-
<u>174,568</u>	<u>169,042</u>	<u>(5,526)</u>	<u>321,000</u>	<u>321,057</u>	<u>57</u>
-	-	-	-	-	-
34,900	53,493	(18,593)	-	-	-
-	-	-	-	-	-
20,000	18,365	1,635	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
41,918	30,361	11,557	531,500	531,483	17
<u>96,818</u>	<u>102,219</u>	<u>(5,401)</u>	<u>531,500</u>	<u>531,483</u>	<u>17</u>
<u>77,750</u>	<u>66,823</u>	<u>(10,927)</u>	<u>(210,500)</u>	<u>(210,426)</u>	<u>74</u>
-	6,367	6,367	-	-	-
-	-	-	-	-	-
<u>(165,195)</u>	<u>(165,504)</u>	<u>(309)</u>	<u>202,300</u>	<u>202,309</u>	<u>9</u>
<u>(165,195)</u>	<u>(159,137)</u>	<u>6,058</u>	<u>202,300</u>	<u>202,309</u>	<u>9</u>
(87,445)	(92,314)	(4,869)	(8,200)	(8,117)	83
52,513	52,513	-	-	-	-
<u>\$ (34,932)</u>	<u>\$ (39,801)</u>	<u>\$ (4,869)</u>	<u>\$ (8,200)</u>	<u>\$ (8,117)</u>	<u>\$ 83</u>

The accompanying notes are an integral part of these statements.

Town of Franklinton

Statement D

**Combined Statement of Revenues, Expenses, and Changes in Retained Earnings
All Proprietary Fund Types
For the Year Ended October 31, 1998**

	<u>Enterprise Fund</u>
Operating Revenues	
Gas Sales	\$ 612,189
Water Sales	255,101
Sewer Service Charges	262,447
Tie-Ins	3,500
Miscellaneous	4,313
Total Operating Revenues	<u>1,137,550</u>
Operating Expenses	
Personal Services	315,730
Supplies	96,605
Other Services and Charges	195,208
Gas Purchases	358,146
Depreciation	248,916
Total Operating Expenses	<u>1,214,605</u>
Operating Income (Loss)	<u>(77,055)</u>
Nonoperating Revenues (Expenses)	
Interest Expense	(77,759)
Interest Income	80,057
Dividend Income	11,489
Unrealized Gain (Loss)	(9,571)
Total Nonoperating Revenues	<u>4,216</u>
Operating Transfers In (Out)	
Operating Transfers In	44,669
Operating Transfers Out	(46,805)
Total Operating Transfers In (Out)	<u>(2,136)</u>
Net Income (Loss)	(74,975)
Decrease (Increase) in Retained Earnings Reserved for:	
Depreciation and Contingency Fund	(7,740)
Reserve Fund	(5,129)
Amortization of Contributions	137,514
Unreserved Retained Earnings, Beginning of Year	1,925,934
Unreserved Retained Earnings, End of year	<u>\$ 1,975,604</u>

The accompanying notes are an integral part of these statements.

Town of Franklinton
Combined Statement of Cash Flows
All Proprietary Fund Types
For the Year Ended October 31, 1998

Statement E

	<u>Enterprise Fund</u>
Cash Flows from Operating Activities	
Operating Income (Loss)	\$ (77,055)
Adjustments to Reconcile Net Operating Income to Net Cash Provided (Used) by Operating Activities:	
Depreciation	248,916
Change in Accounts Receivable	(10,439)
Change in Unbilled Receivables	16,499
Change in Due From Other Funds	(15,000)
Change in Due From State	-
Change in Inventory	684
Change in Accounts Payable	3,748
Change in Compensated Absences Payable	1,151
Change in Retainage Payable	(143,601)
Change in Due to Other Funds	(34,669)
Change in Customer Deposits Payable	5,996
Net Cash Provided (Used) by Operating Activities	<u>(3,770)</u>
Cash Flows from Noncapital Financing Activities	
Operating Transfers In	44,669
Operating Transfers Out	(46,805)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(2,136)</u>
Cash Flows from Capital and Related Financing Activities	
Principal Payments	(54,522)
Payments for Capital Assets	(4,848)
Interest Payments	(77,759)
Contributed Capital	-
Proceeds From Loans	-
Net Cash Provided (Used) by Capital & Related Financing Activities	<u>(137,129)</u>
Cash Flows from Investing Activities	
Payments for Capital Investments	(21,316)
Receipts of Interest	80,057
Receipts of Dividends	11,489
Net Cash Provided (Used) by Investing Activities	<u>70,230</u>
Net Cash Increase (Decrease)	(72,805)
Cash and Cash Equivalents, Beginning of Year	<u>1,185,070</u>
Cash and Cash Equivalents, End of Year	<u>\$ 1,112,265</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, 1998

INTRODUCTION

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION

The accompanying financial statements of the Town of Franklinton have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

B. REPORTING ENTITY

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

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.

C. 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.

TOWN OF FRANKLINTON, LOUISIANA

Notes to the Financial Statements

(Continued)

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

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

Governmental Funds

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

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

Proprietary Funds

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

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

D. BASIS OF ACCOUNTING

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

Revenues

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

Expenditures

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

TOWN OF FRANKLINTON, LOUISIANA

Notes to the Financial Statements

(Continued)

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 uses 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.

E. BUDGET PRACTICES

The proposed budget for 1998 was made available for public inspection on October 13, 1997. 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 27, 1997, for comments from taxpayers. The budget is legally adopted and amended, as necessary, by the board of aldermen.

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

F. ENCUMBRANCES

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

G. 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.

H. INVESTMENTS

Investments are limited by Louisiana Revised Statutes (R.S.) 33:2955 and the town's investment policy. If the original maturities of investments exceed 90 days, they are classified as investments; however, if the original maturities are 90 days or less, they are classified as cash equivalents. Investments of the Town of Franklinton are restricted to securities issued, guaranteed, or otherwise backed by the U.S. Treasury, the U.S. Government or one of its agencies, enterprises, or instrumentalities.

GASB Statement No. 31 requires the following disclosures:

1. The fair value of investments is based on quoted market prices.
2. Investments are reported at amortized cost.
3. There are no investments in external investment pools.
4. There is no involuntary participation in an external investment pool.
5. There is no income from investments associated with one fund that is assigned to another fund.

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

6. Investments are reported on the balance sheet at fair value.
7. The town recognizes all investment income, including changes in the fair value of investments, as revenue in the operating statement.

I. 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.

J. 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.

K. 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.

L. FIXED ASSETS

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

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

M. 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.

N. LONG-TERM LIABILITIES

Long-term liabilities are recognized within the enterprise funds.

O. FUND EQUITY

Contributed Capital

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

Reserves

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

TOWN OF FRANKLINTON, LOUISIANA

Notes to the Financial Statements

(Continued)

P. INTERFUND TRANSACTIONS

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

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as residual equity transfers. All other interfund transfers of the town are reported as operating transfers.

Q. 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 DEFICITS

The Police Ad Valorem Special Revenue Fund has a deficit fund balance of \$22,118 as of October 31, 1998. Management states that this fund deficit will be resolved when the next year's ad valorem taxes are collected by December 31, 1998.

The Streets & Drainage Ad Valorem Special Revenue Fund has a deficit fund balance of \$17,744 as of October 31, 1998. Management states that this fund deficit will be resolved when the next year's ad valorem taxes are collected by December 31, 1998.

The Jones Creek Capital Project Fund has a deficit fund balance of \$8,117 as of October 31, 1998. Management states that this fund deficit will be resolved when the next year's ad valorem taxes are collected and the Town transfers its 30% match to this fund by December 31, 1998.

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

The Town had no individual funds with actual expenditures over budgeted expenditures for the year ended October 31, 1998.

4. LEVIED TAXES

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

	Authorized Millage	Levied Millage	Collected Millage
General corporate purpose	7.24 mills	\$ 80,146	\$ 78,630
Police ad valorem	5.18 mills	\$ 57,342	\$ 56,257
Street and drainage ad valorem	7.24 mills	\$ 80,146	\$ 78,630

5. CASH AND CASH EQUIVALENTS

At October 31, 1998, the municipality has cash and cash equivalents (book balances) totaling \$1,415,349, as follows:

Demand deposits	\$ 82,462
Interest-bearing demand deposits	529,887
Money market accounts	-
Time deposits	803,000
Total	<u>\$ 1,415,349</u>

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

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, 1998, the municipality has \$1,506,978 in deposits (collected bank balances). These deposits are secured from risk by \$372,779 of federal deposit insurance and \$1,134,199 of pledged securities held by the custodial bank in the name of the fiscal agent bank (Category 3).

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

6. INVESTMENTS

Calculation of the Net Increase in the Fair Market Value of Investments - Aggregate Method

Fair value at October 31, 1997	\$ 841,519
Add: Proceeds of investments sold in 1998	30,000
Less: Cost of investments purchased in 1988	49,141
Less: Fair value At October 31, 1998	831,949
Change in fair value of investments	\$ (9,571)

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

7. RECEIVABLES

The receivables of \$876,673 at October 31, 1998, are as follows:

Class of Receivable	General Fund	Special Revenue Fund	Capital Projects Fund	Enterprise Fund	Total
Accounts - Customers	\$ 14,461	\$ -	\$ -	\$ 135,085	\$ 149,546
Franchise Tax	4,695	-	-	-	4,695
Lease Payments	432,356	-	-	-	432,356
Washington Parish - Police Jury	115,304	-	-	-	115,304
Sheriff	54,025	-	-	-	54,025
State	22,689	-	98,058	-	120,747
Total	\$ 643,530	\$ -	\$ 98,058	\$ 135,085	\$ 876,673

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

8. CHANGES IN GENERAL FIXED ASSETS

A summary of changes in general fixed assets follows:

	Balance November 1, 1997	Additions	Deletions	Balance October 31, 1998
Land	\$ 352,126	\$ -	\$ 104,450	\$ 247,676
Buildings and Improvements	715,288	10,000	116,741	608,547
Vehicles	475,228	22,656	8,420	489,464
Office Furniture and Fixtures	3,350	-	-	3,350
Equipment	500,190	15,873	8,100	507,963
Total	<u>\$2,046,182</u>	<u>\$ 48,529</u>	<u>\$ 237,711</u>	<u>\$1,857,000</u>

9. PROPERTY, PLANT AND EQUIPMENT

Gas Utility:

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

Water Utility:

Land	3,300
Operating System	1,991,549
Improvements	395,016
Equipment	32,519
Total Water Utility	<u>2,422,384</u>

Sewer Utility:

Collection System & Treatment Plant	3,705,668
Equipment	13,247
Construction in Progress	-
Total Sewer Utility	<u>3,718,915</u>
Total Utilities	7,137,063
Less Accumulated Depreciation	(3,571,061)
Net Property, Plant & Equipment	<u>\$ 3,566,002</u>

10. CHANGES IN LONG-TERM DEBT

The following is a summary of long-term debt transactions for the year ended October 31, 1998:

Bonds Payable, November 1, 1997	Revenue Bonds <u>\$ 1,545,747</u>
Bonds Issued	-
Bonds Retired	(54,522)
Bonds Payable, October 31, 1998	<u>\$ 1,491,225</u>

TOWN OF FRANKLINTON, LOUISIANA

Notes to the Financial Statements

(Continued)

Revenue bonds payable at October 31, 1998, are comprised of the following individual issues:

\$340,000 Gas utility bonds dated June 8, 1968 due in annual installments of \$2,000 to \$25,000 through November 1, 1998; interest at 5.75% payable semi-annually May 1 and November 1.	\$ 25,000
\$370,000 Sewer revenue refunding bonds dated November 1, 1993 Due in annual installments of \$29,000 to \$46,000 through November 1, 2003; interest at 5.5% payable semi-annually May 1, and November 1 each year.	245,000
\$1,250,000 Water revenue bonds dated December 26, 1996, due in monthly installments of principal and interest of \$6,101.50 from January 26, 1997 to December 26, 2036	<u>1,221,225</u>
	<u>\$1,491,225</u>

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 (1998 collections - \$651,181) 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 \$44,952.

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 \$33,987

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

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

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, 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 \$68,335 in a checking account and \$93,600 in a Certificate of Deposit.

The Sinking Fund is designed to achieve a proper matching of revenues and debt service on the bonds with each bond year. For purposes of this certificate, "Bond Year" shall mean 1 year period ending on each principal payment date of the bonds, which is November 1. The municipality is required by the Resolution to make monthly

TOWN OF FRANKLINTON, LOUISIANA

Notes to the Financial Statements

(Continued)

deposits into the Sinking Fund no later than the 20th day of each month, a sum of between \$4,017 to \$4,125. Amounts deposited in the Sinking Fund will be applied to the payment of principal and interest on the bonds in the bond year of their receipts. All amounts deposited in the Sinking Fund are expected to be depleted at least each bond year, except for a reasonable carryover amount which will not exceed the greater of (I) the earnings on the Debt Service Fund for the immediately preceding bond year, or (II) 1/12 of the principal and interest payments on the bonds for the immediately preceding year. The fund is represented by \$62,710 in a checking account.

The Reserve Fund is maintained solely for the purpose of paying the principal of and interest on bonds payable from the Sinking Fund as to which there would otherwise be default. The Reserve Fund was established by depositing \$37,000 into the Reserve Fund on the day of the delivery of the bonds and maintained therein over the life of the bonds. The balance of the fund as of October 31, 1998 is \$41,324.

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 \$24,236 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 on deposit in the Revenue Fund, after reasonable and necessary expenses of operating the system have been paid, moneys are to be transferred to the Sinking Fund, the Reserve Fund and/or the Contingency Fund as provided in the Resolution. The fund is represented by a cash overdraft of \$(13,170) in a checking account and \$54,400 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 \$6,101.50. 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 to RUS. The fund is represented by \$377 in a checking account.

The Reserve Fund is maintained solely for the purpose of paying the principal of and interest on bonds payable from the Sinking Fund as to which there would otherwise be default. The Reserve Fund is established by Depositing \$306 monthly into the Reserve Fund commencing with the month following the completion of the project. The balance of the fund as of October 31, 1998 is \$7,030.

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 \$321, 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 \$7,374 in a checking account.

13. COMPENSATED ABSENCES

At October 31, 1998, employees of the municipality have accumulated and vested \$35,694 of employee leave benefits, which was computed in accordance with GASB Codification Section C60. Of this amount, \$26,275 is recorded as an obligation of the General Fund, none is recorded within the general long-term obligations account group, and \$9,419 is recorded as an obligation of the Enterprise Funds.

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

14. PENSION PLAN

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

A. Municipal Employee Retirement System of Louisiana (System)

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

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

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

Funding Policy. Under Plan B, members are required by state statute to contribute 5.0 percent of their annual covered salary and the Town of Franklinton is required to contribute at an actuarially determined rate. The current rate is 2.75 percent of annual covered payroll. Contributions to the System also include one-fourth of one per cent (except Orleans and East Baton Rouge Parishes) of the taxes shown to be collectible by the tax rolls of each parish. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. The contribution requirements of plan members and the Town of Franklinton are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Town of Franklinton contributions to the System under Plan B for the years ending October 31, 1998, 1997, and 1996, were \$13,701, \$13,292, and \$16,131, respectively, equal to the required contributions for each year.

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

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

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

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

Funding Policy. Plan members are required by state statute to contribute 7.5 percent of their annual covered salary and the Town of Franklinton is required to contribute at an actuarially determined rate. The current rate is 9.0 percent of annual covered payroll. The contribution requirements of plan members and the Town of Franklinton are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Town of Franklinton's contributions to the System for the years ending October 31, 1998, 1997, and 1996, were \$8,671, \$7,764, and \$8,344, 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, 1998, the Town of Franklinton had no retirees eligible for this benefit.

16. PENDING LITIGATION AND CONTINGENT LIABILITIES

As of October 31, 1998, the Town of Franklinton has several suits pending or threatened litigation. All of these suits are covered by insurance. It is the opinion of the town that any loss that may be incurred will be immaterial.

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

The Town was approved for and executed a grant award to be received through the Louisiana Department of Transportation and Development (DOTD) which is funded under the Public Transportation for Non-Urbanized Areas - Section 18 of the Urban Mass Transportation Act of 1964, as amended by Section 313 of the Surface Transportation Assistance Act of 1978, entitled "Formula Grant Program for Areas Other Than Urbanized." The period covered by this grant is from November 1, 1997, through October 31, 1998.

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

18. 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 comprise the set of general purpose financial statements:

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

19. 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 576-59-0003 is \$1,123,755. Louisiana's funding share is \$786,628 (70%) and the Town's funding share is \$337,127 (30%). On November 8, 1994 the Town authorized the engineering firm to proceed on the engineering services and topographic surveys for the project in accordance with the engineering contract dated April 10, 1990. The Town has decided to dedicate surplus funds in the Enterprise Funds to fulfill the Town's matching obligation in the project, if surplus funds are not available in the Street Ad-Valorem - Special Revenue Fund.

TOWN OF FRANKLINTON, LOUISIANA

Notes to the Financial Statements

(Continued)

Community Development Block Grant

In December, 1998, the Town received approval for a \$981,000 Community Development Block Grant. This grant will be use to upgrade the Town's sewer system. The cost of this sewer upgrade will be paid entirely from the funds of the grant.

20. Year 2000 Issue

The year 2000 issue is the result of shortcomings in many electronic data processing systems and other electronic equipment that may adversely affect the Town of Franklinton, Louisiana's operations as early as fiscal year 1999.

The Town of Franklinton, Louisiana, has not inventoried computer systems and other electronic equipment that may be affected by the year 2000 issue and that are necessary to conducting the Town of Franklinton, Louisiana, operations. It is unknown as of October 31, 1998, what effects, if any, failing to remediate any such systems will have upon the Town of Franklinton, Louisiana, operations and financial reporting.

Because of the unprecedented nature of the Year 2000 Issue, its effects and the success of related remediation efforts will not be fully determinable until the year 2000 and thereafter. Management cannot assure that the Town of Franklinton, Louisiana, is or will be Year 2000 ready, that the Town of Franklinton, Louisiana's remediation efforts will be successful in whole or in part, or that parties with whom the Town of Franklinton, Louisiana, does business will be year 2000 ready.

21. Deferred Revenues

The Town has sold three industrial sites under long-term financing agreements. The \$432,356 receivable for future lease payments is disclosed in Note 7 and is reported in the general fund with a corresponding entry to deferred revenue. The lease payments collected are reported as lease payments in "Other Financing Sources" in the general fund.

	Remaining Payments as of 10/31/98	Payments Received FYE 10/31/98
Site 1, dated 4/15/90, Original Amount of \$42,500, with interest @ 3.275% and payments of \$400/month for 125 months.	\$ 8,900	\$ 4,800
Site 2, dated 5/1/91, Original Amount of \$110,874, with interest @ 8.25% and payments of \$903/month for 270 months, with a final payment of \$239.	165,256	10,836
Site 3, dated 3/10/98, Original Amount of \$207,000, with interest @ 6.00%, amended to 3%, with interest only payments each month and a principal payment of \$10,000 on the anniversary date, until paid in full.	258,200	11,035
	\$ 432,356	\$ 26,671

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, 1998**

Assets

Cash and Cash Equivalents	\$	276,581
Receivables:		
Intergovernmental		192,018
Accounts		451,512
Due From Other Funds		2,700
Total Assets	\$	<u>922,811</u>

Liabilities and Fund Balance

Liabilities:

Accounts Payable	\$	91,140
Compensated Absences Payable		26,275
Deferred Revenue		432,356
Total Liabilities		<u>549,771</u>

Fund Balance:

Undesignated		<u>373,040</u>
Total Fund Balance		<u>373,040</u>
Total Liabilities and Fund Balance	\$	<u>922,811</u>

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, 1998

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Taxes	\$ 856,400	\$ 877,626	\$ 21,226
Licenses and Permits	241,000	241,490	490
Intergovernmental	75,800	193,383	117,583
Charges for Services	199,725	203,562	3,837
Fines and Forfeits	45,000	43,902	(1,098)
Interest	5,000	8,468	3,468
Miscellaneous	34,600	15,619	(18,981)
Total Revenues	<u>1,457,525</u>	<u>1,584,050</u>	<u>126,525</u>
Expenditures			
General Government	630,625	621,507	9,118
Public Safety:			
Police	397,470	400,811	(3,341)
Fire	39,400	36,790	2,610
Highways and Streets	244,900	235,186	9,714
Sanitation	114,000	114,297	(297)
Health and Welfare	29,075	31,434	(2,359)
Transportation	6,000	6,153	(153)
Capital Outlays	4,850	10,936	(6,086)
Total Expenditures	<u>1,466,320</u>	<u>1,457,114</u>	<u>9,206</u>
Excess of Revenues Over (Under) Expenditures	<u>(8,795)</u>	<u>126,936</u>	<u>135,731</u>
Other Financing Sources (Uses)			
Sale of Fixed Assets	685	26,085	25,400
Lease Payments	-	26,671	26,671
Operating Transfers Out	-	(34,669)	(34,669)
Total Other Financing Sources (Uses)	<u>685</u>	<u>18,087</u>	<u>17,402</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>(8,110)</u>	<u>145,023</u>	<u>153,133</u>
Fund Balance, Beginning	228,017	228,017	-
Fund Balance, Ending	<u>\$ 219,907</u>	<u>\$ 373,040</u>	<u>\$ 153,133</u>

The accompanying notes are an integral part of these statements.

Town of Franklinton

Schedule 3

Schedule of Revenues Compared to Budget (GAAP Basis) and Actual
General Fund
For the Year Ended October 31, 1998

	Budget	Actual	Variance Favorable (Unfavorable)
Taxes:			
Ad Valorem	\$ 79,400	\$ 80,261	\$ 861
Sales Taxes	625,000	651,181	26,181
Cablevision Franchise	10,000	10,190	190
CLECO Franchise	92,000	92,292	292
REA Franchise	15,000	14,568	(432)
Telephone Franchise	35,000	29,134	(5,866)
Total Taxes	<u>856,400</u>	<u>877,626</u>	<u>21,226</u>
Licenses and Permits			
Occupational License	230,000	230,700	700
Building Permits	11,000	10,790	(210)
Total License and Permits	<u>241,000</u>	<u>241,490</u>	<u>490</u>
Intergovernmental:			
Tobacco Tax	20,000	20,145	145
Beer Tax	11,000	13,937	2,937
Police Jury Rebate	13,000	102,634	89,634
State Fire Insurance Rebates	-	12,671	12,671
State Food Stamp Reimbursement	800	-	(800)
State Grant	-	12,289	12,289
Federal Grant	31,000	31,707	707
Total Intergovernmental	<u>75,800</u>	<u>193,383</u>	<u>117,583</u>
Charges for Services:			
Sanitation User Fees	148,000	151,056	3,056
Fees - Water and Gas	46,000	47,022	1,022
Crossing Guard Reimbursement	5,700	5,459	(241)
Animal Registration	25	25	-
Total Charges for Services	<u>199,725</u>	<u>203,562</u>	<u>3,837</u>
Fines and Forfeits:			
Total Fines and Forfeits	<u>45,000</u>	<u>43,902</u>	<u>(1,098)</u>
Interest:			
Total Interest	<u>5,000</u>	<u>8,468</u>	<u>3,468</u>
Miscellaneous:			
Rent	20,000	4,477	(15,523)
Miscellaneous	14,600	11,142	(3,458)
Total Miscellaneous	<u>34,600</u>	<u>15,619</u>	<u>(18,981)</u>
Total Revenues	<u>\$ 1,457,525</u>	<u>\$ 1,584,050</u>	<u>\$ 126,525</u>

The accompanying notes are an integral part of these statements.

Town of Franklinton

Schedule 4

**Schedule of Expenditures Compared to Budget (GAAP Basis) and Actual
General Fund
For the Year Ended October 31, 1998**

	Budget	Actual	Variance Favorable (Unfavorable)
General Government:			
Administration's Fuel Expense	\$ 5,000	\$ 4,596	\$ 404
Mayor's Fund	2,000	1,815	185
Officials' Salaries	39,600	39,600	-
Officials' Travel and Per Diem	5,000	4,979	21
Retirement	7,500	7,071	429
Dues to Municipal Associations	1,500	1,348	152
Salaries	95,000	95,817	(817)
Payroll Taxes	11,500	9,580	1,920
Health Insurance	195,000	186,581	8,419
Legal Journal	5,000	4,631	369
Janitorial Supplies	1,500	1,307	193
Physical Examinations	500	492	8
Legal Fees	12,000	12,642	(642)
Audit Fee	-	-	-
Assessor's Fee	1,500	2,000	(500)
Insurance	140,000	138,413	1,587
Unemployment	25	23	2
Office Supplies	25,000	21,646	3,354
Postage	5,500	5,401	99
Uniforms	6,000	6,783	(783)
Manager's Fuel	1,000	1,177	(177)
Utilities	11,000	12,556	(1,556)
Building Maintenance	5,500	5,772	(272)
Industrial Development	54,000	57,277	(3,277)
Total General Government	<u>630,625</u>	<u>621,507</u>	<u>9,118</u>
Public Safety:			
Police:			
Salaries	311,000	311,755	(755)
Retirement	8,500	8,671	(171)
Utilities	14,000	16,002	(2,002)
Janitorial	2,000	2,422	(422)
Office Supplies	15,000	14,125	875
Payroll Taxes	26,000	26,200	(200)
Aids Insurance	1,500	1,325	175
Building Maintenance	2,000	1,700	300
Fuel	15,000	15,042	(42)
Unemployment	400	375	25
Drug Fund	350	353	(3)
Reserve	-	1,236	(1,236)
Drug Testing	1,700	1,584	116
Necropsy	-	-	-
Radio Repairs	20	21	(1)
Total Police	<u>397,470</u>	<u>400,811</u>	<u>(3,341)</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, 1998**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Fire:			
Salaries	\$ 14,000	\$ 14,251	\$ (251)
Payroll Taxes	1,100	1,175	(75)
Retirement	-	-	-
Health Insurance	8,000	7,916	84
Dues	100	100	-
Utilities	-	60	(60)
Telephone	1,300	1,381	(81)
Radio Expense	500	487	13
Truck Repairs	3,300	3,929	(629)
Equipment	4,000	-	4,000
Insurance	-	-	-
Supplies	2,000	3,614	(1,614)
Meetings	1,000	927	73
Fuel	1,000	1,204	(204)
School and Training	2,500	1,116	1,384
Building Maintenance	100	108	(8)
Uniforms	500	522	(22)
Total Fire	<u>39,400</u>	<u>36,790</u>	<u>2,610</u>
 Highways, Streets and Drainage:			
Salaries	149,000	140,750	8,250
Payroll Taxes	11,900	10,660	1,240
Retirement	7,500	6,630	870
Equipment Repairs	11,500	10,746	754
Supplies	30,500	32,757	(2,257)
Tools	1,000	860	140
Fuel	6,500	5,940	560
Street lights	27,000	26,843	157
Total Highways, Streets and Drainage	<u>244,900</u>	<u>235,186</u>	<u>9,714</u>
 Sanitation:			
Sanitation Fees	114,000	114,297	(297)
Total Sanitation	<u>114,000</u>	<u>114,297</u>	<u>(297)</u>
 Health and Welfare:			
Condemnation Expense	4,000	3,905	95
Food Stamp Operating Expense	150	91	59
Veterans Contribution	925	924	1
Animal Control	24,000	26,514	(2,514)
Total Health and Welfare	<u>29,075</u>	<u>31,434</u>	<u>(2,359)</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, 1998

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Transportation:			
Airport Utilities	\$ 1,500	\$ 1,714	\$ (214)
Airport Maintenance	4,500	4,439	61
Total Transportation	<u>6,000</u>	<u>6,153</u>	<u>(153)</u>
Capital Outlays:			
General Government	-	2,917	(2,917)
Highway & Streets	-	-	-
Public Safety	4,850	8,019	(3,169)
Total Capital Outlays	<u>4,850</u>	<u>10,936</u>	<u>(6,086)</u>
 Total Expenditures	 <u>\$ 1,466,320</u>	 <u>\$ 1,457,114</u>	 <u>\$ 9,206</u>

Concluded

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 to purchase new equipment at an industrial development location..

Town of Franklinton

Schedule 5

**Combining Balance Sheet
Special Revenue Funds
October 31, 1998**

	<u>Police Ad Valorem</u>	<u>Street Ad Valorem</u>	<u>Rural Development</u>	<u>Total</u>
Assets				
Cash	\$ 2,161	\$ 24,281	\$ 61	\$ 26,503
Due From Other Funds	-	-	-	-
Total Assets	<u>\$ 2,161</u>	<u>\$ 24,281</u>	<u>\$ 61</u>	<u>\$ 26,503</u>
 Liabilities and Fund Equity				
Liabilities:				
Accounts Payable	\$ 1,579	\$ -	\$ -	\$ 1,579
Due to Other Funds	22,700	42,025	-	64,725
Total Liabilities	<u>24,279</u>	<u>42,025</u>	<u>-</u>	<u>66,304</u>
 Fund Equity:				
Fund Balance	(22,118)	(17,744)	61	(39,801)
Total Fund Equity	<u>(22,118)</u>	<u>(17,744)</u>	<u>61</u>	<u>(39,801)</u>
 Total Liabilities and Fund Equity	<u>\$ 2,161</u>	<u>\$ 24,281</u>	<u>\$ 61</u>	<u>\$ 26,503</u>

The accompanying notes are an integral part of these statements.

Town of Franklinton

Schedule 6

**Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance
Special Revenue Funds
For the Year Ended October 31, 1998**

	Police Ad Valorem	Street Ad Valorem	Rural Development	Total
Revenues				
Ad Valorem Taxes	\$ 56,257	\$ 78,630	\$ -	\$ 134,887
Federal Grant	-	-	-	-
State Grant	-	23,521	8,768	32,289
Interest	312	1,549	5	1,866
Total Revenues	56,569	103,700	8,773	169,042
Expenditures				
Police	53,493	-	-	53,493
Highways and Streets	-	18,365	-	18,365
Drainage	-	-	-	-
Capital Outlays	21,593	-	8,768	30,361
Total Expenditures	75,086	18,365	8,768	102,219
Excess of Revenues Over (Under) Expenditures	(18,517)	85,335	5	66,823
Other Financing Sources (Uses)				
Sales of Fixed Assets	6,367	-	-	6,367
Operating Transfers In	-	36,805	-	36,805
Operating Transfers Out	-	(202,309)	-	(202,309)
Total Other Financing Sources (Uses)	6,367	(165,504)	-	(159,137)
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	(12,150)	(80,169)	5	(92,314)
Fund Balance (Deficit), Beginning	(9,968)	62,425	56	52,513
Fund Balance (Deficit), Ending	\$ (22,118)	\$ (17,744)	\$ 61	\$ (39,801)

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, 1998**

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Ad Valorem Taxes	\$ 56,000	\$ 56,257	\$ 257
Federal Grants	-	-	-
Interest	300	312	12
Total Revenues	56,300	56,569	269
Expenditures			
Schools & Training	10,000	9,529	471
Uniform Allowance	5,900	5,868	32
Uniform Accessories	1,500	1,458	42
Officer Certification	3,000	2,915	85
Radio Repairs	4,500	4,324	176
Equipment Repairs	9,000	29,231	(20,231)
Firing Range	1,000	168	832
Capital Outlays	33,150	21,593	11,557
Total Expenditures	68,050	75,086	(7,036)
Excess (Deficiency) of Revenues Over Expenditures	(11,750)	(18,517)	(6,767)
Other Financing Sources			
Sale of Fixed Assets	-	6,367	6,367
Total Other Financing Sources	-	6,367	6,367
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures	(11,750)	(12,150)	(400)
Fund Balance (Deficit), Beginning	(9,968)	(9,968)	-
Fund Balance (Deficit), Ending	\$ (21,718)	\$ (22,118)	\$ (400)

The accompanying notes are an integral part of these statements.

Town of Franklinton

Schedule 8

Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget (GAAP Basis) and Actual
Special Revenue Fund - Street Ad Valorem
For the Year Ended October 31, 1998

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Ad Valorem Taxes	\$ 78,000	\$ 78,630	\$ 630
State Grant	30,000	23,521	(6,479)
Interest	1,500	1,549	49
Total Revenues	<u>109,500</u>	<u>103,700</u>	<u>(5,800)</u>
Expenditures			
Highways and Streets	20,000	18,365	1,635
Drainage Projects	-	-	-
Total Highways and Streets	<u>20,000</u>	<u>18,365</u>	<u>1,635</u>
Excess of Revenues Over (Under) Expenditures	<u>89,500</u>	<u>85,335</u>	<u>(4,165)</u>
Other Financing Sources (Uses)			
Operating Transfers In	36,800	36,805	5
Operating Transfers Out	(202,000)	(202,309)	(309)
Total Other Financing Sources (Uses)	<u>(165,200)</u>	<u>(165,504)</u>	<u>(304)</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>(75,700)</u>	<u>(80,169)</u>	<u>(4,469)</u>
Fund Balance, Beginning	<u>62,425</u>	<u>62,425</u>	<u>-</u>
Fund Balance (Deficit), Ending	<u>\$ (13,275)</u>	<u>\$ (17,744)</u>	<u>\$ (4,469)</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, 1998

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
State Grant	\$ 8,768	\$ 8,768	\$ -
Interest	-	5	5
Total Revenues	<u>8,768</u>	<u>8,773</u>	<u>5</u>
Expenditures			
Capital Outlays	8,768	8,768	-
Total Expenditures	<u>8,768</u>	<u>8,768</u>	<u>-</u>
Excess of Revenues Over (Under) Expenditures	<u>-</u>	<u>5</u>	<u>5</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>5</u>	<u>5</u>
Fund Balance, Beginning	56	56	-
Fund Balance, Ending	<u>\$ 56</u>	<u>\$ 61</u>	<u>\$ 5</u>

The accompanying notes are an integral part of these statements.

CAPITAL PROJECTS FUNDS

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

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

Town of Franklinton

Schedule 10

**Combining Balance Sheet
Capital Projects Funds
October 31, 1998**

	<u>Jones Creek Project</u>	<u>Airport Project</u>	<u>Total</u>
Assets			
Due From Other Funds	\$ 42,025	\$ -	\$ 42,025
Due From State	98,058	-	98,058
Total Assets	<u>\$ 140,083</u>	<u>\$ -</u>	<u>\$ 140,083</u>
 Liabilities and Fund Equity			
Liabilities:			
Accounts Payable	\$ 140,958	\$ -	\$ 140,958
Retainage Payable	7,242	-	7,242
Total Liabilities	<u>148,200</u>	<u>-</u>	<u>148,200</u>
 Fund Equity:			
Contribution	-	-	-
Fund Balance	<u>(8,117)</u>	<u>-</u>	<u>(8,117)</u>
Total Fund Equity	<u>(8,117)</u>	<u>-</u>	<u>(8,117)</u>
Total Liabilities and Fund Equity	<u>\$ 140,083</u>	<u>\$ -</u>	<u>\$ 140,083</u>

The accompanying notes are an integral part of these statements.

Town of Franklinton

Schedule 11

**Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance
Capital Projects Funds
For the Year Ended October 31, 1998**

	<u>Jones Creek Project</u>	<u>Airport Project</u>	<u>Total</u>
Revenues			
Federal Grants	\$ -	\$ -	\$ -
State Grant	321,057	-	321,057
Total Revenues	<u>321,057</u>	<u>-</u>	<u>321,057</u>
Expenditures			
Sewer Construction	531,483	-	531,483
Airport Construction	-	-	-
Total Expenditures	<u>531,483</u>	<u>-</u>	<u>531,483</u>
Excess of Revenues Over (Under) Expenditures	<u>(210,426)</u>	<u>-</u>	<u>(210,426)</u>
Other Financing Sources			
Operating Transfers In	202,309	-	202,309
Total Other Financing Sources	<u>202,309</u>	<u>-</u>	<u>202,309</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>(8,117)</u>	<u>-</u>	<u>(8,117)</u>
Fund Balance, Beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, Ending	<u><u>\$ (8,117)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (8,117)</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 - Jones Creek Project
For the Year Ended October 31, 1998**

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
State Grant	\$ 321,000	\$ 321,057	\$ 57
Total Revenues	321,000	321,057	57
Expenditures			
Construction	531,500	531,483	17
Total Expenditures	531,500	531,483	17
Excess of Revenues Over (Under) Expenditures	(210,500)	(210,426)	74
Other Financing Sources			
Operating Transfers In	202,300	202,309	9
Total Other Financing Sources	202,300	202,309	9
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(8,200)	(8,117)	83
Fund Balance, Beginning	-	-	-
Fund Balance, Ending	\$ (8,200)	\$ (8,117)	\$ 83

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, 1998

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Federal Grant	\$ -	\$ -	\$ -
Total Revenues	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures			
Construction	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Excess of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, Beginning	-	-	-
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 14

Combining Balance Sheet
Enterprise Funds - Utility Funds
October 31, 1998

	Gas Utility System	Water Utility System	Sewer Utility System	Total
Assets				
Current Assets:				
Cash and Cash Equivalents	\$ 579,952	\$ 41,230	\$ 161,935	\$ 783,117
Investments	149,751	316,140	366,058	831,949
Accounts Receivable	33,391	24,471	24,669	82,531
Unbilled Receivables	25,689	13,236	13,629	52,554
Due From Other Funds	20,000	-	-	20,000
Inventory	8,278	-	-	8,278
Total Current Assets	<u>817,061</u>	<u>395,077</u>	<u>566,291</u>	<u>1,778,429</u>
Restricted Assets:				
Customer Deposits:				
Cash and Cash Equivalents	60,852	47,714	-	108,566
Bond Reserve Account:				
Cash and Cash Equivalents	28,000	7,030	41,324	76,354
Bond Contingency Account:				
Cash and Cash Equivalents	15,000	7,374	24,236	46,610
Bond Sinking Account:				
Cash and Cash Equivalents	34,531	377	62,710	97,618
Total Restricted Assets	<u>138,383</u>	<u>62,495</u>	<u>128,270</u>	<u>329,148</u>
Plant and Equipment:				
Plant and Equipment, at Cost	995,764	2,422,384	3,718,915	7,137,063
Accumulated Depreciation	(706,073)	(1,153,400)	(1,711,588)	(3,571,061)
Net Plant and Equipment	<u>289,691</u>	<u>1,268,984</u>	<u>2,007,327</u>	<u>3,566,002</u>
Total Assets	<u>\$ 1,245,135</u>	<u>\$ 1,726,556</u>	<u>\$ 2,701,888</u>	<u>\$ 5,673,579</u>

Continued on the following page.

The accompanying notes are an integral part of these statements.

Town of Franklinton

Schedule 14

Combining Balance Sheet
Enterprise Funds - Utility Funds
October 31, 1998

	Gas Utility System	Water Utility System	Sewer Utility System	Total
Liabilities and Fund Equity				
Liabilities:				
Current Liabilities (Payable From Current Assets):				
Accounts Payable	\$ 26,555	\$ 5,970	\$ 12,916	\$ 45,441
Compensated Absences Payable	4,931	4,058	430	9,419
Total Current Liabilities (Payable From Current Assets)	31,486	10,028	13,346	54,860
Current Liabilities (Payable From Restricted Assets):				
Customer Deposits	59,659	46,347	-	106,006
Revenue Bonds Payable	25,000	62,034	36,000	123,034
Total Current Liabilities (Payable From Restricted Assets)	84,659	108,381	36,000	229,040
Long-Term Liabilities:				
Revenue Bonds Payable	-	1,159,191	209,000	1,368,191
Total Long-Term Liabilities	-	1,159,191	209,000	1,368,191
Total Liabilities	116,145	1,277,600	258,346	1,652,091
Fund Equity:				
Contributed Capital	433,105	805,679	2,953,913	4,192,697
Less: Accumulated Amortization	(210,624)	(804,712)	(1,254,441)	(2,269,777)
Net Contributed Capital	222,481	967	1,699,472	1,922,920
Retained Earnings:				
Reserved for Revenue Bond Retirement	43,000	14,404	65,560	122,964
Unreserved	863,509	433,585	678,510	1,975,604
Total Retained Earnings	906,509	447,989	744,070	2,098,568
Total Fund Equity	1,128,990	448,956	2,443,542	4,021,488
Total Liabilities and Fund Equity	\$ 1,245,135	\$ 1,726,556	\$ 2,701,888	\$ 5,673,579

Concluded

The accompanying notes are an integral part of these statements.

Town of Franklinton

Schedule 15

**Combining Schedule of Revenues, Expenses and Changes in Unreserved Retained Earnings
Enterprise Funds - Utility Funds
For the Year Ended October 31, 1998**

	Gas Utility System	Water Utility System	Sewer Utility System	Total
Operating Revenues				
Gas Sales	\$ 612,189	\$ -	\$ -	\$ 612,189
Water Sales	-	255,101	-	255,101
Sewer Service Charges	-	-	262,447	262,447
Tie-Ins	1,050	1,275	1,175	3,500
Miscellaneous	175	3,710	428	4,313
Total Operating Revenues	613,414	260,086	264,050	1,137,550
Operating Expenses				
Personal Services	127,960	111,848	75,922	315,730
Supplies	31,626	32,535	32,444	96,605
Other Services and Charges	30,439	76,612	88,157	195,208
Gas Purchases	358,146	-	-	358,146
Depreciation	26,300	72,932	149,684	248,916
Total Operating Expenses	574,471	293,927	346,207	1,214,605
Operating Income (Loss)	38,943	(33,841)	(82,157)	(77,055)
Nonoperating Revenues (Expenses)				
Interest Income	33,402	21,120	25,535	80,057
Dividend Income	2,068	4,366	5,055	11,489
Unrealized Gain (Loss)	(1,723)	(3,637)	(4,211)	(9,571)
Interest Expense	(819)	(62,530)	(14,410)	(77,759)
Total Nonoperating Revenues (Expenses)	32,928	(40,681)	11,969	4,216
Operating Transfers In (Out)				
Operating Transfer In	44,669	-	-	44,669
Operating Transfer Out	(12,205)	(21,400)	(13,200)	(46,805)
Total Operating Transfers In (Out)	32,464	(21,400)	(13,200)	(2,136)
Net Income (Loss)	104,335	(95,922)	(83,388)	(74,975)
Decrease (Increase) in Retained Earnings				
Reserved For:				
Depreciation and Contingency Fund	-	(4,099)	(3,641)	(7,740)
Reserve Fund	-	(3,908)	(1,221)	(5,129)
Amortization of Contributions	18,391	967	118,156	137,514
Unreserved Retained Earnings, Beginning	740,783	536,547	648,604	1,925,934
Unreserved Retained Earnings, Ending	\$ 863,509	\$ 433,585	\$ 678,510	\$ 1,975,604

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, 1998**

	<u>Gas Utility System</u>	<u>Water Utility System</u>	<u>Sewer Utility System</u>	<u>Total</u>
Cash Flows from Operating Activities				
Operating Income (Loss)	\$ 38,943	\$ (33,841)	\$ (82,157)	\$ (77,055)
Adjustments to Reconcile Net Operating Income to Net Cash Provided (Used) by Operating Activities				
Depreciation	26,300	72,932	149,684	248,916
Change in Accounts Receivable	(10,030)	38	(447)	(10,439)
Change in Unbilled Receivables	13,394	1,780	1,325	16,499
Change in Due From Other Funds	(15,000)	-	-	(15,000)
Change in Due From State	-	-	-	-
Change in Inventory	684	-	-	684
Change in Accounts Payable	(1,494)	1,632	3,610	3,748
Change in Comp. Absences Payable	775	155	221	1,151
Change in Retainage Payable	-	(143,601)	-	(143,601)
Change in Due to Other Funds	(34,669)	-	-	(34,669)
Change in Customer Deposits Payable	1,585	4,411	-	5,996
Net Cash Provided by Operating Activities	<u>20,488</u>	<u>(96,494)</u>	<u>72,236</u>	<u>(3,770)</u>
Cash Flows from Noncapital Financing Activities				
Operating Transfers In	44,669	-	-	44,669
Operating Transfers Out	(12,205)	(21,400)	(13,200)	(46,805)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>32,464</u>	<u>(21,400)</u>	<u>(13,200)</u>	<u>(2,136)</u>
Cash Flows from Capital and Related Financing Activities				
Principal Repayments	-	(20,522)	(34,000)	(54,522)
Payments for Capital Assets	-	-	(4,848)	(4,848)
Interest Payments	(819)	(62,530)	(14,410)	(77,759)
Proceeds From Grant	-	-	-	-
Proceeds From Loan	-	-	-	-
Net Cash (Used) by Capital and Related Financing Activities	<u>(819)</u>	<u>(83,052)</u>	<u>(53,258)</u>	<u>(137,129)</u>
Cash Flows from Investing Activities				
Payments for Capital Investments	(3,837)	(8,100)	(9,379)	(21,316)
Receipts of Interest	33,402	21,120	25,535	80,057
Receipts of Dividends	2,068	4,366	5,055	11,489
Net Cash Provided by Investing Activities	<u>31,633</u>	<u>17,386</u>	<u>21,211</u>	<u>70,230</u>
Net Cash Increase (Decrease)	83,766	(183,560)	26,989	(72,805)
Cash and Cash Equivalents, Beginning of Year	634,569	287,285	263,216	1,185,070
Cash and Cash Equivalents, End of Year	<u>\$ 718,335</u>	<u>\$ 103,725</u>	<u>\$ 290,205</u>	<u>\$ 1,112,265</u>

The accompanying notes are an integral part of these statements.

Town of Franklinton

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, 1998

	Budget	Actual	Variance Favorable (Unfavorable)
Operating Revenues			
Gas Sales	\$ 615,000	\$ 612,189	\$ (2,811)
Tie-Ins	1,000	1,050	50
Miscellaneous	-	175	175
Total Operating Revenues	<u>616,000</u>	<u>613,414</u>	<u>(2,586)</u>
Operating Expenses			
Personal Services:			
Salaries	90,000	86,223	3,777
Payroll Taxes	7,000	6,850	150
Retirement	5,200	4,259	941
Health Insurance	32,000	30,628	1,372
Supplies:			
Billings	4,000	3,553	447
Meters	200	225	(25)
Supplies	16,000	21,015	(5,015)
Fuel	3,000	2,727	273
Equipment Repairs	4,000	4,106	(106)
Other Services and Charges:			
Uniforms	2,000	2,078	(78)
Auditing	4,500	4,550	(50)
Permit Fees	500	456	44
School & Certification	100	75	25
Drug Program	3,000	2,686	314
Administrative Fees to General Fund	20,000	20,594	(594)
Bad Debts	1,000	-	1,000
Gas Purchases	365,000	358,146	6,854
Depreciation	40,000	26,300	13,700
Total Operating Expenses	<u>597,500</u>	<u>574,471</u>	<u>23,029</u>
Operating Income (Loss)	<u>18,500</u>	<u>38,943</u>	<u>20,443</u>
Nonoperating Revenues (Expenses)			
Interest Expense	(1,000)	(819)	181
Interest Income	16,000	33,402	17,402
Dividend Income	-	2,068	2,068
Unrealized Gain (Loss)	-	(1,723)	(1,723)
Total Nonoperating Revenues (Expenses)	<u>15,000</u>	<u>32,928</u>	<u>17,928</u>
Operating Transfers In (Out)			
Operating Transfers In	10,000	44,669	34,669
Operating Transfers Out	(15,000)	(12,205)	2,795
Total Operating Transfers In (Out)	<u>(5,000)</u>	<u>32,464</u>	<u>37,464</u>
Net Income (Loss)	28,500	104,335	75,835
Amortization of Contributions	-	18,391	18,391
Unreserved Retained Earnings, Beginning	740,783	740,783	-
Unreserved Retained Earnings, Ending	<u>\$ 769,283</u>	<u>\$ 863,509</u>	<u>\$ 94,226</u>

The accompanying notes are an integral part of these statements.

Town of Franklinton

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, 1998

	Budget	Actual	Variance Favorable (Unfavorable)
Operating Revenues			
Water Sales	\$ 255,000	\$ 255,101	\$ 101
Tie-Ins	1,500	1,275	(225)
Miscellaneous	3,100	3,710	610
Total Operating Revenues	<u>259,600</u>	<u>260,086</u>	<u>486</u>
Operating Expenses			
Personal Services:			
Salaries	84,000	78,864	5,136
Payroll Taxes	6,200	6,163	37
Retirement	4,000	3,854	146
Health Insurance	24,000	22,967	1,033
Supplies:			
Meters	200	210	(10)
Supplies	25,000	26,874	(1,874)
Fuel	1,000	937	63
Chemicals	3,500	3,682	(182)
Equipment Repairs	1,000	832	168
Other Services and Charges:			
Utilities	25,000	24,942	58
Insurance	2,300	2,305	(5)
Uniforms	2,000	2,078	(78)
Administrative Fees to General Fund	26,000	26,428	(428)
Pump Repair	20,000	20,859	(859)
Depreciation	40,000	72,932	(32,932)
Total Operating Expenses	<u>264,200</u>	<u>293,927</u>	<u>(29,727)</u>
Operating Income (Loss)	<u>(4,600)</u>	<u>(33,841)</u>	<u>(29,241)</u>
Nonoperating Revenues (Expenses)			
Interest Expense	-	(62,530)	(62,530)
Interest Income	7,000	21,120	14,120
Dividend Income	-	4,366	4,366
Unrealized Gain (Loss)	-	(3,637)	(3,637)
Total Nonoperating Revenues (Expenses)	<u>7,000</u>	<u>(40,681)</u>	<u>(47,681)</u>
Operating Transfers (Out)			
Operating Transfers Out	-	(21,400)	(21,400)
Total Operating Transfers Out	<u>-</u>	<u>(21,400)</u>	<u>(21,400)</u>
Net Income (Loss)	2,400	(95,922)	(98,322)
Decrease (Increase) in Retained Earnings Reserved for Debt Service	-	(8,007)	(8,007)
Amortization of Contributions	-	967	967
Unreserved Retained Earnings, Beginning	536,547	536,547	-
Unreserved Retained Earnings, Ending	<u>\$ 538,947</u>	<u>\$ 433,585</u>	<u>\$ (105,362)</u>

The accompanying notes are an integral part of these statements.

Town of Franklinton

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, 1998**

	Budget	Actual	Variance Favorable (Unfavorable)
Operating Revenues			
Sewer Service Charges	\$ 265,000	\$ 262,447	\$ (2,553)
Tie-Ins	1,500	1,175	(325)
Miscellaneous Income	-	428	428
Total Operating Revenues	266,500	264,050	(2,450)
Operating Expenses			
Personal Services:			
Salaries	55,000	53,065	1,935
Payroll Taxes	4,500	4,154	346
Retirement	3,500	2,366	1,134
Health Insurance	18,000	16,337	1,663
Supplies:			
Supplies	30,000	26,908	3,092
Fuel	1,500	1,569	(69)
Chemicals	4,000	3,967	33
Other Services and Charges:			
Utilities	58,000	65,126	(7,126)
Uniforms	1,500	1,461	39
Audit	10,000	10,400	(400)
Equipment Repairs	2,500	2,537	(37)
Pump Repairs	5,000	4,466	534
Grant Expense	4,000	4,167	(167)
Depreciation	40,000	149,684	(109,684)
Total Operating Expenses	237,500	346,207	(108,707)
Operating Income (Loss)	29,000	(82,157)	(111,157)
Nonoperating Revenues (Expenses)			
Interest Income	8,000	25,535	17,535
Dividend Income	-	5,055	5,055
Unrealized Gain (Loss)	-	(4,211)	(4,211)
Interest Expense	(15,000)	(14,410)	590
Total Nonoperating Revenues (Expenses)	(7,000)	11,969	18,969
Operating Transfers (Out)			
Operating Transfers Out	-	(13,200)	(13,200)
Total Operating Transfers Out	-	(13,200)	(13,200)
Net Income (Loss)	22,000	(83,388)	(105,388)
Decrease (Increase) in Retained Earnings Reserved for Debt Service	-	(4,862)	(4,862)
Amortization of Contributions	-	118,156	118,156
Unreserved Retained Earnings, Beginning	648,604	648,604	-
Unreserved Retained Earnings, Ending	\$ 670,604	\$ 678,510	\$ 7,906

The accompanying notes are an integral part of these statements.

Town of Franklinton

Schedule 20

**Schedule of Gas, Water and Sewer Rates
Enterprise Funds
For the Year Ended October 31, 1998**

Gas Residential Rates

\$5.00 - First 500 Cubic Feet
\$.605 - Per 100 Cubic Feet for Next 3,500 Cubic Feet
\$.544 - Per 100 Cubic Feet for Next 16,000 Cubic Feet
\$.520 - Per 100 Cubic Feet for all over 20,000 Cubic Feet

Gas Commercial Rates

\$5.50 - First 500 Cubic Feet
\$.617 - Per 100 Cubic Feet for Next 9,500 Cubic Feet
\$.546 - Per 100 Cubic Feet for Next 30,000 Cubic Feet
\$.529 - Per 100 Cubic Feet for all over 40,000 Cubic Feet

Gas Industrial Rates

\$4.25 - First 500 Cubic Feet
\$.605 - Per 100 Cubic Feet for Next 3,500 Cubic Feet
\$.544 - Per 100 Cubic Feet for Next 16,000 Cubic Feet
\$.520 - Per 100 Cubic Feet for all over 20,000 Cubic Feet

Water Rates Inside Town Limits

\$8.00 - First 3,000 Gallons
\$.70 - Per 1,000 Gallons for all over 3,000 Gallons

Water Rates Outside Town Limits

\$15.00 - First 3,000 Gallons
\$.70 - Per 1,000 Gallons for all over 3,000 Gallons

Sewer Residential Rates

\$9.00 - First 5,000 Gallons of Water
\$.60 - Per 1,000 Gallons of Water over 5,000 Gallons

Sewer Commercial Rates

\$13.00 - First 5,000 Gallons of Water
\$.60 - Per 1,000 Gallons of Water over 5,000 Gallons

**Schedule of Number of Customers
Enterprise Funds
For the Year Ended October 31, 1998**

<u>Gas Customers</u>		<u>Water Customers</u>		<u>Sewer Customers</u>	
Residential	911	Residential	1,178	Residential	1,162
Commercial	210	Commercial	301	Commercial	301
Industrial	3	Total Water Customers	<u>1,479</u>	Total Sewer Customers	<u>1,463</u>
Total Gas Customers	<u>1,124</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.

Town of Franklinton
Schedule of General Fixed Assets
October 31, 1998

Schedule 21

General Fixed Assets, At Cost

Land:

Town Hall	\$ 7,500
Riverside Development	48,570
Williams Lumber Company	7,500
Industrial Park	25,000
Airport	1,500
Bogalusa Industrial Park	95,109
Railroad Property	33,192
Miscellaneous	1,140
First State Bank Property	2,750
Main Street Parking Lot	25,416
Total Land	247,677

Buildings and Furnishings:

Town Hall	248,779
Police and Fire Complex	51,700
Washington Parish Activity Center	109,313
Firing Range	2,973
Town Hall Improvements	9,015
Police Building Addition	44,804
Airport Hanger Building	10,000
Police Impound Yard	2,932
Total Buildings and Furnishings	479,516

Improvements Other than Buildings:

Airport	129,030
Total Improvements Other than Buildings	129,030

Equipment:

Equipment	1,000,777
Total Equipment	1,000,777
Total General Fixed Assets	\$ 1,857,000

Investment in General Fixed Assets

General Obligation Bonds	\$ 51,700
State Grants	201,344
Federal Revenue Sharing	377,927
Contributed Capital	31,447
Gas Utility System	266,259
General Fund Revenues	665,520
Police Ad Valorem Revenues	189,297
Street Ad Valorem Revenues	23,030
Rural Development	50,476
Total Investment in General Fixed Assets	\$ 1,857,000

The accompanying notes are an integral part of these statements.

Town of Franklinton
Franklinton, Louisiana

Schedule 22

Schedule of Compensation Paid Board Members
For the Year Ended October 31, 1998

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

Earl Brown, Mayor	\$ 9,600
Houston Magee, Alderman	6,000
David Bickham, Alderman	6,000
T. J. Butler, Alderman	6,000
Wayne Flemming, Alderman	6,000
William Durden, Alderman	6,000
	<hr/>
	\$ 39,600

**Town of Franklinton
Franklinton, Louisiana**

Schedule 23

**Summary Schedule of Prior Year Audit Findings
For the Year Ended October 31, 1998**

Section I - Internal Control and Compliance Material to the Financial Statements:

No Section I findings.

Section II-Internal Control and Compliance Material to Federal Awards

No Findings for Section II.

Section III - Management Letter

No findings for Section III.

**Town of Franklinton
Franklinton, Louisiana**

Schedule 24

**Corrective Action Plan for Current Year Audit Findings
For the Year Ended October 31, 1998**

Section I - Internal Control and Compliance Material to the Financial Statements

Reference Number: 98-C1

Description of Finding:

It was noted within Footnote 20 of the *Notes to the Financial Statements*, that the Town of Franklinton has not inventoried computer systems and other electronic equipment that may be affected by the year 2000 issue. It was also noted that management of the Town of Franklinton cannot assure that parties with which the Town of Franklinton does business will be year 2000 ready.

Corrective Action Planned:

The Town of Franklinton will maintain contact with the agency processing their accounting data, to insure that systems and programs are year 2000 compliant.

Name of Contact Person:

Earl R. Brown, Mayor
Franklinton, LA

Anticipated Completion Date:

We will check with agencies immediately and throughout the remainder of the year to determine year 2000 compliance for systems and programs that process financial and management data of the Town of Franklinton.

Section II - Internal Control and Compliance Material to Federal Awards

N/A

Section III - Management Letter

No Section III Findings.

BRUCE HARRELL & CO.
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MEMBERS
American Institute of CPAs
Society of Louisiana CPAs

**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 R. Brown
and Board of Aldermen
Franklinton, Louisiana

We have audited the general purpose financial statements of the Town of Franklinton, Louisiana, as of and for the year ended October 31, 1998, and have issued our report thereon dated February 8, 1998, which was qualified because insufficient audit evidence exists to support the Town of Franklinton, Louisiana's disclosure with respect to the year 2000 issue. Except as discussed in the preceding sentence, 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 instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings and questioned costs as item 98-C1.

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. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Town of Franklinton, Louisiana's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings and questioned costs as item 98-C1.

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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that

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Page 2

are also considered to be material weaknesses. However, we believe none of the reportable conditions described above is a material weakness

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


Bruce Harrell and Company, CPAs
A Professional Accounting Corporation

February 8, 1998