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CITY OF FRANKLIN, LOUISIANA

ANNUAL FINANCIAL STATEMENTS WITH INDEPENDENT AUDITORS' REPORT

and

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

FOR THE YEAR ENDED APRIL 30, 1998

Reissued

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

Release Date MAR 5 1998

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying general purpose financial statements of the City of Franklin, Louisiana as of April 30, 1998, and for the year then ended, as listed in the table of contents. These general purpose financial statements are the responsibility of the City of Franklin, Louisiana's management. Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of one of the City's component units (Marshal's Fund of the City Court). Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Marshal's Fund of the City Court, is based solely on the report of the other auditors.

We conducted our audit in accordance with generally accepted auditing standards 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 general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit and the report of other auditors provide a reasonable basis for our opinion.

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

In our opinion, except for the effects of not providing for the proper amount of pension expense and related required disclosures as discussed in the preceding paragraph, based on our audit and the report of other auditors, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the City of Franklin, Louisiana at April 30, 1998, and the results of its operations and cash flows of its proprietary fund for the year then ended, in conformity with generally accepted accounting principles.

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

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

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



CERTIFIED PUBLIC ACCOUNTANTS

October 8, 1998

**GENERAL PURPOSE FINANCIAL STATEMENTS
(COMBINED STATEMENTS - OVERVIEW)**

	Governmental Fund Types				Proprietary Fund Type Enterprise	Fiduciary Fund Type Trust and Agency	Account Groups			Totals (Memorandum Only) Primary Government	Component Units	Total (Memorandum Only) 1998	Total (Memorandum Only) 1997		
	General	Special Revenue	Debt Service	Capital Projects			General Fixed Assets	Long-Term Debt	General					Long-Term Debt	Total
LIABILITIES, EQUITY AND OTHER CREDITS															
Liabilities															
Accounts payable	\$100,948	\$117,608		\$15,440	\$70,034	\$3,825			\$307,855	\$25,988	\$333,843	\$260,612			
Contracts payable				166,004					166,004		166,004				
Accrued expenses	26,457					44,465			70,922		70,922	123,562			
Estimated claims payable	40,000						\$35,000		75,000		75,000	101,000			
Customer deposits					127,559				127,559		127,559	114,041			
Due to other governments										10,066	10,066	19,947			
Due to other funds	120,788	38,900	\$54,248	2,311	246,519	128,517			591,283	13,597	604,880	478,551			
Deferred revenue			25,655						25,655		25,655	34,811			
Payable from restricted assets					20,000				20,000		20,000	15,000			
Obligation under capital lease					9,357				9,357		9,357	16,562			
Bonds payable:															
General obligation															
Revenue					540,000			3,657,000	3,657,000		3,657,000	3,894,000			
Special assessment								908,000	908,000		908,000	944,000			
Total								40,096	40,096		40,096	82,108			
Equity and Other Credits															
Investment in general fixed assets	288,193	156,508	79,903	183,755	1,013,469	176,807		4,100,096	5,998,731	49,651	6,048,382	6,084,194			
Retained earnings:															
Reserved for revenue bonds															
Unreserved					52,062				52,062		52,062	51,762			
Fund balances					537,874				537,874		537,874	682,636			
Reserved for debt service			809,649						809,649		809,649	690,665			
Reserved for incomplete contracts							743,256		743,256		743,256	809,324			
Unreserved															
Undesignated	209,781	619,694	231,279	56,629		14,451			1,131,834	48,852	1,180,686	1,943,610			
Total equity and other credits	209,781	619,694	1,040,928	799,885	589,936	14,451	13,525,210	--	16,799,885	116,616	16,916,501	15,809,863			
Total liabilities, equity, and other credits	\$497,974	\$776,202	\$1,120,831	\$983,640	\$1,603,405	\$191,258	\$13,525,210	\$4,100,096	\$22,798,616	\$166,267	\$22,964,883	\$21,894,057			

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

CITY OF FRANKLIN

COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
ALL GOVERNMENTAL FUND TYPES, EXPENDABLE TRUST FUND, AND DISCRETELY PRESENTED COMPONENT UNITS
Year Ended April 30, 1998

	Governmental Fund Types			Fiduciary Fund Type	Total (Memorandum Only) Primary Government	Component Units	Total (Memorandum Only) 1998	Total (Memorandum Only) 1997		
	General	Special Revenue	Debt Service						Capital Projects	Expendable Trust
Revenues:										
Taxes	\$1,380,684	\$1,236,595			\$2,617,279		\$2,617,279	\$2,399,400		
Licenses and permits	594,053				594,053		594,053	591,863		
Intergovernmental	1,118,948	73,145		\$683,647	1,875,740	\$47,323	1,923,063	960,423		
Charges for services		782,710			782,710	56,539	839,249	831,143		
Fines	69,190				69,190		69,190	65,976		
Donations	17,006				17,006		17,006	2,656		
Miscellaneous	122,698	36,746	\$52,564	56,748	269,475		269,475	299,983		
Total revenues	3,302,579	2,129,196	52,564	740,395	6,225,453	103,862	6,329,315	5,151,444		
Expenditures										
Current										
General government										
Finance and administrative	263,641				263,641	73,522	337,163	207,458		
Judicial	145,049				145,049	33,214	178,263	115,525		
Public safety										
Police and fire department	1,392,762				1,392,762		1,392,762	1,333,523		
Inspection	44,633				44,633		44,633	22,087		
Streets and drainage	770,922				770,922		770,922	760,512		
Sanitation		1,164,376			1,164,376		1,164,376	1,194,420		
Health and welfare	22,343				22,343		22,343	45,897		
Culture and recreation	392,828				392,828		392,828	386,390		
Urban development	91,558	7,256			98,814		98,814	74,368		
Purchasing	35,065				35,065		35,065	25,086		
Other	170,407	90,054	137	6,796	267,470		267,470	221,329		
Capital outlays										
Sanitation				330,373	330,373		330,373	182,220		
Drainage				376,910	376,910		376,910			
Culture and recreation				790	790		790			
Highways and streets				1,154,755	1,154,755		1,154,755			
Debt service										
Principal			295,012		295,012		295,012	217,000		
Interest and fiscal charges			228,713		228,713		228,713	261,446		
Total expenditures	3,329,208	1,261,686	523,862	1,869,624	6,984,456	106,736	7,091,192	5,047,261		

	Governmental Fund Types				Fiduciary Fund Type Expendable Trust	Total Memorandum Only) Primary Government	Component Units	Total Memorandum Only)	
	Special		Debt Service	Capital Projects				1998	1997
	General	Revenue							
Excess (deficiency) of revenue over expenditures	(29,629)	867,510	(471,298)	(1,129,229)	643	(759,003)	(2,874)	(761,877)	104,183
Other financing sources (uses)									
Proceeds from bonds			50,871			50,871		50,871	1,737,685
Operating transfers in	254,800	22,570	786,171			1,063,541		1,063,541	1,418,855
Operating transfers out	(157,157)	(709,522)	(195,862)			(1,062,541)		(1,062,541)	(1,418,855)
Total other financing sources (uses)	97,643	(686,952)	641,180			51,871		51,871	1,737,685
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	71,014	180,558	169,882	(1,129,229)	643	(707,132)	(2,874)	(710,006)	1,841,868
Fund balances, beginning of year	138,767	449,805	871,046	1,918,445	13,808	3,391,871	51,726	3,443,597	1,601,458
Residual equity transfer		(10,669)		10,669					273
Fund balances, end of year	\$209,781	\$619,694	\$1,040,928	\$799,885	\$14,451	2,684,739	\$48,852	\$2,733,591	\$3,443,599

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

CITY OF FRANKLIN
GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
Year Ended April 30, 1998

	<u>Budget</u>	<u>Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
Revenues:			
Taxes	\$1,360,000	\$1,380,684	\$20,684
Licenses and permits	592,550	594,053	1,503
Intergovernmental	1,057,350	1,118,948	61,598
Fines	67,900	69,190	1,290
Mineral royalties	9,660	9,660	0
Miscellaneous	104,540	110,373	5,833
Donations	16,400	17,006	606
Interest earned	3,500	2,665	(835)
Total revenues	<u>3,211,900</u>	<u>3,302,579</u>	<u>90,679</u>
Expenditures:			
Current:			
General government			
Finance and administrative	271,200	263,641	7,559
Judicial	150,500	145,049	5,451
Public safety			
Police and fire department	1,383,500	1,392,762	(9,262)
Inspection	41,000	44,633	(3,633)
Tax collector	31,000	30,138	862
Public works	735,000	770,922	(35,922)
Recreation	394,500	392,828	1,672
Small animal warden	24,000	22,343	1,657
Economic development	95,317	91,558	3,759
Purchasing	36,200	35,065	1,135
Other	146,000	140,269	5,731
Total expenditures	<u>3,308,217</u>	<u>3,329,208</u>	<u>(20,991)</u>
Excess (deficiency) of revenues over expenditures	<u>(96,317)</u>	<u>(26,629)</u>	<u>69,688</u>
Other financing sources (uses)			
Operating transfers in	259,100	254,800	(4,300)
Operating transfers out	(156,783)	(157,157)	(374)
Total other financing sources (uses)	<u>102,317</u>	<u>97,643</u>	<u>(4,674)</u>
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	6,000	71,014	65,014
Fund balance, beginning of year		<u>138,767</u>	<u>138,767</u>
Fund balance (deficit), end of year	<u>\$6,000</u>	<u>\$209,781</u>	<u>\$203,781</u>

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

CITY OF FRANKLIN
SPECIAL REVENUE FUNDS

COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
Year Ended April 30, 1998

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:			
Taxes			
Sales	\$1,075,000	\$1,163,978	\$88,978
Ad valorem	71,500	72,617	1,117
Charges for service	807,800	782,710	(25,090)
State grant	73,134	73,145	11
Miscellaneous	4,700	27,198	22,498
Interest	8,500	9,548	1,048
Total revenue	<u>2,040,634</u>	<u>2,129,196</u>	<u>88,562</u>
Expenditures:			
Sanitation	1,158,978	1,164,376	(5,398)
Urban redevelopment	20,000	7,256	12,744
Other	96,687	90,054	6,633
Total expenditures	<u>1,275,665</u>	<u>1,261,686</u>	<u>13,979</u>
Excess of revenues over expenditures	<u>764,969</u>	<u>867,510</u>	<u>102,541</u>
Other financing sources (uses)			
Operating transfers in	22,200	22,570	370
Operating transfers out	(709,722)	(709,522)	200
Total other financing sources (uses)	<u>(687,522)</u>	<u>(686,952)</u>	<u>570</u>
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	77,447	180,558	103,111
Fund balance, beginning of year	585,011	449,805	(135,206)
Residual equity transfer		(10,669)	(10,669)
Fund balance, end of year	<u>\$662,458</u>	<u>\$619,694</u>	<u>(\$42,764)</u>

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

CITY OF FRANKLIN
DEBT SERVICE FUNDS

COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
Year Ended April 30, 1998

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:			
Special assessments	\$13,152	\$9,339	(\$3,813)
Interest	37,424	42,389	4,965
Miscellaneous		836	836
Total revenues	50,576	52,564	1,988
Expenditures:			
Debt Service	504,049	523,725	(19,676)
Miscellaneous		137	(137)
Total expenditures	504,049	523,862	(19,813)
Excess of revenues over expenditures	(453,473)	(471,298)	(17,825)
Other financing sources (uses)			
Operating transfers in	676,085	786,171	110,086
Operating transfers out	(68,112)	(195,862)	(127,750)
Proceeds from bonds		50,871	50,871
Total other financing sources (uses)	607,973	641,180	33,207
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	154,500	169,882	15,382
Fund balance, beginning of year	703,130	871,046	167,916
Fund balance, end of year	\$857,630	\$1,040,928	\$183,298

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

CITY OF FRANKLIN
CAPITAL PROJECTS FUNDS

COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
Year Ended April 30, 1998

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:			
Intergovernmental-			
St. Mary Parish Council	\$67,404	\$68,072	\$668
St. Mary Parish School Board	82,853	78,931	(3,922)
State grant	890,678	536,644	(354,034)
Interest earned	34,648	56,748	22,100
Total revenue	<u>1,075,583</u>	<u>740,395</u>	<u>(335,188)</u>
Expenditures:			
Capital outlay			
Sanitation			
Construction	1,328,662	283,421	1,045,241
Engineering	203,466	46,952	156,514
Culture and recreation		790	(790)
Highways and streets		1,154,755	(1,154,755)
Drainage		376,910	(376,910)
Other costs	26,063	6,796	19,267
Total expenditures	<u>1,558,191</u>	<u>1,869,624</u>	<u>(311,433)</u>
Excess of revenues over expenditures	<u>(482,608)</u>	<u>(1,129,229)</u>	<u>(646,621)</u>
Other financing sources (uses)			
Operating transfers in	170,000		(170,000)
Operating transfers out			
Total other financing sources (uses)	<u>170,000</u>	<u>0</u>	<u>(170,000)</u>
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	<u>(312,608)</u>	<u>(1,129,229)</u>	<u>(816,621)</u>
Fund balance, beginning of year	1,634,210	1,918,445	284,235
Residual equity transfer		10,669	10,669
Fund balance, end of year	<u>\$1,321,602</u>	<u>\$799,885</u>	<u>(\$521,717)</u>

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

CITY OF FRANKLIN

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

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 Year Ended April 30, 1998

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Revenues:			
Interest income	\$475	\$342	(\$133)
Miscellaneous		48	48
Mausoleum sales	829	329	(500)
Total revenues	<u>1,304</u>	<u>719</u>	<u>(585)</u>
Expenditures:			
Repairs and maintenance	75	76	(1)
Total expenditures	<u>75</u>	<u>76</u>	<u>(1)</u>
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	1,229	643	(586)
Fund balance, beginning of year	13,755	13,808	53
Fund balance, end of year	<u>\$14,984</u>	<u>\$14,451</u>	<u>(\$533)</u>

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

CITY OF FRANKLIN

COMPARATIVE STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN RETAINED EARNINGS - UTILITY ENTERPRISE FUND
The Government's Only Proprietary Fund
Year Ended April 30, 1998
With Comparative Totals from Year Ended April 30, 1997

	<u>1998</u>	<u>1997</u>
Operating revenues:		
Charges for services -		
Water sales	\$652,132	\$703,864
Delinquent penalties	6,141	9,059
Street light fees	93,064	97,405
Miscellaneous revenues	8,078	5,963
Total operating revenues	<u>759,415</u>	<u>816,291</u>
Operating expenses:		
Administrative and finance	19,624	22,438
Tax collector	14,000	18,305
Inspection	21,917	20,990
Purchasing	17,895	23,498
Water production	245,336	233,040
Water distribution	208,250	166,236
Billings and collections	170,391	194,824
Meter department	29,076	24,979
Depreciation	78,906	75,621
Bad debts	4,381	7,341
Street light fees	100,606	93,400
Total operating expenses	<u>910,382</u>	<u>880,672</u>
Operating income (loss)	<u>(150,967)</u>	<u>(64,381)</u>
Non-operating revenues (expenses)		
Interest income	7,505	9,845
Interest expense and fiscal charges		(300)
Total non-operating revenues	<u>7,505</u>	<u>9,545</u>
Income (loss) before operating transfers	(143,462)	(54,836)
Other financing sources (uses)		
Operating transfers out	(1,000)	(1,000)
Total other financing sources (uses)	<u>(1,000)</u>	<u>(1,000)</u>
Net income (loss)	<u>(144,462)</u>	<u>(55,836)</u>
Retained earnings, beginning of year	734,398	790,961
Residual equity transfer		273
Retained earnings, end of year	<u>\$589,936</u>	<u>\$735,398</u>

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

CITY OF FRANKLIN
COMPARATIVE STATEMENT OF CASH FLOWS
UTILITY ENTERPRISE FUND
The Government's Only Proprietary Fund
For the year ended April 30, 1998
Increase (Decrease) in Cash and Cash Equivalents

	<u>1998</u>	<u>1997</u>
Cash flows from operating activities:		
Cash received from customers	\$751,337	\$805,132
Cash payments to employees for services	(320,216)	(301,490)
Cash payments to suppliers for goods & services	(478,784)	(480,191)
Other cash received	8,078	5,963
	<u>(39,585)</u>	<u>29,414</u>
Cash flows from investing activities:		
Cash received from interest earned	7,505	9,845
	<u>7,505</u>	<u>9,845</u>
Cash flows from noncapital financing activities:		
Advances to other funds		(60,180)
Repayment of advances to other funds	74,915	
Advances from other funds	103,847	
Repayment of advances from other funds		(95,213)
Operating transfers to other funds	(1,000)	(2,000)
Other		273
	<u>177,762</u>	<u>(157,120)</u>
Cash flows from capital and related financing activities:		
Cash payments for principal on revenue bond maturities	(15,000)	(15,000)
Cash payments for interest on bonds	(37,062)	(300)
Cash payments made on lease obligations	(7,205)	(13,446)
Cash payments for acquisition of capital assets	(8,670)	(119,893)
	<u>(67,937)</u>	<u>(148,639)</u>
Net increase or (decrease) in cash and cash equivalents	77,745	(266,500)
Cash and cash equivalents beginning of year	<u>380,232</u>	<u>646,732</u>
Cash and cash equivalents end of year	<u>\$457,977</u>	<u>\$380,232</u>

	<u>1998</u>	<u>1997</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating loss	<u>(\$150,967)</u>	<u>(\$64,381)</u>
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:		
Depreciation	78,907	75,621
Change in assets and liabilities:		
(Increase) Decrease in accounts receivable	22,125	(18,679)
Decrease in interest receivable	146	1,781
Decrease in prepaid expenses	1,254	11,525
Increase in accounts payable and accrued expenses	8,051	8,301
Increase (Decrease) in accrued wages payable	(12,619)	3,544
Increase in customer deposits	<u>13,518</u>	<u>11,702</u>
Total adjustments	<u>111,382</u>	<u>93,795</u>
Net cash provided (used) by operating activities	<u>(\$39,585)</u>	<u>\$29,414</u>
Cash and cash equivalents at the end of the year are reported on the combined balance sheet as follows:		
Current assets		
Cash and cash equivalents	\$284,473	\$244,433
Restricted assets		
Revenue Bond Sinking Account	12,209	10,120
Revenue Bond Reserve Account	52,200	52,200
Construction trust account	<u>109,095</u>	<u>73,479</u>
	<u>\$457,977</u>	<u>\$380,232</u>

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

CITY OF FRANKLIN

NOTES TO THE FINANCIAL STATEMENTS

April 30, 1998

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

The following is a summary of certain significant accounting policies:

A. Reporting Entity

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

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

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

B. Individual Component Unit Disclosures

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

1. The City Court of the City of Franklin establishes a court for the City of Franklin and the territorial jurisdiction throughout Ward Three of St. Mary Parish, Louisiana. The purpose of the City Court is to collect all fines, forfeitures, penalties, and costs assessed. The judge and marshal are elected to six year terms. The fiscal year of the City Court of the City of Franklin ends on June 30, which is different from that of the primary government. The amounts shown in this report reflect information as of June 30, 1997, the most recent information available at this time. The City provides the facilities in which the Court operates and has approval authority over certain expenditures made by the Court.

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

2. The Marshal's Fund of the City Court of the City of Franklin accounts for the activities of the Marshal in carrying out the duties of the Court. The expenses of carrying out these duties are defrayed by court costs collected through the City Court. The fiscal year of the Marshal's Fund of the City Court of the City of Franklin ends on June 30, which is different from that of the primary government. The amounts shown in this report reflect information as of June 30, 1997, the most recent information available at this time. The City provides the facilities in which the Marshall operates and has approval authority over certain expenditures made by the Marshall.

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

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

Condensed Financial Statements
 - Discretely Presented Component Units
 Balance Sheets

	<u>City Court of the City of Franklin</u>	<u>Marshal's Fund of the City Court</u>	<u>Total</u>
Assets:			
Cash	\$62,966	\$2,553	\$65,519
Receivables-other	15,610		15,610
Due from other funds	13,597		13,597
Due for other govern- ments		3,777	3,777
Fixed assets	<u>37,369</u>	<u>30,395</u>	<u>67,764</u>
	<u>\$129,542</u>	<u>\$36,725</u>	<u>\$166,267</u>
Liabilities:			
Accounts payable	\$25,988		\$25,988
Due to other funds	13,597		13,597
Due to other governments	<u>10,066</u>		<u>10,066</u>
	<u>49,651</u>		<u>49,651</u>
Fund equity:			
Investment in general fixed assets	37,369	30,395	67,764
Fund balance	<u>42,522</u>	<u>6,330</u>	<u>48,852</u>
	<u>79,891</u>	<u>36,725</u>	<u>116,616</u>
Total	<u>\$129,542</u>	<u>\$36,725</u>	<u>\$166,267</u>

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

Statements of Revenues, Expenses, and Changes in Equity

	<u>City Court of the City of Franklin</u>	<u>Marshal's Fund of the City Court</u>	<u>Total</u>
Revenues:			
Charges for services	\$38,336	\$18,203	\$56,539
Intergovernmental	<u> </u>	<u>47,323</u>	<u>47,323</u>
Total revenues	<u>38,336</u>	<u>65,526</u>	<u>103,862</u>
Expenditures:			
Current			
General and admin.		73,522	73,522
Judicial	<u>33,214</u>	<u> </u>	<u>33,214</u>
Total expenditures	<u>33,214</u>	<u>73,522</u>	<u>106,736</u>
Excess (deficiency) of revenue over expenses	5,122	(7,996)	(2,874)
Fund balance-beginning	<u>37,400</u>	<u>14,326</u>	<u>51,726</u>
Fund balance-ending	<u>\$42,522</u>	<u>\$6,330</u>	<u>\$48,852</u>

C. Fund Accounting

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

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

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

GOVERNMENTAL FUNDS

General Fund

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Special Revenue Funds

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

Debt Service Funds

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

Capital Projects Funds

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

PROPRIETARY FUND

Enterprise Fund

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

TRUST AND AGENCY FUNDS

Fiduciary Funds

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

D. Basis of Accounting

1. Primary Government

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

Revenues:

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

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

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

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

Substantially all other revenues are recorded when received.

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

2. Basis of Accounting - Discretely Presented Component Units

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

E. Budgets and budgetary accounting

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

1. The Mayor and City Clerk prepare a proposed budget and submit the same to the City Council no later than fifteen days prior to the beginning of each fiscal year.
2. A summary of the proposed budget is published and the public is notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
3. A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing.
4. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of an ordinance prior to the commencement of the fiscal year for which the budget is being adopted.
5. Budgetary amendments involving the transfer of funds from one fund, department, program or function to another or involving increases in expenditures resulting from revenues exceeding amounts estimated require the approval of the City Council.
6. All budgetary appropriations lapse at the end of each fiscal year.
7. Budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP). All governmental funds have adopted budgets.
8. Budgetary comparisons include all budget amendments for the year.
9. No budgetary data is presented for Discretely Presented Component Units.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Cash and Cash Equivalents

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

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

G. Due From/To Other Funds

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

H. Investments

Investments include certificates of deposit with original maturities of greater than three months.

Investments are stated at cost.

I. Receivables

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

J. Prepaid Expenses

Payments made to suppliers for services that will benefit periods beyond April 30, 1998 are recorded as prepaid expenses in the Enterprise Fund.

K. Restricted Assets

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

L. Fixed Assets

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

M. Capitalization of Interest Expense

It is the policy of the City to capitalize material amounts of interest resulting from borrowings in the course of the construction of fixed assets. For the year ended April 30, 1998, approximately \$37,000 of interest was capitalized in the Utility Fund.

N. Encumbrances

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

The City does not reserve its fund balances for encumbrances outstanding. Encumbrances outstanding at April 30, 1998 are immaterial.

O. Compensated Absences

Compensated absences are absences for which employees will be paid, such as vacation and sick leave.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

No accrual is made for compensated absences because they are not significant.

P. Long-term Obligations

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

Q. Fund Equity

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

R. Interfund Transactions

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

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

S. Total Columns on Combined Statements - Overview

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

T. Comparative Data

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

NOTE 2 - FUND DEFICITS

The following individual funds of the City had deficit fund balances/retained earnings at April 30, 1998:

<u>Fund</u>	<u>Deficit Amount</u>
Capital Projects Funds:	
ISTEA-Franklin Bicycle/Pedestian Path	\$(158)
LCDBG Sewer Rehab Fund	(82)

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

NOTE 3 - EXPENDITURES - EXCESS OF ACTUAL OVER BUDGETED

The following individual funds had significant actual expenditures in excess of appropriated expenditures for the year ended April 30, 1998:

<u>Fund</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Debt Service Fund:			
Sales Tax Bond Sinking Fund 1996	\$133,010	\$152,512	\$(19,502)
Capital Projects Funds:			
Sales Tax Bond Construction 1996	955,915	1,160,468	(204,553)
LCDBG Sewer Rehab	147,054	331,456	(184,402)

NOTE 4 - AD VALOREM TAXES

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

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

For the year ended April 30, 1998, taxes of 19.36 mills were levied on property with assessed valuations totaling approximately \$22,500,000 and were dedicated as follows:

General corporate purposes	16.13 mills
Sewerage system maintenance	3.23 mills

NOTE 5 - CASH AND CASH EQUIVALENTS

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

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

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

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

	<u>Primary Government</u>	<u>Discretely Presented Component Units</u>
Cash and cash equivalents-stated value	<u>\$1,429,415</u>	<u>\$65,519</u>
Cash and cash equivalents-bank balance	1,693,840	94,966
Portion insured by federal deposit insurance	<u>363,443</u>	<u>94,966</u>
Balance uninsured and uncollateralized under GASB codification	<u>1,330,397</u>	<u>NONE</u>
Remaining portion of deposits secured under Louisiana Law	<u>1,330,397</u>	<u>NONE</u>
Amount unsecured under Louisiana law	<u>NONE</u>	<u>NONE</u>

NOTE 6 - INVESTMENTS

Under state law, the City may invest in certain federally guaranteed securities. The City has investments in certificates of deposit with original maturities of greater than three months.

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

NOTE 6 - INVESTMENTS (continued)

	<u>Categories</u>			<u>Carrying Amount</u>	<u>Market Value</u>
	<u>1</u>	<u>2</u>	<u>3</u>		
Certificates of deposit	\$ <u>1,189,973</u>	<u>--</u>	<u>--</u>	\$ <u>1,189,973</u>	\$ <u>1,189,973</u>
Total investments	\$ <u>1,189,973</u>	<u> </u>	<u> </u>	\$ <u>1,189,973</u>	\$ <u>1,189,973</u>

NOTE 7 - DUE FROM/TO OTHER FUNDS

The following is a listing of due from/to other funds by individual fund as of April 30, 1998:

	<u>Due from Other funds</u>	<u>Due to Other funds</u>
General Fund	\$54,937	\$120,787
Special Revenue Funds -		
Liquid & Solid Waste	391,217	32,325
Summer Feeding Program	22	
Revolving Loan Fund		500
Public Safety Fund		6,075
Debt Service Funds -		
Consolidated Sewerage District No. 1- 1989	787	6,000
Sales Tax Bond Sinking - 1987	34,739	48,249
Consolidated Sewer Sinking Fund - 1993	285	
Sales Tax Bond Reserve - 1996	1,623	
Capital Projects Funds -		
Consolidated Sewerage Project - 1993		285
ISTEA - Franklin Landscape		
Pedestrian/Bicycle Path		658
LCDBG Sewer Rehab		1,368
Enterprise Fund -		
Utility Fund	74,407	246,519
Fiduciary Fund -		
Expendable Trust:		
Mausoleum Endowed Care	73	
Agency:		
Payroll Fund	941	10,370
Accounts Payable Clearing Self - Funded	<u>32,252</u>	<u>118,147</u>
	<u>\$591,283</u>	<u>\$591,283</u>

NOTE 8 - DUE FROM/TO OTHER GOVERNMENTAL UNITS

Amounts due from/to other governmental units by fund at April 30, 1998 consisted of the following:

	General Fund	Liquid & Solid Waste Fund	LCDBG Sewer Rehab/ Reconstruction
Due from			
St. Mary Parish Council		\$23,720	
St. Mary Parish School Board	\$4,887		
Sewer District #7		4,800	
State of Louisiana			\$126,451

NOTE 9 - FIXED ASSETS

Primary Government

A summary of changes in general fixed assets for the year ended April 30, 1998 follows:

	Balance <u>5/01/97</u>	<u>Additions</u>	<u>Deletions</u>	Reclassi- <u>fications</u>	Balance <u>4/30/98</u>
Land	\$435,255			\$113,749	\$549,004
Buildings	1,234,581			310,545	1,545,126
Improvements other than buildings	8,517,867	\$1,020,086		3,707	9,541,660
Movable equipment	1,317,756	418,762	\$(68,839)	(338,076)	1,329,603
Construction in progress	<u>89,925</u>	<u>559,817</u>	<u> </u>	<u>(89,925)</u>	<u>559,817</u>
Total	<u>\$11,595,384</u>	<u>\$1,998,665</u>	<u>\$(68,839)</u>	<u>\$ </u>	<u>\$13,525,210</u>

A summary of proprietary fund type property, plant and equipment at April 30, 1998 follows:

	<u>1998</u>
Land	\$10,000
Building improvements and equipment	3,326,555
Automotive equipment	124,370
Furniture and fixtures	<u>115,052</u>
Total	3,575,977
Less: Accumulated depreciation	<u>2,691,141</u>
	<u>\$884,836</u>

Depreciation and amortization expense for 1998 is approximately \$79,000.

NOTE 9 - FIXED ASSETS (continued)

Discretely Presented Component Units

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

	Balance July 1, <u>1996</u>	<u>Additions</u>	<u>Deletions</u>	Balance June 30, <u>1997</u>
Equipment	\$ <u>36,482</u>	\$ <u>33,588</u>	\$ <u>2,306</u>	\$ <u>67,764</u>

NOTE 10 - LEASE OBLIGATIONS

The City's Enterprise fund has acquired one piece of equipment with a basis of approximately \$27,000 under a capital lease. The Liquid and Solid Waste fund has acquired one piece of equipment with a basis of approximately \$25,000 under capital lease. No other governmental funds have any significant leases. The City does rent various equipment from time to time on a short-term basis.

The following is a schedule by years of future minimum lease payments under a capital lease together with the present value of the net minimum lease payments as of April 30, 1998:

	<u>Utility Fund</u>	<u>Liquid & Solid Waste</u>
April 1999	\$9,357	\$9,877
April 2000		9,877
April 2001		<u>4,939</u>
Total minimum lease payments	9,357	24,693
Less: Amount representing interest	<u>(334)</u>	<u>(3,105)</u>
Present value of net minimum lease payments	\$ <u>9,023</u>	\$ <u>21,588</u>

NOTE 11 - LONG-TERM DEBT

The following is a summary of the City's long-term debt transactions for the year ended April 30, 1998:

	<u>General Long-term Debt Account Group</u>	<u>Utility Revenue Bonds</u>	<u>Total</u>
Balance at May 1, 1997	\$4,360,108	\$575,000	\$4,935,108
Additions			
Deductions	<u>(295,012)</u>	<u>(15,000)</u>	<u>(310,012)</u>
Balance at April 30, 1998	\$ <u>4,065,096</u>	\$ <u>560,000</u>	\$ <u>4,625,096</u>

NOTE 11 - LONG-TERM DEBT (continued)

Bonds and Notes payable at April 30, 1998 are comprised of the following individual issues:

General Obligation Bonds:

\$1,675,000 Sales Tax Bonds - Series ST-1996 dated November 1, 1996; due in annual installments of \$50,000 to \$135,000 through November 1, 2016 interest at 8.0 percent; secured by a pledge of the City's portion of the 1% of the parish wide sales and use tax, payable from the Sales Tax Bond Sinking Fund 1996 \$1,625,000

\$1,425,000 Public Improvements Sales Tax Refinancing Bonds, Series 1996, dated April 11, 1996; due in annual installments of \$20,000 to \$220,000 through December 1, 2004, interest at 3.8 to 4.6 per cent; secured by a pledge of the City's portion of the three-fourths of one percent (3/4%) parish wide sales and use tax, payable from the Sales Tax Bond Sinking Fund 1,375,000

Public Improvement Sales Tax Note, Series 1990 (DEQ Loan) for a loan amount of \$750,000. A subsequent series of \$100,000 was issued in 1994. The amount funded as of April 30, 1998, is \$850,000; due in annual installments of \$53,000 to \$85,000 through December 2005; interest at 5.5% payable from Liquid & Solid Waste Fund 623,000

\$40,000 Certificates of Indebtedness, Series 1995, dated September 1, 1995; due in annual installments of \$3,000 to \$5,000 through September 1, 2005; interest at 6% payable from a pledge and dedication of the excess of annual revenues of the issuer above statutory, necessary and usual charges in each of the fiscal years during which the Certificates are outstanding 34,000

Revenue Bonds:

1995 Water and Sewer Revenue Bonds, series A, dated June 23, 1995; due in annual installments of \$16,000 to \$27,000 through March 1, 2015, interest at 2.950%; secured by a pledge of Utility and Liquid and Solid Waste revenues after reasonable and necessary operating expenses 368,000

NOTE 11 - LONG-TERM DEBT (continued)

Special Assessment:

\$50,124 Sewerage Certificates, Series 1995, dated July 1, 1995; due in annual installments of \$5,012 through July 1, 2005; interest at 6.375% payable from Consolidated Sewerage Project 1993 Fund 40,096

Other: \$35,000 of estimated claims payable
(See Note 16) 35,000

Total General Long-term Debt \$4,100,096

Utility Revenue Bonds:

1995 Water and Sewer Revenue Bonds, series B, dated August 1, 1995; due in annual installments of \$10,000 to \$55,000 through March 1, 2015, interest at 4.65% to 6.7%; secured by a pledge of Utility and Liquid and Solid Waste revenues after reasonable and necessary operating expenses \$560,000

Total Utility Bonds \$ 560,000

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

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

NOTE 11 - LONG-TERM DEBT (cont'd)

The following is a schedule of future debt requirements including interest of approximately \$1,613,000 on General Obligations debt and \$105,000 on Utility Revenue Bonds for debt outstanding at April 30, 1998:

	<u>General Obligation</u>	<u>Utility Revenue</u>	<u>Total</u>
1999	\$519,000	\$31,000	\$550,000
2000	523,000	30,000	553,000
2001	520,000	30,000	550,000
2002	517,000	29,000	546,000
2003	518,000	33,000	551,000
2004-2017	<u>3,081,000</u>	<u>512,000</u>	<u>3,593,000</u>
Total	<u>\$5,678,000</u>	<u>\$665,000</u>	<u>\$6,343,000</u>

The above schedule does not include an estimated claim payable amount of \$35,000 included in the general long-term debt account group.

At April 30, 1998, a total of \$1,255,000 of outstanding general obligation bonds are considered defeased.

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

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

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

Each month, there will be set aside into a fund called the "1995 Water and Sewer Revenue Bond Sinking Fund" an amount ranging from \$2,852 to \$4,650 per month on or before the 20th of each month in the Utility and Liquid and Solid Waste Funds in proportion to their respective interest and principal payments. Such transfers shall be made by the 20th of each month and shall be fully sufficient to assure the prompt payment of principal and interest installments as they become due, and may be used only for such payments.

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

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

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

NOTE 13 - DEDICATION OF PROCEEDS AND FLOW OF FUNDS -
SALES AND USE TAXES

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

1. Proceeds of a 1% sales and use tax levied by the City in 1966 (1998 collections are \$1,018,044) are accounted for in the General Fund and are dedicated to the following purposes:

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

2. Proceeds of a 3/4% sales and use tax levied by the City in 1973 (1998 collections are \$913,133) are accounted for in the Liquid and Solid Waste Fund - a special revenue fund - and are authorized for the following usage:

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

3. Proceeds of a 3/10% sales and use tax levied by the City in 1983 (1998 collections are \$250,845) are accounted for in the Public Safety Fund - a special revenue fund - and are authorized for the following usage:

NOTE 13 - DEDICATION OF PROCEEDS AND FLOW OF FUNDS - SALES AND USE TAXES (continued)

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

NOTE 14 - PENSION PLAN AND OTHER RETIREMENT BENEFITS

Substantially all of the City's full-time employees except for police and firefighters participate in the Municipal Employees' Retirement System of Louisiana (Plan A), a multiple employer cost sharing public employee retirement system. The City's police officers and firefighters are eligible to participate in two other multiple employer cost sharing public employee retirement systems. The retirement system for police officers is the Municipal Police Employees Retirement System. Approximately 45% of police officers have elected to participate in this plan. The retirement system for firefighters is the Firefighters' Retirement System. One firefighter was enrolled in the plan. The judge for the City Court participates in the Louisiana State Employees' Retirement System; the payment amounts made by the City are not significant and the city is not responsible for the benefits.

The total payroll for the City for the year ended April 30, 1998, is approximately \$2,400,000. The payroll for City employees covered by the retirement systems are approximately as follows:

Municipal Employees' Retirement System of Louisiana	\$1,603,000
Municipal Police Employees Retirement System	237,000
Firefighters' Retirement System	<u>11,000</u>
	<u>\$1,851,000</u>

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

NOTE 14 - PENSION PLAN AND OTHER RETIREMENT BENEFITS (continued)

The City's and employees' required contribution rates and approximate contribution under each system are as follows for the year ended April 30, 1998:

<u>Retirement System</u>	<u>Contribution for</u>		<u>Required Contribution Rate</u>	
	<u>City</u>	<u>Employee</u>	<u>City</u>	<u>Employee</u>
Municipal Employees' Retirement System of Louisiana	\$94,000	\$148,000	5.75%	9.25%
Municipal Police Employees Retirement System	21,000	18,000	9.00%	7.50%
Firefighters' Retirement System	1,000	900	9.00%	8.00%

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

	<u>Annual Contribution Required</u>	<u>Actual Contributions For The Year Ended June 30, 1995</u>	<u>City's Percent of Actual Contributions</u>
Municipal Employees' Retirement System of Louisiana	\$ 9.1 million	\$18.9 million	.50%
Municipal Police Employees Retirement System	14.3 million	20.6 million	.10%
Firefighters' Retirement System	16.4 million	16.1 million	.01%

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

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

The pension benefit obligation at June 30, 1997, the latest available evaluation for each system as a whole, determined through an actuarial valuation performed as of that date, along with each systems' net assets available for benefits and unfunded pension benefit obligations are as follows:

	<u>Pension Benefit Obligation</u>	<u>Net Assets Available for Benefits</u>	<u>Unfunded (Over funded) Pension Benefit Obligation</u>
Municipal Employees' Retirement System of Louisiana	\$372.8 million	\$358.8 million	\$14.0 million
Municipal Police Employees Retirement System	\$930.4 million	\$929.8 million	\$.6 million
Firefighters' Retirement System	\$498.3million	\$475.3 million	\$23.0 million

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

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

In 1976 the Franklin policemen joined the Municipal Police Employees' Retirement System. The *City is still responsible for paying retirement benefits from City funds to eligible retired members*, in accordance with the policies, terms, and rates of the Franklin police retirement system which was in effect prior to joining the state system. The City is funding the pension costs when benefits are paid to retired employees. An actuarial study has not been performed to determine the City's liability for vested benefits and past service costs. Generally accepted accounting principles required that the provision for pension expense include a provision for amortization of past service costs. Expenditures by the City to fund the costs related to this prior retirement plan for year ended April 30, 1998 totaled approximately \$18,000.

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

NOTE 15 - COMMITMENTS

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

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

NOTE 15 - COMMITMENTS (continued)

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

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

The City has also entered into an agreement with the Louisiana Department of Transportation and Development for a flood control improvement project at the Bayou Yokely Pump Station. The total estimated cost of this project is approximately \$5,550,000. The project is to be funded 70% by the Department of Transportation and Development and 30% by the City. The City also entered into an intergovernmental agreement with the parish of St. Mary and Consolidated Gravity Drainage District No. 1 stating that each entity will jointly provide the 30% of funds required to accomplish the project in accordance with the Department of Transportation and Development as well as to provide jointly any funds required to complete the project which are not covered by the Department of Transportation and Development. Approximately \$460,000 in engineering and construction costs were incurred for this project through April 30, 1998.

During the audit period, the City entered into a cooperative endeavor agreement with the State of Louisiana for the renovation of the Teche and Center Theaters. According to the agreement, the City will receive funding in the amount of \$295,000. The City is required to provide \$100,000 in matching funds for the project. The \$100,000 match was met through renovations made to the theaters in prior years.

NOTE 16 - RISK MANAGEMENT AND CONTINGENCIES

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

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

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

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

NOTE 16 - RISK MANAGEMENT AND CONTINGENCIES (continued)

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

Changes in the City's estimated claims liabilities for the years ended April 30, 1997 and 1998 were:

Liability balance, May 1, 1996	\$70,000
<i>Claims and changes in estimate</i>	271,000
Claims paid	<u>(240,000)</u>
Liability balance, April 30, 1997	101,000
Claims and changes in estimates	269,000
Claims paid	<u>(295,000)</u>
Liability balance, April 30, 1998	<u>\$75,000</u>

Estimated claims liability at April 30, 1998 includes \$40,000 related to the medical and health plan for which \$57,000 in cash is available to pay claims, which is reported in the General Fund. The remaining \$35,000 in estimated liability is to be paid with future revenues and is reported in the General Long-term Debt Account Group.

The total expenditures reported by the City for claims related to retained risk for the year ended April 30, 1998 is \$263,000.

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

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

NOTE 17 - RESIDUAL EQUITY TRANSFER

During the year under audit, the activities of one Capital Project Fund was consolidated into the activities of one Special Revenue Fund. The residual equity deficit balances and related assets and liabilities at April 30, 1998, went into the following funds:

Fund Receiving Residual	
<u>Equity Transfer</u>	<u>Amount</u>
Special Revenue Fund -	
Liquid & Solid Waste Fund	\$(10,669)

SUPPLEMENTARY INFORMATION

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

GENERAL FUND

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

CITY OF FRANKLIN
GENERAL FUND

COMPARATIVE BALANCE SHEET
April 30,

ASSETS	<u>1998</u>	<u>1997</u>
Cash and cash equivalents	\$105,948	\$306,400
Investments	10,046	
Receivable:		
Taxes	136,191	90,725
Other	165,385	83,610
Due from other governmental units	4,888	4,888
Due from other funds	54,937	5,773
Prepaid salaries		2,473
Refundable deposit	20,579	20,579
Total assets	<u>\$497,974</u>	<u>\$514,448</u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable	\$100,948	\$97,501
Accrued liabilities	26,457	68,436
Estimated claims payable	40,000	54,000
Due to other funds	120,788	155,744
Total liabilities	<u>288,193</u>	<u>375,681</u>
Fund balance :		
Unreserved, undesignated	209,781	138,767
Total fund balance	<u>209,781</u>	<u>138,767</u>
Total liabilities and fund balance	<u>\$497,974</u>	<u>\$514,448</u>

CITY OF FRANKLIN
GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Year Ended April 30, 1998
With comparative Actual Amounts for Year Ended April 30, 1997

	1998		Variance Favorable (Unfavorable)	1997 Actual
	<u>Budget</u>	<u>Actual</u>		
Revenues:				
Taxes				
Sales	\$1,000,000	\$1,018,044	\$18,044	\$899,740
Ad valorem	360,000	362,640	2,640	358,045
Licenses and permits				
Occupational licenses	250,000	250,035	35	252,774
Chain store licenses	4,000	3,841	(159)	3,775
Liquor licenses	7,850	7,860	10	6,895
Franchise	315,000	316,726	1,726	316,752
Games of chance license	200	212	12	350
Building and electrical permits	15,500	15,379	(121)	11,317
Intergovernmental -				
Interest on delinquent tax	1,000	3,462	2,462	3,304
Tobacco tax	45,700	45,736	36	45,735
Beer tax	14,000	10,911	(3,089)	17,977
Video poker	261,600	285,246	23,646	224,685
Gaming revenue taxes	300,000	313,093	13,093	293,831
Parish council	237,800	251,498	13,698	134,267
State grant	41,900	43,105	1,205	20,542
Federal grant	90,350	95,328	4,978	49,749
Law enforcement tax	65,000	70,569	5,569	
Fines	67,900	69,190	1,290	65,976
Mineral royalties	9,660	9,660		27,073
Miscellaneous	104,540	110,373	5,833	106,809
Donations	16,400	17,006	606	2,656
Interest earned	3,500	2,665	(835)	4,391
Total revenues	<u>3,211,900</u>	<u>3,302,579</u>	<u>90,679</u>	<u>2,846,643</u>
Expenditures:				
Current				
General government				
Finance and administrative	271,200	263,641	7,559	170,244
Judicial	150,500	145,049	5,451	115,525
Public safety -				
Police and fire department	1,383,500	1,392,762	(9,262)	1,333,523
Inspection	41,000	44,633	(3,633)	22,087
Tax collector	31,000	30,138	862	21,834
Public works	735,000	770,922	(35,922)	760,512
Recreation	394,500	392,828	1,672	386,390
Small animal warden	24,000	22,343	1,657	24,348
Economic development	95,317	91,558	3,759	58,329
Purchasing	36,200	35,065	1,135	25,086
Other	146,000	140,269	5,731	143,008
Debt service				6,953
Total expenditures	<u>\$3,308,217</u>	<u>\$3,329,208</u>	<u>(\$20,991)</u>	<u>\$3,067,839</u>

	1998		Variance	1997
	<u>Budget</u>	<u>Actual</u>	<u>Favorable (Unfavorable)</u>	<u>Actual</u>
Excess (deficiency) of revenues over expenditures	(96,317)	(26,629)	69,688	(221,196)
Other financing sources (uses):				
Operating transfers in				
LCDBG Sewer Rehab.	6,300		(6,300)	
Public safety	248,800	248,800		257,419
Consolidated Sewer #1				1,164
1996 Sales Tax bond Sinking Yokely Project	4,000	4,000		13,520
Utility fund		1,000	1,000	2,000
Liquid and Solid Waste		1,000	1,000	37,200
Operating transfers out				
Sales Tax '96 Sinking Fund	(151,688)	(151,688)		(76,844)
Sales Tax '96 Reserve Fund				(20)
Summer Feeding				(4,625)
Liquid & Solid Waste				(2,000)
Police Narcotics		(369)	(369)	
Certificate of Indebtedness sinking fund	(5,095)	(5,100)	(5)	(5,355)
Total other financing sources (uses)	102,317	97,643	(4,674)	222,459
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	6,000	71,014	65,014	1,263
Fund balance, beginning		138,767	138,767	151,536
Residual equity transfer				(14,032)
Fund balance, ending	<u>\$6,000</u>	<u>\$209,781</u>	<u>\$203,781</u>	<u>\$138,767</u>

SPECIAL REVENUE FUNDS

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

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

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

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

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

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

CITY OF FRANKLIN
SPECIAL REVENUE FUNDS

COMBINING BALANCE SHEET

April 30, 1998

With Comparative Totals for April 30, 1997

	Liquid and Solid Waste Fund	Summer Feeding Program	Public Safety Fund	Revolving Loan Fund	Shell Housing Fund	Narcotic Aid Fund	Totals 1998	1997
ASSETS								
Cash and cash equivalents	\$30,874	\$5,389	\$6,075	\$25,183	\$5,478	\$9,455	\$82,454	\$117,187
Investments				20,200			20,200	
Loans receivable				74,485	69,494		143,979	119,840
Taxes receivable	86,283		23,527				109,810	93,159
Prepaid expense								2,299
Due from other governmental units	28,520						28,520	12,885
Due from other funds	391,217	\$22					391,239	200,185
Total assets	<u>\$536,894</u>	<u>\$5,411</u>	<u>\$29,602</u>	<u>\$119,868</u>	<u>\$74,972</u>	<u>\$9,455</u>	<u>\$776,202</u>	<u>\$545,555</u>
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable and accrued expenses	\$117,524	\$84					\$117,608	\$95,177
Due to other funds	32,325		\$6,075	\$500			38,900	573
Total liabilities	<u>149,849</u>	<u>84</u>	<u>6,075</u>	<u>500</u>	<u>--</u>	<u>--</u>	<u>156,508</u>	<u>95,750</u>
Fund Balances								
Unreserved - undesignated	387,045	5,327	23,527	119,368	\$74,972	\$9,455	619,694	449,805
Total fund balances	<u>387,045</u>	<u>5,327</u>	<u>23,527</u>	<u>119,368</u>	<u>74,972</u>	<u>9,455</u>	<u>619,694</u>	<u>449,805</u>
Total liabilities and fund balances	<u>\$536,894</u>	<u>\$5,411</u>	<u>\$29,602</u>	<u>\$119,868</u>	<u>\$74,972</u>	<u>\$9,455</u>	<u>\$776,202</u>	<u>\$545,555</u>

CITY OF FRANKLIN
SPECIAL REVENUE FUNDS

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

For the Year Ended April 30, 1998

With Comparative Totals for the Year Ended April 30, 1997

	Liquid and Solid Waste Fund	Summer Feeding Program	Public Safety Fund	Revolving Loan Fund	Shell Housing Fund	Narcotic Aid Fund	Total
							1998
							1997
Revenues:							
Taxes - sales	\$913,133		\$250,845				\$1,163,978
Taxes - ad valorem	72,617						71,750
Charges for service	782,710						781,224
Federal grant		\$71,876					7,000
State grant						\$1,269	483
Miscellaneous	279		\$50	\$36		26,833	11,846
Interest on investments	635		4,832	4,081		9,548	11,168
Total revenues	1,769,374	71,876	250,845	4,882	4,117	28,102	2,129,196
Expenditures:							
Sanitation	1,164,376						1,164,376
Urban redevelopment					7,256		21,549
Other		66,487		758	90	22,719	16,039
Total expenditures	1,164,376	66,487	--	758	7,346	22,719	1,232,008
Excess (deficiency) of revenues over expenditures	604,998	5,389	250,845	4,124	(3,229)	5,383	721,328
Other financing sources (uses)							
Operating transfers in	22,200					370	61,192
Operating transfers out	(460,722)		(248,800)				(812,264)
Total other financing sources (uses)	(438,522)		(248,800)	--	--	370	(751,072)
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	166,476	5,389	2,045	4,124	(3,229)	5,753	(29,744)
Fund balances, beginning of year	231,238	(62)	21,482	115,244	78,201	3,702	481,992
Residual equity transfer	(10,669)					(10,669)	(2,443)
Fund balances, end of year	\$387,045	\$5,327	\$23,527	\$119,368	\$74,972	\$9,455	\$449,805

CITY OF FRANKLIN
SPECIAL REVENUE FUNDS
LIQUID AND SOLID WASTE FUND

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

Year Ended April 30, 1998

With Comparative Actual Amounts for the year Ended April 30, 1997

	1998		Variance - Favorable (Unfavorable)	1997 Actual
	Budget	Actual		
Revenues:				
Taxes				
Sales	\$825,000	\$913,133	\$88,133	\$814,013
Ad valorem	71,500	72,617	1,117	71,750
Sewer user fees	380,000	375,839	(4,161)	369,221
Garbage and other	400,800	406,871	6,071	412,003
Other	200	279	79	704
Interest on investments	1,000	635	(365)	349
Total revenues	<u>1,678,500</u>	<u>1,769,374</u>	<u>90,874</u>	<u>1,668,040</u>
Expenditures:				
Sanitation				
General and Administrative	114,900	114,105	795	158,934
Solid Waste Department	335,138	363,853	(28,715)	331,753
Sewer collection	242,840	201,821	41,019	171,646
Sewer plant	382,500	393,406	(10,906)	444,603
Tax collector	16,000	14,671	1,329	18,494
Inspection	21,000	22,903	(1,903)	21,354
Meter department	29,400	35,939	(6,539)	24,093
Purchasing	17,200	17,678	(478)	23,543
Total expenditures	<u>1,158,978</u>	<u>1,164,376</u>	<u>(5,398)</u>	<u>1,194,420</u>
Excess (deficiency) of revenues over expenditures	<u>519,522</u>	<u>604,998</u>	<u>85,476</u>	<u>473,619</u>
Other financing sources (uses):				
Operating transfers in -				
1987 Sales Tax Bond Sinking fund	1,000	1,000		
DEQ Sinking fund 1989	1,500	1,500		
DEQ Reserve fund 1989	3,200	3,200		
Water & Sewer Reserve fund 1995	4,500	4,500		
Consolidated Sewerage Project 1993				43,411
Sales Tax Bond Reserve	12,000	12,000		13,156
Operating transfers out -				
1987 Sales Tax Bond Sinking Fund	(217,133)	(217,133)		(243,472)
1989 Sales Tax Bond Sinking Fund	(99,600)	(99,600)		(99,600)
General fund Northwest Blvd.		(1,000)	(1,000)	(37,200)
'95 Water & Sewer Sinking Fund	(27,416)	(27,416)		(27,721)
MFL Sinking Fund	(115,573)	(115,573)		(98,629)
MFL Reserve Fund				(33,907)
Total other financing sources (uses)	<u>(437,522)</u>	<u>(438,522)</u>	<u>(1,000)</u>	<u>(498,278)</u>
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	<u>82,000</u>	<u>166,476</u>	<u>84,476</u>	<u>(24,658)</u>
Fund balance, beginning of year		231,238	231,238	258,380
Residual equity transfer		(10,669)	(10,669)	(2,484)
Fund balance, end of year	<u>\$82,000</u>	<u>\$387,045</u>	<u>\$305,045</u>	<u>\$231,238</u>

CITY OF FRANKLIN
SPECIAL REVENUE FUND
SUMMER FEEDING PROGRAM

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL
Year Ended April 30, 1998
With Comparative Actual Amounts for Year Ended April 30, 1997

	1998		Variance Favorable (Unfavorable)	1997 Actual
	Budget	Actual		
Revenues:				
Federal grant	\$71,876	\$71,876		
Interest on investments				\$10
Total revenues	71,876	71,876		10
Expenditures:				
Salaries	25,827	25,827		
Supplies		4,271	(4,271)	
Food purchases	40,660	36,089	4,571	
Miscellaneous		300	(300)	5,201
Total expenditures	66,487	66,487		5,201
Excess (deficiency) of revenues over expenditures	5,389	5,389		(5,191)
Other financing sources				
Operating transfers in General fund				4,625
Total other financing sources	---	---	---	4,625
Excess (deficiency) of revenues over expenditures and other financing sources	5,389	5,389		(566)
Fund balance, beginning		(62)	(62)	504
Fund balance, ending	\$5,389	\$5,327	(\$62)	(\$62)

CITY OF FRANKLIN
SPECIAL REVENUE FUNDS
PUBLIC SAFETY FUND

STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Year Ended April 30, 1998
With Comparative Actual Amounts for Year Ended April 30, 1997

	1998		Variance - Favorable (Unfavorable)	1997 Actual
	<u>Budget</u>	<u>Actual</u>		
Revenues:				
Sales taxes	\$250,000	\$250,845	\$845	\$255,852
Total revenues	<u>250,000</u>	<u>250,845</u>	<u>845</u>	<u>255,852</u>
Expenditures	---	---	---	---
Excess of revenues over expenditures	<u>250,000</u>	<u>250,845</u>	<u>845</u>	<u>255,852</u>
Other financing (uses) :				
Operating transfers out General fund	(250,000)	(248,800)	1,200	(257,419)
Total other (uses)	<u>(250,000)</u>	<u>(248,800)</u>	<u>1,200</u>	<u>(257,419)</u>
Excess of revenues over expenditures and other financing (uses)	---	2,045	2,045	(1,567)
Fund balance, beginning of year	---	21,482	21,482	23,049
Fund balance, end of year	---	<u>\$23,527</u>	<u>\$23,527</u>	<u>\$21,482</u>

CITY OF FRANKLIN
SPECIAL REVENUE FUNDS
REVOLVING LOAN FUND

STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
Year Ended April 30, 1998

With Comparative Actual Amounts for the Year Ended April 30, 1997

	1998		Variance Favorable (Unfavorable)	1997 Actual
	<u>Budget</u>	<u>Actual</u>		
Revenues:				
Federal grants				\$7,000
Application fees		\$50	\$50	115
Interest income	\$4,500	4,832	332	4,918
Total revenues	<u>4,500</u>	<u>4,882</u>	<u>382</u>	<u>12,033</u>
Expenditures:				
Processing fees	500	163	337	
Miscellaneous	500	595	(95)	
Total expenditures	<u>1,000</u>	<u>758</u>	<u>242</u>	---
Excess of revenues over expenditures	3,500	4,124	624	12,033
Fund balance, beginning of year	117,000	115,244	(1,756)	103,211
Fund balance, end of year	<u>\$120,500</u>	<u>\$119,368</u>	<u>(\$1,132)</u>	<u>\$115,244</u>

CITY OF FRANKLIN
SPECIAL REVENUE FUNDS
SHELL HOUSING FUND

STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Year Ended April 30, 1998

With Comparative Actual Amounts for the Year Ended April 30, 1997

	1998			1997 Actual
	Budget	Actual	Variance Favorable (Unfavorable)	
Revenues:				
Interest on investments	\$3,000	\$4,081	\$1,081	\$5,901
Miscellaneous		36	36	
Total revenues	<u>3,000</u>	<u>4,117</u>	<u>1,117</u>	<u>5,901</u>
Expenditures:				
Urban redevelopment				
Processing fees	500		500	
Miscellaneous	500	90	410	733
Housing	20,000	7,256	12,744	15,228
Total expenditures	<u>21,000</u>	<u>7,346</u>	<u>13,654</u>	<u>15,961</u>
Excess of revenues over expenditures	(18,000)	(3,229)	14,771	(10,060)
Fund balance, beginning of year	76,000	78,201	2,201	88,261
Fund balance, end of year	<u>\$58,000</u>	<u>\$74,972</u>	<u>\$16,972</u>	<u>\$78,201</u>

CITY OF FRANKLIN
SPECIAL REVENUE FUNDS
NARCOTIC AID FUND

STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
Year Ended April 30, 1998
With Comparative Actual Amounts for the Year Ended April 30, 1997

	<u>1998</u>			<u>1997 Actual</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>	
Revenues:				
Police fines	\$2,000	\$1,730	(\$270)	\$1,550
Drug seizures	25,000	25,102	102	8,383
Dare grant	1,258	1,269	11	
Miscellaneous	4,500	1	(4,499)	
Total revenues	<u>32,758</u>	<u>28,102</u>	<u>(4,656)</u>	<u>11,017</u>
Expenditures:				
Investigations	10,000	7,549	2,451	5,505
Equipment	12,000	9,735	2,265	
Miscellaneous	6,200	5,435	765	4,586
Total expenditures	<u>28,200</u>	<u>22,719</u>	<u>5,481</u>	<u>10,091</u>
Excess of revenues over expenditures	4,558	5,383	825	927
Other financing sources:				
Operating transfer in - General fund		370	370	
Total other financing sources		<u>370</u>	<u>370</u>	
Excess of revenues over expenditures and other financing sources	4,558	5,753	1,195	
Fund balance, beginning of year	3,702	3,702		2,775
Fund balance, end of year	<u>\$8,260</u>	<u>\$9,455</u>	<u>\$1,195</u>	<u>\$3,702</u>

DEBT SERVICE FUNDS

Consolidated Sewerage District No. 1 - 1989 - To account for funds received from special assessments used to pay a portion of the acquisition and construction of sewerage improvements and extensions to the sewerage system to serve properties located in certain areas within the City.

Consolidated Sewerage District No. 1 Sinking Fund - To account for funds received from special assessments used to pay a portion of the cost of the acquisition and construction of sewerage improvements and extensions to the sewerage system to service properties located in Consolidated Sewerage District

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

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

Public Improvement Sales Tax Note, Series 1990 Sinking Fund - To accumulate money for payment of the DEQ loan in the amount of \$850,000 due in annual installments plus interest through maturity in 2005. Debt service is financed with Liquid and Solid Waste revenues.

Public Improvement Sales Tax Note, Series 1990 Reserve Fund - a reserve required by the \$850,000 due in annual installments plus interest through maturity in 2005. Debt service is financed with Liquid and Solid Waste revenues.

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

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

1996 Public Improvement Sales Tax Bonds Sinking Fund and Reserve Fund - To accumulate revenues for payment of the 1996 \$1,425,000 Sales Tax Refunding Bonds, which are serial bonds due in annual installments plus interest through maturity in 2004. Debt service is financed with proceeds of the City's 3/4% sales and use tax.

DEBT SERVICE FUNDS (cont'd)

Certificates of Indebtedness Series 1995 - To accumulate monies for payment of the 1995 Certificate of Indebtedness Series 1995 in the amount of \$50,124.

Sales Tax Bond Sinking Fund 1996 - To accumulate revenues for payment of the 1996 \$1,675,000 Sales Tax Bonds, which are serial bonds due in annual installments plus interest through maturity in 2015. Debt service is financed with proceeds of the City's 1% sales and use tax.

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

CITY OF FRANKLIN
DEBT SERVICE FUNDS

COMBINING BALANCE SHEET

April 30, 1998

With Comparative Totals for April 30, 1997

	Consolidated Sewerage District No. 1 1989	Consolidated Sewerage District No. 1 Sinking Fund 1987	Sales Tax Bond Reserve Fund 1987	DEQ Loan Sinking Fund 1989	DEQ Loan Reserve Fund 1989	1996 Public Improvement Sales Tax Bond Sinking Fund	1996 Public Improvement Sales Tax Bond Reserve Fund	'95 Water & Sewer Revenue Bond Sinking Fund	'95 Water & Sewer Revenue Bond Reserve Fund	Certificates of Indebtedness Series 1995	Sales Tax Bond Sinking Fund 1996	Sales Tax Bond Reserve Fund 1996	Totals 1998	Totals 1997
ASSETS														
Cash and cash equivalents	\$22,131	\$10,814	\$95,075	\$64,719	\$102,544	\$192,489	\$35,220	\$9,241	\$34,751	\$2,848	\$35,956	\$153,687	\$662,392	\$650,447
Investments													232,808	
Assessments receivable -														
Current	1,715	3,990											5,705	5,417
Delinquent	435	2,716											3,151	
Deferred	1,715	23,940											25,655	34,811
Due from other funds	787	286	34,738								1,623		37,434	36,623
Total assets	\$26,783	\$41,746	\$129,813	\$64,719	\$102,544	\$192,489	\$35,220	\$9,241	\$34,751	\$2,848	\$35,956	\$153,687	\$1,120,831	\$960,106
LIABILITIES AND FUND EQUITY														
Liabilities														
Due to other funds	\$6,000		\$48,248										\$54,248	\$54,249
Deferred revenue	1,715	\$23,940											25,655	34,811
Total liabilities	7,715	23,940	48,248										79,903	89,060
Fund equity														
Fund balance														
Reserved for debt service	19,068	17,806	81,565	\$64,719	\$102,544	\$192,489	\$35,220	\$9,241	\$28,431	\$2,848	\$35,956	\$150,688	694,290	
Unreserved/undesignated	19,068	17,806	81,565	64,719	102,544	192,489	35,220	9,241	6,320	2,848	35,956	231,279	176,756	
Total fund balance	38,136	35,612	163,130	129,438	205,088	384,978	70,440	18,482	34,751	5,696	71,912	186,967	871,046	
Total liabilities and fund balance	\$26,783	\$41,746	\$129,813	\$64,719	\$102,544	\$192,489	\$35,220	\$9,241	\$34,751	\$2,848	\$35,956	\$153,687	\$1,120,831	\$960,106

CITY OF FRANKLIN
DEBT SERVICE FUNDS

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

Year Ended April 30, 1998
With Comparative Totals for the Year Ended April 30, 1997

	Consolidated Sewerage District No 1 1999	Consolidated Sewerage District No 1 Sinking Fund 1997	Sales Tax Bond Reserve Fund 1987	Sales Tax Bond Reserve Fund 1989	DEQ Loan Reserve Fund 1989	DEQ Loan Reserve Fund 1989	1996 Public Improvement Sales Tax Bond Sinking Fund	1996 Public Improvement Sales Tax Bond Reserve Fund	95 Water & Sewer Revenue Bond Sinking Fund	95 Water & Sewer Revenue Bond Reserve Fund	Certificate of Indebtedness Series 1995	Sales Tax Bond Sinking Fund 1996	Sales Tax Bond Reserve Fund 1996	Totals 1998	Totals 1997
Revenues															
Special assessments	\$1,497	\$7,842					\$343	\$241	\$33	\$103			\$9,339	\$13,141	
Miscellaneous							2,523	822	393	947		\$2,198	\$10,263	836	
Interest on investments	1,464	2,015	\$13,747	\$1,433			841	957					42,389	30,798	
Total revenues	2,961	9,857	13,747	1,433			1,063	957	426	1,050		2,198	52,564	97,308	
Expenditures															
Debt Service															
Interest and bank charges		2,876					61,107		11,328		2,130	102,512	228,713	224,612	
Miscellaneous							65		20		52		137	5,606	
Bond payments		5,012					30,000		16,000		3,000	50,000	295,012	217,000	
Other														31,228	
Total expenditures		7,888		98,620			91,172		27,348		5,182	152,512	523,862	478,446	
Excess (deficiency) of revenues over expenditures	2,961	1,969	13,747	(97,187)			(90,109)	957	(26,922)	1,050	(5,120)	(150,314)	(471,298)	(381,138)	
Other financing sources (uses):															
Payment to refunding bond escrow agent															
Proceeds from refunding bonds														50,871	
Operating transfers in			29,350	99,600			235,698		27,416	(4,500)	5,100	161,139	786,171	762,044	
Operating transfers out			(22,735)	(1,500)			(3,200)					(4,000)	(195,862)	(37,129)	
Total other financing sources (uses)			6,615	98,100			235,698		27,416	(4,500)	5,100	157,139	641,190	724,915	
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	2,961	1,969	20,362	913	(334)		145,589	957	494	(3,450)	(20)	6,825	169,882	343,777	
Fund balance beginning	16,107	15,837	269,049	63,806	102,978		46,900	34,263	8,747	38,201	2,868	29,131	871,046	527,269	
Fund balance ending	\$19,068	\$17,806	\$289,411	\$64,719	\$102,544		\$192,489	\$35,220	\$9,241	\$34,751	\$2,848	\$35,956	\$1,040,928	\$871,048	

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

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL
Year Ended April 30, 1998
With Comparative Actual Amounts for Year Ended April 30, 1997

	1998		Variance Favorable (Unfavorable)	1997 Actual
	Budget	Actual		
Revenues:				
Special assessments	\$7,923	\$1,497	(\$6,426)	\$4,487
Interest on investments	600	1,464	864	826
Total revenues	<u>8,523</u>	<u>2,961</u>	<u>(5,562)</u>	<u>5,313</u>
Expenditures:				
Miscellaneous				353
Total expenditures				<u>353</u>
Excess (deficiency) of revenues over expenditures	<u>8,523</u>	<u>2,961</u>	<u>(5,562)</u>	<u>4,960</u>
Other financing sources (uses):				
Operating transfers out General fund				(1,164)
Total other financing sources (uses)				<u>(1,164)</u>
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	<u>8,523</u>	<u>2,961</u>	<u>(5,562)</u>	<u>3,796</u>
Fund balance, beginning	19,616	16,107	(3,509)	12,311
Fund balance, ending	<u>\$28,139</u>	<u>\$19,068</u>	<u>(\$9,071)</u>	<u>\$16,107</u>

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

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL
Year Ended April 30, 1998
With Comparative Actual Amounts for Year Ended April 30, 1997

	1998		Variance Favorable (Unfavorable)	1997 Actual
	Budget	Actual		
Revenues:				
Special assessments	\$5,229	\$7,842	\$2,613	\$8,654
Interest on investments	120	2,015	1,895	2,901
Total revenues	<u>5,349</u>	<u>9,857</u>	<u>4,508</u>	<u>11,555</u>
Expenditures:				
Debt service				
Bond payments	5,012	5,012		5,012
Interest & bank charges	2,876	2,876		3,195
Total expenditures	<u>7,888</u>	<u>7,888</u>	--	<u>8,207</u>
Excess (deficiency) of revenues over expenditures	(2,539)	1,969	4,508	3,348
Fund balance, beginning	11,850	15,837	3,987	12,489
Fund balance, ending	<u>\$11,850</u>	<u>\$15,837</u>	<u>\$3,987</u>	<u>\$15,837</u>

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

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL
Year Ended April 30, 1998
With Comparative Actual Amounts for Year Ended April 30, 1997

	1998		Variance Favorable (Unfavorable)	1997 Actual
	Budget	Actual		
Revenues:				
Miscellaneous				\$51,888
Interest on investments	\$18,500	\$5,681	(\$12,819)	1,187
Total revenues	<u>18,500</u>	<u>5,681</u>	<u>(12,819)</u>	<u>53,075</u>
Expenditures:				
Administrative				1,537
Miscellaneous				95
Debt service				
Interest and bank charges	11,140	11,140		112,390
Bond payments	130,000	130,000		120,000
Total expenditures	<u>141,140</u>	<u>141,140</u>		<u>234,022</u>
Excess (deficiency) of revenues over expenditures	<u>(122,640)</u>	<u>(135,459)</u>	<u>(12,819)</u>	<u>(180,947)</u>
Other financing sources (uses):				
Proceeds from refunding bonds		50,871	50,871	
Operating transfers in				
Liquid and Solid Waste Fund	292,645	217,133	(75,512)	243,472
1987 Reserve fund		10,735	10,735	
Operating transfers out				
1995 MFL Sinking fund		(120,125)	(120,125)	
1987 Reserve fund		(29,350)	(29,350)	(19,826)
Liquid & Solid Waste fund	(18,500)	(1,000)	17,500	
Total other financing sources (uses)	<u>274,145</u>	<u>128,264</u>	<u>(145,881)</u>	<u>223,646</u>
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	151,505	(7,195)	(158,700)	42,699
Fund balance, beginning	55,409	88,760	33,351	46,061
Fund balance, ending	<u>\$206,914</u>	<u>\$81,565</u>	<u>(\$125,349)</u>	<u>\$88,760</u>

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

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

Year Ended April 30, 1998

With Comparative Actual Amounts for Year Ended April 30, 1997

	1998		Variance Favorable (Unfavorable)	1997 Actual
	Budget	Actual		
Revenues:				
Interest on investments	\$900	\$13,747	\$12,847	\$14,217
Total revenues	900	13,747	12,847	14,217
Expenditures:				
Debt service				
Miscellaneous				30
Total expenditures	---			30
Excess (deficiency) of revenues over expenditures	900	13,747	12,847	14,187
Other financing sources (uses):				
Operating transfers in				
Sales Tax Sinking Fund 1987		29,350	29,350	19,825
Operating transfers out				
Liquid and Solid Waste Fund	(21,787)	(12,000)	9,787	(13,156)
Sinking fund 1987		(10,735)	(10,735)	
Total other financing sources (uses)	(21,787)	6,615	28,402	6,669
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	(20,887)	20,362	41,249	20,856
Fund balance, beginning	268,807	269,049	242	248,193
Fund balance, ending	\$247,920	\$289,411	\$41,491	\$269,049

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

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL
Year Ended April 30, 1998
With Comparative Actual Amounts for Year Ended April 30, 1997

	1998		Variance Favorable (Unfavorable)	1997 Actual
	Budget	Actual		
Revenues:				
Interest on investments	\$1,500	\$1,433	(\$67)	\$1,435
Total revenues	<u>1,500</u>	<u>1,433</u>	<u>(67)</u>	<u>1,435</u>
Expenditures:				
Debt service				
Bond payments	58,000	61,000	(3,000)	58,000
Interest and bank charges	40,620	37,620	3,000	39,016
Total expenditures	<u>98,620</u>	<u>98,620</u>		<u>97,016</u>
Excess (deficiency) of revenues over expenditures	<u>(97,120)</u>	<u>(97,187)</u>	<u>(67)</u>	<u>(95,581)</u>
Other financing sources (uses):				
Operating transfers in				
Liquid and Solid Waste Fund	99,600	99,600		99,600
Operating transfers out				
Liquid and Solid Waste Fund	(1,500)	(1,500)		
Total other financing sources (uses)	<u>98,100</u>	<u>98,100</u>		<u>99,600</u>
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	980	913	(67)	4,019
Fund balance, beginning	63,826	63,806	(20)	59,787
Fund balance, ending	<u>\$64,806</u>	<u>\$64,719</u>	<u>(\$87)</u>	<u>\$63,806</u>

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

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL
Year Ended April 30, 1998
With Comparative Actual Amounts for Year Ended April 30, 1997

	1998		Variance Favorable (Unfavorable)	1997 Actual
	Budget	Actual		
Revenues:				
Interest on investments	\$2,585	\$2,523	(\$62)	2,614
Miscellaneous		343	343	128
Total revenues	<u>2,585</u>	<u>2,866</u>	<u>281</u>	<u>2,742</u>
Expenditures:				
Total expenditures	---	---	---	---
Excess (deficiency) of revenues over expenditures	<u>2,585</u>	<u>2,866</u>	<u>281</u>	<u>2,742</u>
Other financing sources (uses):				
Operating transfers out				
Liquid and Solid Waste Fund		(3,200)	(3,200)	
Sales tax reserve 1987	(2,585)		2,585	
Total other financing sources (uses)	<u>(2,585)</u>	<u>(3,200)</u>	<u>(615)</u>	---
Excess (deficiency) of revenues over expenditures and other financing sources (uses)		(334)	(334)	2,742
Fund balance, beginning	102,878	102,878	---	100,136
Fund balance, ending	<u>\$102,878</u>	<u>\$102,544</u>	<u>(\$334)</u>	<u>\$102,878</u>

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

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL
Year Ended April 30, 1998
With Comparative Actual Amounts for Year Ended April 30, 1997

	1998		Variance Favorable (Unfavorable)	1997 Actual
	Budget	Actual		
Revenues:				
Miscellaneous		\$241	\$241	\$11
Interest on investments	\$800	822	22	483
Total revenues	800	1,063	263	494
Expenditures:				
Debt service				
Bond payments	30,000	30,000		20,000
Interest & bank charges	60,933	61,107	(174)	32,264
Miscellaneous		65	(65)	12
Total expenditures	90,933	91,172	(239)	52,276
Excess (deficiency) of revenues over expenditures	(90,133)	(90,109)	24	(51,782)
Other financing sources				
Operating transfers in				
Liquid and Solid Waste Fund	90,932	115,573	24,641	98,629
1987 Sales Tax Sinking Fund		120,125	120,125	
Total other financing sources	90,932	235,698	144,766	98,629
Excess (deficiency) of revenues over expenditures and other financing sources	799	145,589	144,790	46,847
Fund balance, beginning	46,901	46,900	(1)	53
Fund balance, ending	\$47,700	\$192,489	\$144,789	\$46,900

CITY OF FRANKLIN
DEBT SERVICE FUND
1996 PUBLIC IMPROVEMENT SALES TAX BOND RESERVE FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL
Year Ended April 30, 1998
With Comparative Actual Amounts for Year Ended April 30, 1997

	1998		Variance Favorable (Unfavorable)	1997 Actual
	Budget	Actual		
Revenues:				
Miscellaneous		\$116	\$116	\$27
Interest on investments	\$921	841	(80)	328
Total revenues	<u>921</u>	<u>957</u>	<u>36</u>	<u>355</u>
Expenditures:				
Debt service				
Miscellaneous				30
Total expenditures	---			<u>30</u>
Excess (deficiency) of revenues over expenditures	<u>921</u>	<u>957</u>	<u>36</u>	<u>325</u>
Other financing sources (uses):				
Operating transfers in Liquid and Solid Waste Fund				33907
Operating transfers out Liquid and Solid Waste Fund	(1,800)		1,800	
Total other financing sources (uses)	<u>(1,800)</u>		<u>1,800</u>	<u>33,907</u>
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	<u>(879)</u>	<u>957</u>	<u>1,836</u>	<u>34,232</u>
Fund balance, beginning	34,263	34,263		31
Fund balance, ending	<u>\$33,384</u>	<u>\$35,220</u>	<u>\$1,836</u>	<u>\$34,263</u>

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

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL
Year Ended April 30, 1998
With Comparative Actual Amounts for Year Ended April 30, 1997

	1998		Variance Favorable (Unfavorable)	1997 Actual
	Budget	Actual		
Revenues:				
Interest on investments	\$400	\$393	(\$7)	\$279
Miscellaneous		33	33	
Total revenues	<u>400</u>	<u>426</u>	<u>26</u>	
Expenditures:				
Debt service				
Bond payments	16,000	16,000		4,988
Interest and bank charges	11,328	11,328		
Miscellaneous		20	(20)	41
Total expenditures	<u>27,328</u>	<u>27,348</u>	<u>(20)</u>	<u>5,029</u>
Excess (deficiency) of revenues over expenditures	<u>(27,328)</u>	<u>(26,922)</u>	<u>6</u>	<u>(5,029)</u>
Other financing sources				
Operating transfers in Liquid and Solid Waste Fund	27,416	27,416		12,762
Total other financing sources	<u>27,416</u>	<u>27,416</u>		<u>12,762</u>
Excess (deficiency) of revenues over expenditures and other financing sources	<u>88</u>	<u>494</u>	<u>6</u>	<u>7,733</u>
Fund balance, beginning	8,747	8,747		
Fund balance, ending	<u>\$8,835</u>	<u>\$9,241</u>	<u>\$6</u>	<u>\$7,733</u>

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

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL
Year Ended April 30, 1998
With Comparative Actual Amounts for Year Ended April 30, 1997

	1998		Variance Favorable (Unfavorable)	1997 Actual
	<u>Budget</u>	<u>Actual</u>		
Revenues:				
Interest on investments	\$1,050	\$947	(\$103)	\$1,891
Miscellaneous		103	103	\$114
Total revenues	<u>1,050</u>	<u>1,050</u>		<u>2,005</u>
Expenditures:				
Total expenditures	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>
Excess (deficiency) of revenues over expenditures	<u>1,050</u>	<u>1,050</u>		<u>2,005</u>
Other financing sources (uses)				
Operating transfers out Liquid and Solid Waste Fund	(4,500)	(4,500)		
Total other financing sources (uses)	<u>(4,500)</u>	<u>(4,500)</u>		
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	<u>(3,450)</u>	<u>(3,450)</u>		<u>2,005</u>
Fund balance, beginning	38,290	38,201	(89)	36,196
Fund balance, ending	<u>\$34,840</u>	<u>\$34,751</u>	<u>(\$89)</u>	<u>\$38,201</u>

CITY OF FRANKLIN
DEBT SERVICE FUND
CERTIFICATES OF INDEBTEDNESS SERIES 1995

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL
Year Ended April 30, 1998
With Comparative Actual Amounts for Year Ended April 30, 1997

	1998		Variance Favorable (Unfavorable)	1997 Actual
	<u>Budget</u>	<u>Actual</u>		
Revenues:				
Interest on investments	\$20	\$62	\$42	\$67
Total revenues	<u>20</u>	<u>62</u>	<u>42</u>	<u>67</u>
Expenditures:				
Debt service				
Bond payments	4,110	3,000	1,110	3,000
Interest & bank charges	1,020	2,130	(1,110)	3,510
Miscellaneous		52	(52)	44
Total expenditures	<u>5,130</u>	<u>5,182</u>	<u>(52)</u>	<u>6,554</u>
Excess (deficiency) of revenues over expenditures	<u>(5,110)</u>	<u>(5,120)</u>	<u>(10)</u>	<u>(6,487)</u>
Other financing sources				
Operating transfers in General Fund	5,085	5,100	15	5,355
Total other financing sources	<u>5,085</u>	<u>5,100</u>	<u>15</u>	<u>5,355</u>
Excess (deficiency) of revenues over expenditures and other financing sources	<u>(25)</u>	<u>(20)</u>	<u>5</u>	<u>(1,132)</u>
Fund balance, beginning	3,310	2,868	(442)	4,000
Fund balance, ending	<u>\$3,285</u>	<u>\$2,848</u>	<u>(\$437)</u>	<u>\$2,868</u>

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

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL
Year Ended April 30, 1998
With Comparative Actual Amounts for Year Ended April 30, 1997

	1998		Variance Favorable (Unfavorable)	1997 Actual
	Budget	Actual		
Revenues:				
Miscellaneous				\$1,157
Interest on investments	\$1,308	\$2,198	\$890	399
Total revenues	<u>1,308</u>	<u>2,198</u>	<u>890</u>	<u>1,556</u>
Expenditures:				
Debt service				
Interest and bank charges	83,010	102,512	(19,502)	52,144
Bond payments	50,000	50,000		
Miscellaneous				108
Total expenditures	<u>133,010</u>	<u>152,512</u>	<u>(19,502)</u>	<u>52,252</u>
Excess (deficiency) of revenues over expenditures	<u>(131,702)</u>	<u>(150,314)</u>	<u>(18,612)</u>	<u>(50,696)</u>
Other financing sources (uses):				
Operating transfers in				
General Fund	151,687	151,687		76,844
1996 ST Bond Reserve Fund	8,720	9,452	732	2,983
Operating transfers out				
General Fund	(8,720)	(4,000)	4,720	
Total other financing sources (uses)	<u>151,687</u>	<u>157,139</u>	<u>5,452</u>	<u>79,827</u>
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	<u>19,985</u>	<u>6,825</u>	<u>(13,160)</u>	<u>29,131</u>
Fund balance, beginning	29,131	29,131	--	--
Fund balance, ending	<u>\$49,116</u>	<u>\$35,956</u>	<u>(\$13,160)</u>	<u>\$29,131</u>

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

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL
Year Ended April 30, 1998
With Comparative Actual Amounts for Year Ended April 30, 1997

	1998		Variance Favorable (Unfavorable)	1997 Actual
	Budget	Actual		
Revenues:				
Interest on investments	\$8,720	\$10,263	\$1,543	\$3,794
Total revenues	<u>8,720</u>	<u>10,263</u>	<u>1,543</u>	<u>3,794</u>
Expenditures:				
Miscellaneous				20
Total expenditures	--			<u>20</u>
Excess (deficiency) of revenues over expenditures	<u>8,720</u>	<u>10,263</u>	<u>1,543</u>	<u>3,774</u>
Other financing sources (uses):				
Operating transfers in General Fund				20
1996 S/T Construction Fund				153,688
Operating transfers out 1996 S/T Sinking Fund	(8,720)	(9,452)	(732)	(2,983)
Total other financing sources (uses)	<u>(8,720)</u>	<u>(9,452)</u>	<u>(732)</u>	<u>150,725</u>
Excess (deficiency) of revenues over expenditures and other financing sources (uses)		811	811	154,499
Fund balance, beginning	153,000	154,499	1,499	
Fund balance, ending	<u>\$153,000</u>	<u>\$155,310</u>	<u>\$2,310</u>	<u>\$154,499</u>

CAPITAL PROJECTS FUNDS

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

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

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

Sales Tax Bond Construction Fund 1996 - To account for the receipt and expenditure of funds used to construct and improve public streets, drainage facilities, public parks, recreational facilities, paving public parking lots and acquiring equipment.

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

ISTEA-Franklin Pedestrian/Bicycle Path - To account for the receipt and expenditures of funds related to landscaping the pedestrian/bicycle path.

CITY OF FRANKLIN
CAPITAL PROJECTS FUNDS

COMBINING BALANCE SHEET
April 30, 1998

With Comparative Totals for April 30, 1997

	Consolidated Sewerage Project 1993	Yokely Project	Sales Tax Bond Construction 1996	LCDGB Sewer Rehab Reconstruction	ISTEA Franklin Landscaping Pedestrian Bike Path	Totals	
						1998	1997
ASSETS							
Cash and cash equivalents	\$56,914	\$35,412	\$42,728	\$602	\$500	\$136,156	\$160,717
Investments		571,033	150,000			721,033	1,742,721
Due from governmental units				126,451		126,451	25,962
Total assets	\$56,914	\$606,445	\$192,728	\$127,053	\$500	\$983,640	\$1,929,400
LIABILITIES AND FUND EQUITY							
Liabilities:							
Accounts payable			\$15,440			\$15,440	
Contracts payable			40,237	\$125,767		166,004	
Due to other funds	\$285			1,368	\$658	2,311	\$10,955
Total liabilities	285	---	55,677	127,135	658	183,755	10,955
Fund equity:							
Fund balance							
Unreserved, undesignated	56,629					56,629	1,109,121
Reserved for incomplete contracts		606,445	137,051	(82)	(158)	743,256	809,324
Total fund balance	56,629	606,445	137,051	(82)	(158)	799,885	1,918,445
Total liabilities and fund balance	\$56,914	\$606,445	\$192,728	\$127,053	\$500	\$983,640	\$1,929,400

CITY OF FRANKLIN
CAPITAL PROJECTS FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
Year Ended April 30, 1998

With Comparative Totals for the Year Ended April 30, 1997

	Consolidated Sewerage Project 1993	Northwest Blvd. Project	Yokely Project	Sales Tax Bond Construction 1996	LCDBG Sewer Rehabilitation Fund	ISTEA Franklin Bike Pedestrian Path	Totals 1998	Totals 1997
Revenues:								
Intergovernmental -								
State grant			\$204,638		\$331,374	\$632	\$536,644	\$2,850
St. Mary Parish Council				\$68,072			68,072	70,000
St. Mary Parish School Board			23,448	78,931			78,931	90,000
Interest earned	\$2,574			30,726			56,748	32,150
Miscellaneous								4,681
Assessments								3,781
Total revenues	2,574		228,086	177,729	331,374	632	740,395	203,462
Expenditures:								
Capital outlay								
Sanitation								
Construction			376,910		283,421		283,421	67,036
Drainage					46,952		376,910	3,523
Engineering						790	46,952	111,661
Culture and recreation				1,154,755			1,154,755	
Highways and streets				5,713			6,796	
Other costs					1,083			45,590
Total expenditures			376,910	1,160,468	331,456	790	1,869,624	227,810
Excess (deficiency) of revenues over expenditures	2,574		(148,824)	(982,739)	(82)	(158)	(1,129,229)	(24,348)
Other financing sources (uses):								
Bond Proceeds								1,674,995
Return of overpayment								62,690
Operating transfers in								284,316
Operating transfers out								(480,618)
Total other sources (uses)								1,541,383
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	2,574		(148,824)	(982,739)	(82)	(158)	(1,129,229)	1,517,035
Fund balance, beginning	54,055	(\$10,669)	755,269	1,119,790			1,918,445	384,662
Residual equity transfer		10,669					10,669	16,748
Fund balance, ending	\$56,629		\$606,445	\$137,051	(\$82)	(\$158)	\$799,885	\$1,918,445

CITY OF FRANKLIN
CAPITAL PROJECTS FUNDS
CONSOLIDATED SEWERAGE PROJECT 1993

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
Year Ended April 30, 1998
With Comparative Totals for the Year Ended April 30, 1997

	1998		Variance Favorable (Unfavorable)	1997 Actual
	Budget	Actual		
Revenues:				
Interest earned	\$2,200	\$2,574	\$374	\$3,584
Miscellaneous				3,959
Total revenues	<u>2,200</u>	<u>2,574</u>	<u>374</u>	<u>7,543</u>
Expenditures:				
Capital outlay				
Sanitation				
Construction	53,000		53,000	29,257
Engineering	4,521		4,521	3,523
Other costs				2,014
Total expenditures	<u>57,521</u>		<u>57,521</u>	<u>34,794</u>
Excess (deficiency) of revenues over expenditures	<u>(55,321)</u>	<u>2,574</u>	<u>57,895</u>	<u>(27,251)</u>
Other financing sources (uses):				
Operating transfers out				
Liquid & Solid Waste				(43,411)
Return of overpayment				62,690
Total other financing sources (uses)				<u>19,279</u>
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	<u>(55,321)</u>	<u>2,574</u>	<u>57,895</u>	<u>(7,972)</u>
Fund balance, beginning	54,055	54,055		62,027
Fund balance, ending	<u>(\$1,266)</u>	<u>\$56,629</u>	<u>\$57,895</u>	<u>\$54,055</u>

CITY OF FRANKLIN
CAPITAL PROJECTS FUNDS
NORTHWEST BLVD. PROJECT

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

Year Ended April 30, 1998

With Comparative Totals for the Year Ended April 30, 1997

	1998		Variance Favorable (Unfavorable)	1997 Actual
	Budget	Actual		
Revenues:				
Assessments				\$3,781
Total revenues				3,781
Expenditures:				
Capital outlay				
Sanitation				
Engineering				13,515
Other costs				52
Total expenditures				13,567
Excess (deficiency) of revenues over expenditures				(9,786)
Other financing sources:				
Operating transfers in				
Liquid and Solid Waste				14,316
Total other financing sources				14,316
Excess (deficiency) of revenues over expenditures and other financing sources				4,530
Fund balance, beginning		(\$10,669)	(\$10,669)	(15,199)
Residual equity transfer		10,669	10,669	
Fund balance, ending		--	--	(\$10,669)

CITY OF FRANKLIN
CAPITAL PROJECTS FUNDS
YOKELY PROJECT

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
Year Ended April 30, 1998
With Comparative Totals for the Year Ended April 30, 1997

	1998		Variance Favorable (Unfavorable)	1997 Actual
	<u>Budget</u>	<u>Actual</u>		
Revenues:				
Intergovernmental-				
St. Mary Parish Council				\$70,000
Consolidated Drainage				
District No. 1				90,000
Interest	\$9,720	\$23,448	\$13,728	21,151
State grant	204,638	204,638		
Total revenues	<u>214,358</u>	<u>228,086</u>	<u>13,728</u>	<u>181,151</u>
Expenditures:				
Capital outlay				
Drainage				
Construction	292,340	292,340		
Engineering	84,570	84,570		25,267
Property acquisition	20,000		20,000	
Total expenditures	<u>396,910</u>	<u>376,910</u>	<u>20,000</u>	<u>25,267</u>
Excess (deficiency) of revenues over expenditures	<u>(182,552)</u>	<u>(148,824)</u>	<u>33,728</u>	<u>155,884</u>
Other financing sources (uses):				
Operating transfer in				
Sales Tax Construction 1996				270,000
Operating transfer out				
General fund				(13,520)
Total other sources (uses)				<u>256,480</u>
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	<u>(182,552)</u>	<u>(148,824)</u>	<u>33,728</u>	<u>412,364</u>
Fund balance, beginning	755,269	755,269		342,905
Fund balance, ending	<u>\$572,717</u>	<u>\$606,445</u>	<u>\$33,728</u>	<u>\$755,269</u>

CITY OF FRANKLIN
 CAPITAL PROJECTS FUNDS
 SALES TAX BOND CONSTRUCTION FUND 1996

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

Year Ended April 30, 1998

With Comparative Totals for the Year Ended April 30, 1997

1998

	Budget	Actual	Variance Favorable (Unfavorable)	1997 Actual
Revenues:				
Interest earned	\$22,728	\$30,726	\$7,998	\$7,415
Intergovernmental				
St. Mary Parish Council	67,404	68,072	668	15
St. Mary Parish School Board	82,853	78,931	(3,922)	
Total revenues	<u>172,985</u>	<u>177,729</u>	<u>4,744</u>	<u>7,430</u>
Expenditures:				
Capital outlay				
Highways and streets				
Construction	878,522	1,077,053	(198,531)	24,952
Engineering	72,684	77,702	(5,018)	72,879
Attorney fees	127		127	5,930
Bond counsel				32,482
Inspections	660		660	1,505
Printing				1,022
Miscellaneous	3,922	5,713	(1,791)	178
Total expenditures	<u>955,915</u>	<u>1,160,468</u>	<u>(204,553)</u>	<u>138,948</u>
Excess (deficiency) of revenues over expenditures	<u>(782,930)</u>	<u>(982,739)</u>	<u>(199,809)</u>	<u>(131,518)</u>
Other financing sources (uses):				
Bond proceeds				1,674,995
Operating transfers out				
Sales Tax Bond Reserve Fund 1996				(153,687)
Yokely Project				(270,000)
Total other financing sources (uses)	<u>--</u>	<u>--</u>	<u>--</u>	<u>1,251,308</u>
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	<u>(782,930)</u>	<u>(982,739)</u>	<u>(199,809)</u>	<u>1,119,790</u>
Fund balance, beginning	1,119,790	1,119,790		
Fund balance, ending	<u>\$336,860</u>	<u>\$137,051</u>	<u>(\$199,809)</u>	<u>\$1,119,790</u>

CITY OF FRANKLIN
 CAPITAL PROJECTS FUNDS
 LCDBG SEWER REHAB/RECONSTRUCTION

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCES - BUDGET AND ACTUAL
 Year Ended April 30, 1998
 With Comparative Totals for the Year Ended April 30, 1997

	1998		Variance Favorable (Unfavorable)	1997 Actual
	Budget	Actual		
Revenues:				
State grant	\$572,440	\$331,374	(\$241,066)	\$2,850
Total revenues	<u>572,440</u>	<u>331,374</u>	<u>(241,066)</u>	<u>2,850</u>
Expenditures:				
Capital outlay				
Construction	104,009	283,421	(179,412)	
Engineering	41,691	46,952	(5,261)	
Administration	1,340		1,340	
Miscellaneous	14	1,083	(1,069)	
Total expenditures	<u>147,054</u>	<u>331,456</u>	<u>(184,402)</u>	
Excess (deficiency) of revenues over expenditures	<u>425,386</u>	<u>(82)</u>	<u>(425,468)</u>	<u>2,850</u>
Other financing sources:				
Operating transfers in Sales Tax Bond Construction Fund 1996	<u>170,000</u>		<u>(170,000)</u>	
Total other financing sources	<u>170,000</u>		<u>(170,000)</u>	
Excess (deficiency) of revenues over expenditures and other financing sources	<u>595,386</u>	<u>(82)</u>	<u>(595,468)</u>	<u>2,850</u>
Fund balance, beginning				(2,473)
Residual equity transfer				(377)
Fund balance, ending	<u>\$595,386</u>	<u>(\$82)</u>	<u>(\$595,468)</u>	

CITY OF FRANKLIN
 CAPITAL PROJECTS FUNDS
 ISTEА-FRANKLIN LANDSCAPING & PEDESTRIAN/BICYCLE PATH

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCES - BUDGET AND ACTUAL
 Year Ended April 30, 1998

	<u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
Revenues:			
State grant	\$113,600	\$632	(\$112,968)
Total revenues	<u>113,600</u>	<u>632</u>	<u>(112,968)</u>
Expenditures:			
Construction	791	790	1
Total expenditures	<u>791</u>	<u>790</u>	<u>1</u>
Excess (deficiency) of revenues over expenditures	112,809	(158)	(112,967)
<i>Fund balance, beginning</i>			
Fund balance, ending	<u>\$112,809</u>	<u>(\$158)</u>	<u>\$112,967</u>

ENTERPRISE FUND

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

CITY OF FRANKLIN
ENTERPRISE FUND
UTILITY FUND

COMPARATIVE BALANCE SHEET

April 30,

	1998	1997
ASSETS		
Current assets		
Cash and cash equivalents	\$284,473	\$244,433
Receivables		
Accounts	186,112	208,237
Interest	73	219
Due from other funds	74,407	149,322
Prepaid expenses		1,254
Total current assets	545,065	603,465
Restricted assets, cash and Investments		
'95 Water & Sewer Bond Sinking	12,209	10,120
Revenue Bond Reserve Account	52,200	52,200
Capital Additions and Contingency	109,095	73,479
Total restricted assets, cash and investments	173,504	135,799
Property, plant, and equipment		
Land	10,000	10,000
Building, improvements and equipment	3,326,555	3,283,891
Automotive equipment	124,370	121,303
Furniture and fixtures	115,052	115,052
	3,575,977	3,530,245
Less: Accumulated depreciation	2,691,141	2,612,234
Net property, plant and equipment	884,836	918,011
Total assets	\$1,603,405	\$1,657,275

LIABILITIES AND FUND EQUITY	1998	1997
Liabilities:		
Current liabilities (payable from current assets):		
Accounts payable and accrued expenses	\$65,254	\$57,203
Accrued wages payable	4,780	17,399
Customer deposits	127,559	114,041
Due to other funds	246,519	142,672
Current portion of obligation under capital lease	9,357	15,242
Total current liabilities (payable from current assets)	453,469	346,557
Current liabilities (payable from restricted assets):		
Current portion of revenue bonds	20,000	15,000
Total current liabilities (payable from restricted assets)	20,000	15,000
Long -term liabilities:		
Revenue bonds (net of current portion)	540,000	560,000
Obligation under capital lease (net of current portion)		1,320
Total long-term liabilities	540,000	561,320
Total liabilities	1,013,469	922,877
Fund equity:		
Retained earnings		
Reserved for revenue bond retirement	52,062	52,512
Unreserved	537,874	681,886
Total fund equity	589,936	734,398
Total liabilities and fund equity	\$1,603,405	\$1,657,275

FIDUCIARY FUNDS

Expendable Trusts:

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

Agency:

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

CITY OF FRANKLIN
FIDUCIARY FUNDS

COMBINING BALANCE SHEET
Year Ended April 30, 1998
With Comparative Totals for Year Ended April 30, 1997

	Expendable Trust		Agency		Totals	
	Mausoleum Endowed Care	Payroll Fund	Accounts Payable Clearing	Retired Employees' Insurance	1998	1997
ASSETS						
Cash and cash equivalents	\$14,378	\$53,894	\$85,895	\$3,825	\$157,992	\$82,204
Due from other funds	73	941	32,252		33,266	54,709
Total assets	\$14,451	\$54,835	\$118,147	\$3,825	\$191,258	\$136,913
LIABILITIES AND FUND EQUITY						
Liabilities:						
Accounts payable				\$3,825	\$3,825	\$2,959
Due to other funds		\$10,370	\$118,147		128,517	82,419
Payroll deductions payable		44,465			44,465	37,727
Total liabilities	-- --	54,835	118,147	3,825	176,807	123,105
Fund Equity:						
Fund balances	\$14,451	-- --	-- --	-- --	14,451	13,808
Total liabilities and fund balances	\$14,451	\$54,835	\$118,147	\$3,825	\$191,258	\$136,913

CITY OF FRANKLIN

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 -ALL AGENCY FUNDS
 Year Ended April 30, 1998

	<u>Payroll Fund</u>	<u>Accounts Payable Clearing</u>	<u>Retired Employees' Insurance</u>	<u>Total All Agency Funds</u>
Cash - beginning	\$47,156	\$18,354	\$2,959	\$68,469
Additions	2,581,268	3,123,926	42,649	5,747,843
Deductions	(2,574,530)	(3,056,385)	(41,783)	(5,672,698)
Cash - ending	<u>53,894</u>	<u>85,895</u>	<u>3,825</u>	<u>143,614</u>
Due from other funds - beginning	941	53,695		54,636
Additions		3,636,434		3,636,434
Deductions		(3,657,877)		(3,657,877)
Due from other funds - ending	<u>941</u>	<u>32,252</u>	<u>--</u>	<u>33,193</u>
Total assets	<u>\$54,835</u>	<u>\$118,147</u>	<u>\$3,825</u>	<u>\$176,807</u>
Accounts payable - beginning			\$2,959	\$2,959
Additions			42,649	42,649
Deductions			(41,783)	(41,783)
Accounts payable - ending	<u>--</u>	<u>--</u>	<u>3,825</u>	<u>3,825</u>
Accrued salaries payable - beginning	--			--
Additions	\$2,793,279			2,793,279
Deductions	(2,793,279)			(2,793,279)
Accrued salaries payable - ending	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Due to other funds - beginning	10,370	\$72,049		82,419
Additions		700,595		700,595
Deductions		(654,497)		(654,497)
Due to other funds - ending	<u>10,370</u>	<u>118,147</u>	<u>--</u>	<u>128,517</u>
Payroll deductions payable - beginning	37,727			37,727
Additions	1,272,848			1,272,848
Deductions	(1,266,110)			(1,266,110)
Payroll deductions payable - ending	<u>44,465</u>	<u>--</u>	<u>--</u>	<u>44,465</u>
Total liabilities	<u>\$54,835</u>	<u>\$118,147</u>	<u>\$3,825</u>	<u>\$176,807</u>

GENERAL FIXED ASSETS ACCOUNT GROUP

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

CITY OF FRANKLIN

STATEMENT OF CHANGES IN GENERAL FIXED ASSETS
Year Ended April 30, 1998

	<u>Land</u>	<u>Buildings</u>	<u>Improvements Other Than Buildings</u>	<u>Movable Equipment</u>	<u>Construction In Progress</u>	<u>Total</u>
General Fixed Assets, beginning of year	\$435,255	\$1,234,581	\$8,517,867	\$1,317,756	\$89,925	\$11,595,384
Additions:						
General Fund Liquid and Solid Waste Fund			48,838	101,694	811	151,343
1996 S/T Bond Construction Yokely Project			971,248	24,728	473,646	24,728 1,444,894
Landscaping Ped/Bike Path				292,340	84,570	376,910
			1,020,086	418,762	559,817	1,998,665
Reductions				(68,839)		(68,839)
Reclassification	113,749	310,545	3,707	(338,076)	(89,925)	--
General Fixed Assets end of year	\$549,004	\$1,545,126	\$9,541,660	\$1,329,603	\$559,817	\$13,525,210

CITY OF FRANKLIN

Schedule of Changes in Assets Related to
1995 Water and Revenue Bond Debt Service
For the Year Ended April 30, 1998

	Reserve Funds				
	'95 Water & Sewer Renewal & Replacement Fund	Sinking Fund Utility Fund	'95 Water & Sewer Revenue Bonds	Utility Fund	Total Reserve Funds
Cash, May 1, 1997	\$73,477	\$10,120	\$38,201	\$52,200	\$90,401
Cash receipts:					
Interest earned on cash account	1,371	430	1,050		1,050
Transfers from operating account	36,310	53,721			
Total cash receipts	37,681	54,151	1,050		1,050
Total cash available	111,158	64,271	39,251	52,200	91,451
Cash disbursements:					
Interest and bank charges		37,062			
Principal payments		15,000			
Transfers to operating account	2,063		4,500		4,500
Total cash disbursements	2,063	52,062	4,500		4,500
Cash, April 30, 1998	\$109,095	\$12,209	\$34,751	\$52,200	\$86,951

CITY OF FRANKLIN

Analysis of Additions, Replacements, and Improvements
Water and Sewer Systems
For the Year Ended April 30, 1998

	<u>Additions</u>	<u>Improvements</u>	<u>Total</u>
Sewer System		\$7,062	\$7,062
Water System	\$299,829	414,943	714,772
	<u>\$299,829</u>	<u>\$422,005</u>	<u>\$721,834</u>

Unaudited

CITY OF FRANKLIN

Schedule of Sewerage Rates and Billings For the Year Ended April 30, 1998

		<u>Billing Amounts</u>
May 1997	Fee based upon consumption	\$32,405
June 1997		30,494
July 1997		37,020
August 1997		39,959
September 1997		26,928
October 1997		32,569
November 1997		36,940
December 1997		29,871
January 1998		27,785
February 1998		40,464
March 1998		23,290
April 1998		21,948
		<hr/> <u>\$379,673</u>

*The number of system users at the end of the fiscal year was 3,194.

*The average monthly billing per user was approximately \$9.91.

*The fee is based on water consumption set at:

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

Unaudited

CITY OF FRANKLIN

**Schedule of Water Rates and Billings
For the Year Ended April 30, 1998**

		<u>Billing Amounts</u>
May 1997	Fee based upon consumption	\$56,839
June 1997		53,577
July 1997		64,532
August 1997		67,919
September 1997		48,255
October 1997		58,921
November 1997		74,202
December 1997		67,109
January 1998		63,622
February 1998		76,700
March 1998		41,864
April 1998		40,107
		<hr/> <u>\$713,647</u>

*The number of system users at the end of the fiscal year was 3,194.

*The average monthly billing per user was approximately \$18.61.

*The fee is based on water consumption set at:

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

Unaudited

CITY OF FRANKLIN
Schedule of Insurance Policies in Force
As of April 30, 1998

<u>Coverage</u>	<u>Amounts or Limits</u>	<u>Expires</u>	<u>Company</u>
Workers' Compensation	Statutory Louisiana Benefits \$500,000 - each accident \$500,000 - each employee \$500,000 - each policy	07/12/98	LA Safety Assoc. of Timbermen
Business Automobile	auto liability - \$600,000 collision - \$500 (deductible) - 60,000 to 92,000 specified causes of loss - \$500 (de- ductible); 42,000 to 92,000	01/08/99	Clarendon National Insurance Co.
Surety Bond	\$60,000 - Mayor \$60,000 - City Clerk \$20,000 - other employees \$60,000 - Tax collector \$11,000 - Bell South \$5,000 - City Marshall \$1,000 - Court Clerk \$5,000 - City Deputy Marshall \$5,000 - City Deputy Marshall	09/20/98 09/20/98 09/20/98 09/20/98 09/30/98 06/01/99 10/01/98 05/05/99 05/05/99	Western Surety
Boiler & Machinery	\$7,000,000	01/08/99	Hartford
Fire & Extended Coverage	All city buildings - \$4,485,474 Iberia Street - \$820,000	03/11/99 05/01/99	Westchester Specialty Group Scottsdale Ins.
Mobile Machinery Floater	\$181,170	07/02/98	Continental Casualty Co.
Premises Liability	bodily injury & damage - \$1,000,000	05/01/99	Essex Insurance Co.
Computer Coverage	\$111,855	11/22/98	Hartford
Health Benefit Plan	\$1,000,000 - maximum individual lifetime benefit \$20,000 - individual mental & nervous \$2,000 - individual alcohol & sub- stance abuse \$25,000 - lifetime nursing care	4/30/98	Guarantee Insurance Resources

Unaudited

CITY OF FRANKLIN

Compensation Paid to Members of Governing Board
For the Year Ended April 30, 1998

	<u>Salary</u>	<u>Expense Allowance</u>	<u>Car Allowance</u>
<u>Mayor</u>			
Sam Jones	\$38,400	\$3,000	\$5,850
<u>Council Members</u>			
Carl Foulcard	3,600	1,800	
Sarah Belle Minor	3,600	1,800	
John O'Niell	3,600	1,800	
Craig Pellerin	3,600	1,800	
Kenny Scelfo	3,600	1,800	
	<u>\$56,400</u>	<u>\$12,000</u>	<u>\$5,850</u>

Unaudited

CITY OF FRANKLIN, LOUISIANA

INTERNAL ACCOUNTING CONTROL, COMPLIANCE, AND FEDERAL AWARDS

FOR THE YEAR ENDED APRIL 30, 1998

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INTERNAL ACCOUNTING CONTROL, COMPLIANCE, AND FEDERAL AWARDS



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

We have audited the general purpose financial statement of the City of Franklin, Louisiana, as of and for the year ended April 30, 1998, and have issued our report thereon dated October 8, 1998, which was qualified due to lack of proper reporting of certain pension related costs. Separate auditors' reports have been issued for the financial statements of the City's component units (City Court of the City of Franklin and Marshal's Fund of the City Court.) Reports similar to these have been issued on these component units. Therefore, this report does not include any information related to these component units.

Compliance

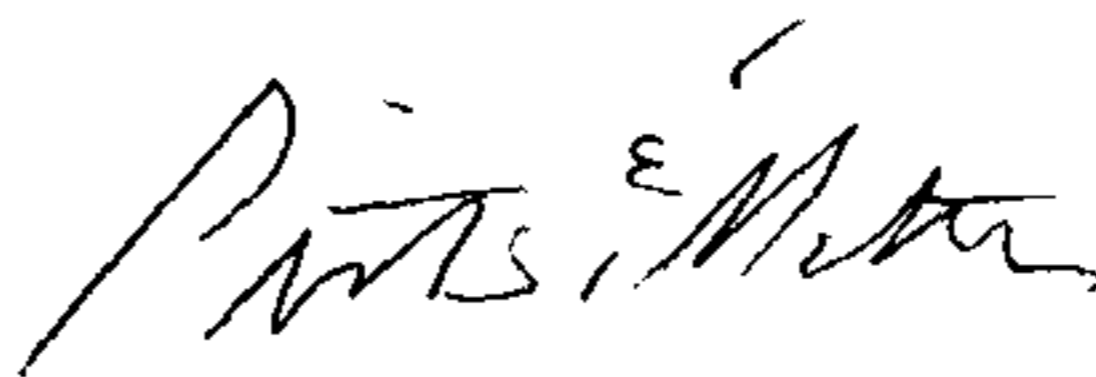
As part of obtaining reasonable assurance about whether the City of Franklin, Louisiana's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have 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 one instance of noncompliance that is required to be reported under Government Auditing Standards which is described in the accompanying item of noncompliance schedule as item no. 98-1.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Franklin, Louisiana's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the

design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatement in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

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

A handwritten signature in black ink, appearing to read "P. W. Smith, Esq.", written in a cursive style.

CERTIFIED PUBLIC ACCOUNTANTS

October 8, 1998



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

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

Compliance

We have audited the compliance of the City of Franklin, Louisiana with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to its major federal program for the year ended April 30, 1998. City of Franklin, Louisiana's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of City of Franklin, Louisiana's management. Our responsibility is to express an opinion on City of Franklin, Louisiana's compliance based on our audit.

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

In our opinion, City of Franklin, Louisiana, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended April 30, 1998.

Internal Control Over Compliance

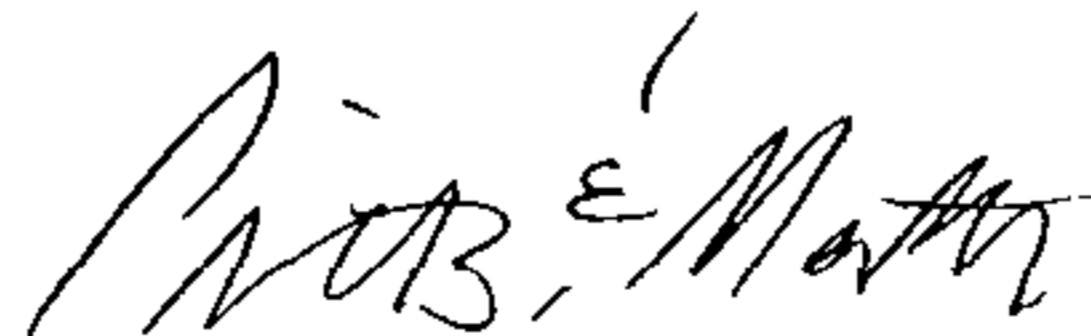
The management of City of Franklin, Louisiana, is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered City of Franklin,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

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

Schedule of Expenditures of Federal Awards

We have audited the general purpose financial statements of City of Franklin, Louisiana, as of and for the year ended April 30, 1998, and have issued our report thereon dated October 8, 1998, which was qualified due to lack of proper reporting of certain pension related costs. Our audit was performed for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the general purpose financial statements of City of Franklin, 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 stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

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



CERTIFIED PUBLIC ACCOUNTANTS

March 11, 1999

CITY OF FRANKLIN
SCHEDULE OF FINDINGS, QUESTIONED COSTS AND FEDERAL AWARDS

For the Year Ended April 30, 1998

A. SUMMARY OF AUDIT RESULTS

1. The auditors' report expresses a qualified opinion on the financial statements of the City of Franklin, Louisiana due to lack of proper reporting of certain pension related costs.
2. No reportable conditions were disclosed during the audit of the financial statements.
3. One instance of noncompliance with state law material to the financial statements of the City of Franklin, Louisiana was disclosed during the audit.
4. No reportable conditions relating to the audit of the major federal award program are reported in the Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133.
5. The auditors' report on compliance for the major federal award program for the City of Franklin, Louisiana expresses an unqualified opinion.
6. No audit findings relative to the major federal award program for the City of Franklin, Louisiana is reported in this schedule.
7. The program tested as a major program is:
Community Development Block Grant (CFDA No. 14.219)
8. The threshold for distinguishing types A and B programs was \$300,000.
9. City of Franklin, Louisiana was not determined to be a low risk auditee.

B. FINDINGS- FINANCIAL STATEMENT AUDIT

NONCOMPLIANCE

Item No. 98-1

BUDGET AMENDMENT COMPLIANCE

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

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

1. Total actual revenues within a fund are failing to meet budgeted revenues by five percent or more.
2. Total expenditures in a fund are exceeding the estimated budgeted expenditures by five percent or more.

Effect: Noncompliance with State law.

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

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

<u>Fund</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Debt Service Fund:			
Consolidated Sewerage District			
No. 1 - 1989	\$8,523	\$2,961	\$(5,562)
Capital Projects:			
ISTEA-Franklin Landscaping			
Pedestrian/Bicycle Path	113,600	632	(112,968)
LCDBG Sewer Rehab	572,440	331,374	(241,066)
Special Revenue Fund:			
Narcotic Aid Fund	32,758	28,102	(4,656)

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

<u>Fund</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Debt Service Fund:			
Sales Tax Bond Sinking Fund 1996	\$133,010	\$152,512	\$(19,502)
Capital Projects Funds:			
Sales Tax Bond Construction 1996	955,915	1,160,468	(204,553)
LCDBG Sewer Rehab	147,054	331,456	(184,402)

Managements' Comments:

Due to fluctuations in the volume of anticipated activity relative to on-going projects, it became difficult to accurately project revenues (many of which were based on drawdowns) and expenditures. This creates budget variances but we will continue to make every effort to monitor these projects and the related funds closely.

**C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAM
AUDIT**

No matters to be reported.

D. SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

CITY OF FRANKLIN

FEDERAL GRANTOR/ PASS THROUGH GRANTOR NAME/ <u>PROGRAM TITLE</u>	<u>CFDA NUMBER</u>	<u>REVENUES</u>	<u>EXPENSES</u>
<u>U.S. Department of Agriculture</u>			
Passed through Louisiana Department of Education			
Summer Food Service Program for Children (Summer Feeding Program)	10.559	<u>\$71,876</u>	<u>\$66,487</u>
Total U.S. Department of Agriculture		<u>71,876</u>	<u>66,487</u>
<u>U.S. Department of Housing and Urban Development</u>			
Passed through Louisiana Office of Community Development			
*Community Development Block Grant	14.219	<u>331,374</u>	<u>331,456</u>
Total U. S. Department of Housing and Urban Development		<u>331,374</u>	<u>331,456</u>
<u>U.S. Department of Justice</u>			
Office of Community Oriented Policing Services (COPS)			
Community Policing Grant	16.710	<u>81,466</u>	<u>81,466</u>
Total U. S. Department of Justice		<u>81,466</u>	<u>81,466</u>
Total Federal Financial Assistance		<u>\$484,716</u>	<u>\$479,409</u>

*Denotes major program

The accompanying notes are an integral part of this schedule.

CITY OF FRANKLIN

FOR THE YEAR ENDED APRIL 30, 1998

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of expenditures of federal awards is a summary of the activity of the City's federal award programs presented on the accrual basis of accounting in accordance with generally accepted accounting principles.

SUMMARY OF PRIOR YEAR FINDINGS AND RELATED CORRECTIVE ACTION
PREPARED BY CITY OF FRANKLIN

Reportable Condition and Item of Noncompliance

1997 Internal Control Audit Finding (page 77)
1997 Compliance Audit Finding (page 82)

Preparation of Payroll Tax Report

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

Corrective Action: During fiscal year 1997-1998, our Chief Financial Officer reviewed all payroll reports reconciling such reports to the underlying payroll records and to the general ledger.

Item of Noncompliance

1997 Compliance Audit Finding (page 80)

Budget Amendment Compliance

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

Corrective Action: Due to timing differences regarding proposed projects it is difficult to project accurately proposed expenditures and revenues. We feel we will always have some budget deviations. However, we are making every effort to monitor these deviations and to provide a report to the Council on a monthly basis of operating revenues and expenditures and any deviations resulting thereon.



SAM JONES
MAYOR

City of Franklin
Louisiana

P. O. BOX 567 ZIP CODE 70538
PHONE (318) 828-3631

October 30, 1998

Dr. Daniel G. Kyle
Office of Legislative Auditors
State of Louisiana
P.O. Box 94397
Baton Rouge, La. 70804-9397

Dear Dr. Kyle,

The City of Franklin respectfully submits the following corrective action plan for their year ended April 30, 1998.

CORRECTIVE ACTION:

Person Responsible: Raymond Harris, Jr., Chief Financial Officer
City of Franklin, LA
300 Iberia St. - P.O. Box 567
Franklin, La. 70538-0567
(318) 828-6309

Time for Completion: April, 1999

ITEMS OF NON-COMPLIANCE: RE: Item No. 98-1

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

Corrective Action: Due to timing differences regarding proposed projects it is difficult to project accurately proposed expenditures and revenues. We feel we will always have some budget deviations. However, we are making every effort to monitor these deviations and to provide a report to the Council on a monthly basis of operating revenues and expenditures and any deviations resulting therefrom. And we will propose an adjustment to the budget if it appears that the deviation will exceed 5%.

This plan of action is being submitted in accordance with Legislative requirements. If you have any questions concerning this action plan, contact the undersigned.

CITY OF FRANKLIN, LA.

Raymond Harris, Jr.

Raymond Harris, Jr.
Chief Financial Officer

RH,jr/lv