

TOWN OF FRANKLINTON

Annual Financial Report

For the Year Ended October 31, 2022

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INDEPENDENT AUDITORS' REPORT

To the Honorable Gregory Route, Mayor
and Board of Aldermen
Town of Franklinton, Louisiana

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Franklinton (the Town), as of and for the year ended October 31, 2022, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town, as of October 31, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Budgetary Comparison Schedules – Governmental Funds, Schedule of Changes in Net OPEB Liability and Related Ratios, Schedule of the Town's Proportionate Share of the Net Pension Liability, and Schedule of the Town's Contributions to Defined Benefit Pension Plans found on pages 6-13 and pages 79-80, 81, 82-83 and 84-85, respectfully, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the *Governmental Accounting Standards Board*, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The accompanying Non-Major Governmental Fund Schedules, Proprietary Funds - Enterprise Fund Schedules, Schedule of Compensation Paid to Elected Officials, Schedule of Compensation, Benefits, and Other Payments to Agency Head and the Justice System Funding Schedule (the Supplementary Schedules), are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Supplementary Schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Budgetary Comparison Schedules – Proprietary Funds, Schedule of Gas, Water and Sewer Rates, Schedule of Number of Customers, and Schedule of Insurance, but does not include the basic financial statements and our auditors' report thereon. Our opinions

on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 16, 2023 on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

Kushner LaGraize, L.L.C.

Metairie, Louisiana
June 16, 2023

**REQUIRED SUPPLEMENTARY INFORMATION - PART I
MANAGEMENT'S DISCUSSION AND ANALYSIS**

TOWN OF FRANKLINTON

Management's Discussion and Analysis

INTRODUCTION

The Town of Franklinton, Louisiana (the Town) is pleased to present its Annual Financial Statements developed in compliance with Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements - Management's Discussion and Analysis - For State and Local Governments* (GASB 34), as amended. The amendment of GASB 34, including the adoption of GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and applicable standards are more fully described in Note 1 - Summary of Significant Accounting Policies.

The Town's discussion and analysis is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the Town's financial activity, (c) identify changes in the Town's financial position, (d) identify any significant variations from the Town's financial plan, and (e) identify individual fund issues or concerns.

Since Management's Discussion and Analysis (MD&A) is designed to focus on the current year's activities, resulting changes, and currently known facts, please read it in conjunction with the Town's financial statements.

Financial Highlights

- At October 31, 2022, the Town's assets exceeded its liabilities by \$11,829,197 (net position). The Town reported a balance of \$1,145,386 in total unrestricted net position.
- The most significant on-going continuing revenue sources for governmental activities of the Town consisted of \$3,125,330 in sales tax revenues, \$521,983 in property taxes, \$227,639 in public utility franchise taxes, and \$325,103 for business licenses and permits. Charges for business-type activities of the utility fund were \$1,164,557 in gas charges, \$747,845 in water charges, and \$937,631 in sewer charges.
- The Town's significant expenses in the current year for governmental activities included \$872,180 for general governmental activities, \$3,235,987 for police and fire protection, and \$724,146 for public works, including streets, drainage maintenance, and hurricane recovery. Expenses for business-type activities of the gas, water, and sewer departments totaled \$2,815,236.
- For the year ended October 31, 2022, the Town's bonds payable in long-term debt increased by issuance of bonds less principal payments of \$1,827,862, resulting in ending bonds payable of \$9,747,750.

OVERVIEW OF THE ANNUAL FINANCIAL REPORT

The financial statement focus is on both the Town as a whole and on the major individual funds. Both perspectives, government-wide and major funds, allow the user to address relevant questions, broaden a basis for comparison, and enhance the Town's accountability. The statements then proceed to provide an increasingly detailed look at specific financial activities.

TOWN OF FRANKLINTON

Management's Discussion and Analysis

The MD&A is intended to serve as an introduction to the Town's basic financial statements, which consist of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Town's finances in a manner similar to a private-sector business. Governmental activities, which normally are supported by taxes and intergovernmental revenues, and business-type activities, which rely to a significant extent on fees and charges for support are presented in separate columns along with a total column for the primary government. If the Town determines that presentation of a component unit (which are other governmental units for which the Town can exercise significant influences or for which the Primary Government financial statements would be misleading if component unit information is not presented) is necessary to allow the reader to determine the relationship of the component unit and primary government, the component unit information is presented in a separate column of the financial statements or in a separate note. For the current fiscal year, the Town of Franklinton has no component units.

The Statement of Net Position presents information on the Town's assets and liabilities using the accrual basis of accounting, in a manner similar to the accounting used by private business enterprises. The difference between the assets and liabilities is reported as net position. Over time, the increases or decreases in net position and changes in the components of net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The Statement of Activities presents information showing how the Town's net position changed during the most recent fiscal year, focusing on both the gross and net costs of various activities, both governmental and business-type, that are supported by the Town's general tax and other revenues. This is intended to summarize and simplify the reader's analysis of the cost of various governmental services and/or subsidy to various business-type activities.

In both of the government-wide financial statements, the Town's activities are divided into two types:

Governmental activities - Most of the Town's basic services are reported here, including general government, public safety, streets and sanitation, health and welfare, and culture and recreation. These activities are financed primarily by property taxes, franchise taxes, sales taxes, and fines.

Business-type activities - The Town charges a fee to customers to help it cover all of the cost of the services provided. The Town's water, natural gas, and sewer utility systems are reported in this section.

TOWN OF FRANKLINTON

Management's Discussion and Analysis

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule, if applicable, are payments-in-lieu of taxes and other charges between the government's enterprise operations. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Assets						
Current Assets	\$ 7,828,428	\$ 5,264,436	\$ 6,102,949	\$ 7,120,677	\$ 13,931,377	\$ 12,385,113
Capital Assets	5,555,975	4,755,815	8,323,181	7,482,774	13,879,156	12,238,589
Total Assets	13,384,403	10,020,251	14,426,130	14,603,451	27,810,533	24,623,702
Deferred Outflows of Resources	1,256,707	394,276	132,230	46,422	1,388,937	440,698
Liabilities						
Current and Other Liabilities	758,717	444,597	865,832	664,518	1,624,549	1,109,115
Long-Term Liabilities	6,452,916	2,490,679	8,369,611	8,453,427	14,822,527	10,944,106
Total Liabilities	7,211,633	2,935,276	9,235,443	9,117,945	16,447,076	12,053,221
Deferred Inflows of Resources	916,787	1,609,295	6,410	131,860	923,197	1,741,155
Net Position						
Net Investment in Capital Assets	5,555,975	4,732,011	895,076	1,294,190	6,451,051	6,026,201
Restricted	1,659,927	2,066,678	2,572,833	1,949,709	4,232,760	4,016,387
Unrestricted	(703,212)	(928,733)	1,848,598	2,156,169	1,145,386	1,227,436
Total Net Position	\$ 6,512,690	\$ 5,869,956	\$ 5,316,507	\$ 5,400,068	\$ 11,829,197	\$ 11,270,024

Approximately fifty-four percent of the Town's net position reflects its net investment in capital assets (land, buildings, equipment, infrastructure, and improvements, net of depreciation and the remaining debt held on those assets). These capital assets are used to provide services to citizens and do not represent resources available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets cannot be used to liquidate these liabilities.

Approximately thirty-five percent of the Town's net position represents resources that are subject to external restriction on how they may be used. The Town's restricted net position primarily consists of fund balances restricted by legislation, capital projects funds, grants, and other specified purposes in governmental activities and cash reserves required for customer deposits, revenue bonds and construction in business-type activities net of corresponding liabilities.

At the end of the current fiscal year, the Town was able to report positive balances in all three categories of net position, for business-type activities. The unrestricted net position for governmental activities had a deficit of \$703,212 due to the implementation of GASB 68 and 75. The Town's activities increased its total net position by \$559,173, with governmental activities increasing net position by \$642,734, and business-type activities decreasing net position by \$83,561.

TOWN OF FRANKLINTON

Management's Discussion and Analysis

In order to further understand what makes up the changes in net position, the table below provides a summary of the results of the Town's activities for the current year as compared to the prior year. An analysis of the primary sources of these changes follows the table.

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Revenues						
Program Revenues						
Charges for Services	\$ 450,883	\$ 520,810	\$ 2,850,033	\$ 2,477,239	\$ 3,300,916	\$ 2,998,049
Operating Grants and Contributions	389,508	859,851	18,087	15,625	407,595	875,476
Capital Grants and Contributions	545,247	-	-	-	545,247	-
General Revenues						
Taxes	3,874,952	3,677,912	-	-	3,874,952	3,677,912
Licenses and Permits	325,103	334,846	-	-	325,103	334,846
Fines and Forfeitures	46,594	47,453	-	-	46,594	47,453
Net Decrease in Fair Value of Investments	-	-	-	(1,525)	-	(1,525)
Interest Income	18,944	1,532	11,055	2,315	29,999	3,847
Miscellaneous	38,935	24,729	-	-	38,935	24,729
Gain on Sale of Assets	-	15,828	-	-	-	15,828
Total Revenues	5,690,166	5,482,961	2,879,175	2,493,654	8,569,341	7,976,615
Expenses						
General Government	872,180	716,716	-	-	872,180	716,716
Public Safety	3,235,987	2,573,914	-	-	3,235,987	2,573,914
Public Works	724,146	1,066,356	-	-	724,146	1,066,356
Sanitation	262,099	317,365	-	-	262,099	317,365
Health and Welfare	32,924	24,481	-	-	32,924	24,481
Transportation	14,012	14,539	-	-	14,012	14,539
Recreation	17,374	21,008	-	-	17,374	21,008
Economic Development	28,940	32,952	-	-	28,940	32,952
Interest Expense	870	7,838	-	-	870	7,838
Water, Gas, and Sewer Utility	-	-	2,815,236	2,492,490	2,815,236	2,492,490
Total Expenses	5,188,532	4,775,169	2,815,236	2,492,490	8,003,768	7,267,659
Change in Net Position Before Transfers	501,634	707,792	63,939	1,164	565,573	708,956
Transfers In (Out)	147,500	-	(147,500)	-	-	-
Transfers to Other Governments	(6,400)	(9,701)	-	-	(6,400)	(9,701)
Change in Net Position	642,734	698,091	(83,561)	1,164	559,173	699,255
Net Position, Beginning of Year	5,869,956	5,171,865	5,400,068	5,398,904	11,270,024	10,570,769
Net Position, End of Year	\$ 6,512,690	\$ 5,869,956	\$ 5,316,507	\$ 5,400,068	\$ 11,829,197	\$ 11,270,024

TOWN OF FRANKLINTON

Management's Discussion and Analysis

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related and legal requirements. The Town uses two categories of funds to account for financial transactions: governmental funds and proprietary funds. Traditional users of governmental financial statements will find the fund financial statements presentation more familiar.

Governmental funds are used to account for most of the Town's basic services. However, unlike the government-wide financial statements, governmental fund financial statements focus on how money flows into and out of those funds and the balances that are left at year-end that are available for spending. These funds are reported using the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Town's general government operations and the basic services it provides. Governmental fund information helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs.

Proprietary funds account for water, natural gas, and sewer utility services provided by the Town to its customers. Proprietary funds statements provide the same type of information as the government-wide financial statements, but the fund presentation provides more detail.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, there are differences in the information presented for government funds and for governmental activities in the government-wide financial statements. Review of these differences provides the reader of the financial statements insight on the long-term impact of the Town's more immediate decisions on the current use of financial resources. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

The Town's governmental net position increased by \$642,734 as compared to a prior fiscal year net position increase of \$698,091. The most significant factor in this change in net position is an increase of revenue of 6% while expenses increased 9%.

The Town's business-type net position decreased by \$83,561. Charges for services increased by 15% or \$372,794. Total expenses for the utility fund increased by 13% or \$322,746.

TOWN OF FRANKLINTON

Management's Discussion and Analysis

As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the Town's net resources available for spending at the end of the year. At the end of the current year, the Town's governmental funds reported combined ending fund balances of \$6,358,733. Fund balance was as follows: non-spendable \$111,548, restricted \$3,670,904, assigned \$531,755, and unassigned \$2,044,256. This represents an increase of \$2,207,639, for all governmental funds, from the prior year's ending fund balance. All funds except for the Police Ad Valorem Special Revenue Fund had positive ending fund balances.

The General Fund is the chief operating fund of the Town. At the end of the current year, the total fund balance for the General Fund was \$2,759,395. The General Fund had \$2,124,334 in unassigned fund balance. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. The general fund unassigned fund balance represents thirty-two percent of total general fund expenditures.

Proprietary Funds

The Town's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Governmental Fund Budgetary Highlights

General Fund original budgeted revenues were increased, \$753,891 mostly due to sales tax revenues. Actual revenues were over the final budget by \$482,194.

General Fund original budgeted expenditures were increased \$544,848. Actual expenditures in the General Fund were \$114,011 more than the final amended budget.

TOWN OF FRANKLINTON

Management's Discussion and Analysis

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The Town's capital assets for its governmental and business-type activities as of October 31, 2022 amounts to \$13,879,156 (net of depreciation). The total increase in the Town's capital assets for the current fiscal year was \$1,640,567 (net of depreciation).

The following table provides a summary of the Town's capital assets (net of depreciation) at the end of the current year as compared to the prior year.

Capital Assets (Net of Depreciation) 2022 and 2021

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Capital Assets						
Land	\$ 481,801	\$ 481,801	\$ 3,300	\$ 3,300	\$ 485,101	\$ 485,101
Buildings and Improvements	5,144,456	5,018,521	-	-	5,144,456	5,018,521
Office Furniture and Equipment	290,149	290,149	-	-	290,149	290,149
Machinery and Equipment	2,627,209	2,279,957	-	-	2,627,209	2,279,957
Vehicles	2,617,610	2,123,015	-	-	2,617,610	2,123,015
Infrastructure	4,596,159	4,332,466	-	-	4,596,159	4,332,466
Construction in Progress	85,263	42,492	1,316,182	164,452	1,401,445	206,944
Gas Utility System	-	-	1,261,785	1,222,741	1,261,785	1,222,741
Water Utility System	-	-	3,088,291	3,078,989	3,088,291	3,078,989
Sewer Utility System	-	-	14,838,164	14,829,327	14,838,164	14,829,327
Subtotal Capital Assets	15,842,647	14,568,401	20,507,722	19,298,809	36,350,369	33,867,210
Less: Accumulated Depreciation	(10,286,672)	(9,812,586)	(12,184,541)	(11,816,035)	(22,471,213)	(21,628,621)
Capital Assets, Net	\$ 5,555,975	\$ 4,755,815	\$ 8,323,181	\$ 7,482,774	\$ 13,879,156	\$ 12,238,589

Long-Term Debt

At October 31, 2022, the Town had total debt outstanding of \$9,747,750. Of this total, \$384,645 (including current bond and leases payable) is due within one year and \$9,363,105 is due in greater than one year.

The following table provides a summary of the Town's outstanding debt at the end of the current year as compared to the prior year.

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Financing Leases	\$ -	\$ 23,804	\$ -	\$ -	\$ -	\$ 23,804
Revenue Bonds	2,065,000	-	7,682,750	7,896,084	9,747,750	7,896,084
Total Outstanding Debt	\$ 2,065,000	\$ 23,804	\$ 7,682,750	\$ 7,896,084	\$ 9,747,750	\$ 7,919,888

TOWN OF FRANKLINTON

Management's Discussion and Analysis

The Town of Franklinton's management approach is conservative. When possible, the Mayor and Aldermen attempt to provide services for the Town based on existing revenues and to borrow for long-term projects only when absolutely necessary, actively pursuing grant funds to minimize the cost of major projects. The Town is facing increasing costs and has an obligation to its citizens to maintain or increase the level of services being provided.

Contacting the Town's Financial Management

This financial report is designed to provide the Town's citizens, taxpayers, creditors and investors with a general overview of the Town's finances and show the Town's accountability for the money it receives. If you have questions regarding this report or need additional information, contact the Town at 301 11th Avenue, Franklinton, LA 70438. The phone number for the Town is (985) 839-3560.

**BASIC FINANCIAL STATEMENTS
GOVERNMENT-WIDE FINANCIAL STATEMENTS**

TOWN OF FRANKLINTON
Statement of Net Position
October 31, 2022

Statement A

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and Cash Equivalents	\$ 1,856,154	\$ 1,815,294	\$ 3,671,448
Investments	162,438	1,208,928	1,371,366
Receivables, Net			
Intergovernmental	852,863	-	852,863
Accounts and Other	1,589	347,205	348,794
Franchise Taxes	69,702	-	69,702
Internal Balances	605,944	(605,944)	-
Inventory	7,678	139,135	146,813
Prepaid Expenses	103,870	40,400	144,270
Restricted Cash and Cash Equivalents	1,901,031	2,848,839	4,749,870
Restricted Investments	2,267,159	309,092	2,576,251
Capital Assets, Not Being Depreciated	567,064	1,319,482	1,886,546
Capital Assets, Net of Accumulated Depreciation	4,988,911	7,003,699	11,992,610
Total Assets	13,384,403	14,426,130	27,810,533
Deferred Outflows of Resources			
Pension Related	1,256,707	132,230	1,388,937
Total Deferred Outflows of Resources	1,256,707	132,230	1,388,937

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

TOWN OF FRANKLINTON
Statement of Net Position (Continued)
October 31, 2022

Statement A

	Governmental Activities	Business-Type Activities	Total
Liabilities			
Accounts Payable	\$ 488,741	\$ 256,509	\$ 745,250
Other Accrued Expenses	94,079	57,354	151,433
Customer Deposits	-	282,961	282,961
Noncurrent Liabilities, Due within One Year			
Compensated Absences Payable	45,897	14,363	60,260
Bonds Payable	130,000	254,645	384,645
Noncurrent Liabilities, Due in More than One Year			
Compensated Absences Payable	315,039	71,357	386,396
Bonds Payable	1,935,000	7,428,105	9,363,105
Net Pension Liability	3,651,736	546,463	4,198,199
Other Post Employment Benefits Obligation	551,141	323,686	874,827
Total Liabilities	7,211,633	9,235,443	16,447,076
Deferred Inflows of Resources			
Resources Received before Timing			
Requirements Met	840,978	-	840,978
Pension Related	75,809	6,410	82,219
Total Deferred Inflows of Resources	916,787	6,410	923,197
Net Position			
Net Investment in Capital Assets	5,555,975	895,076	6,451,051
Restricted for:			
Dedicated Sales Taxes	1,275,577	-	1,275,577
Dedicated Millages	224,408	-	224,408
Rural Development Grant	35,539	-	35,539
Debt Service	124,403	2,285,276	2,409,679
Construction	-	287,557	287,557
Unrestricted	(703,212)	1,848,598	1,145,386
Total Net Position	\$ 6,512,690	\$ 5,316,507	\$ 11,829,197

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

TOWN OF FRANKLINTON
Statement of Activities
For the Year Ended October 31, 2022

Statement B

Functions / Programs	Expenses	Program Revenues			Net Revenue (Expense) and Change in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities							
General Government	\$ 872,180	\$ -	\$ 164,858	\$ 126,390	\$ (580,932)	\$ -	\$ (580,932)
Public Safety - Police	2,861,400	-	157,806	-	(2,703,594)	-	(2,703,594)
Public Safety - Fire	374,587	-	66,844	103,874	(203,869)	-	(203,869)
Public Works	724,146	8,700	-	-	(715,446)	-	(715,446)
Sanitation	262,099	438,084	-	314,983	490,968	-	490,968
Health and Welfare	32,924	-	-	-	(32,924)	-	(32,924)
Transportation	14,012	2,103	-	-	(11,909)	-	(11,909)
Recreation	17,374	1,996	-	-	(15,378)	-	(15,378)
Economic Development	28,940	-	-	-	(28,940)	-	(28,940)
Interest Expense	870	-	-	-	(870)	-	(870)
Total Governmental Activities	5,188,532	450,883	389,508	545,247	(3,802,894)	-	(3,802,894)
Business-Type Activities							
Gas	1,104,896	1,164,557	6,029	-	-	65,690	65,690
Water	648,209	747,845	6,029	-	-	105,665	105,665
Sewer	1,062,131	937,631	6,029	-	-	(118,471)	(118,471)
Total Business-Type Activities	\$ 2,815,236	\$ 2,850,033	\$ 18,087	\$ -	-	52,884	52,884
General Revenues and Transfers							
Taxes							
Property Taxes	-	-	-	-	521,983	-	521,983
Sales and Use Taxes	-	-	-	-	3,125,330	-	3,125,330
Franchise Taxes	-	-	-	-	227,639	-	227,639
Licenses and Permits	-	-	-	-	325,103	-	325,103
Fines and Forfeitures	-	-	-	-	46,594	-	46,594
Interest Income	-	-	-	-	18,944	11,055	29,999
Miscellaneous	-	-	-	-	38,935	-	38,935
Transfers	-	-	-	-	147,500	(147,500)	-
Transfers to Other Governments	-	-	-	-	(6,400)	-	(6,400)
Total General Revenues and Transfers	-	-	-	-	4,445,628	(136,445)	4,309,183
Change in Net Position	-	-	-	-	642,734	(83,561)	559,173
Net Position, Beginning of Year	-	-	-	-	5,869,956	5,400,068	11,270,024
Net Position, End of Year	\$ -	\$ -	\$ -	\$ -	\$ 6,512,690	\$ 5,316,507	\$ 11,829,197

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

**BASIC FINANCIAL STATEMENTS
FUND FINANCIAL STATEMENTS**

**TOWN OF FRANKLINTON
Balance Sheet
Governmental Funds
October 31, 2022**

Statement C

	General Fund	Streets and Drainage Ad Valorem	Nonmajor Governmental Funds	Total Governmental Funds
Assets				
Cash and Cash Equivalents	\$ 1,856,154	\$ -	\$ -	\$ 1,856,154
Investments	162,438	-	-	162,438
Receivables, Net				
Intergovernmental	845,583	-	7,280	852,863
Accounts and Other	1,557	-	32	1,589
Franchise Taxes	69,702	-	-	69,702
Due from Other Funds	830,992	-	-	830,992
Inventory	7,678	-	-	7,678
Prepaid Expenses	95,628	-	8,242	103,870
Restricted Cash	-	507,518	1,393,513	1,901,031
Restricted Investments	-	94,393	2,172,766	2,267,159
Total Assets	\$ 3,869,732	\$ 601,911	\$ 3,581,833	\$ 8,053,476
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	\$ 129,383	\$ 357,678	\$ 1,680	\$ 488,741
Compensated Absences Payable	45,897	-	-	45,897
Other Accrued Expenses	94,079	-	-	94,079
Due to Other Funds	-	19,825	205,223	225,048
Total Liabilities	269,359	377,503	206,903	853,765
Deferred Inflows of Resources				
Resources Received before Timing Requirements Met	840,978	-	-	840,978
Fund Balances				
Nonspendable	103,306	-	8,242	111,548
Restricted	-	224,408	3,446,496	3,670,904
Assigned	531,755	-	-	531,755
Unassigned	2,124,334	-	(79,808)	2,044,526
Total Fund Balances	2,759,395	224,408	3,374,930	6,358,733
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 3,869,732	\$ 601,911	\$ 3,581,833	\$ 8,053,476

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

**TOWN OF FRANKLINTON
 Reconciliation of the Governmental Funds Balance
 Sheet to the Statement of Net Position
 October 31, 2022**

Statement D

Fund Balances - Total Governmental Funds \$ 6,358,733

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds:

Governmental Capital Assets	15,842,647
Less: Accumulated Depreciation	(10,286,672)

Deferred inflows of resources - pension used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	(75,809)
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Deferred outflows of resources - pension used in governmental activities are not due and payable in the current period and, therefore, are not reported in the governmental funds.	1,256,707
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Long-term liabilities, including net pension liability, are not due and payable in the current period and, therefore, are not reported in the governmental funds.	<u>(6,582,916)</u>
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Net Position of Governmental Activities	<u>\$ 6,512,690</u>
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The accompanying notes are an integral part of these financial statements.

TOWN OF FRANKLINTON
Statement of Revenues, Expenditures, and
Changes in Fund Balances
Governmental Funds
For the Year Ended October 31, 2022

Statement E

	General Fund	Streets and Drainage Ad Valorem	Nonmajor Governmental Funds	Total Governmental Funds
Revenues				
Taxes				
Property Taxes	\$ 195,464	\$ 190,409	\$ 136,110	\$ 521,983
Sales and Use Taxes	3,055,500	-	69,830	3,125,330
Franchise Taxes	227,639	-	-	227,639
Federal Grants	608,407	-	-	608,407
Licenses and Permits	325,103	-	-	325,103
Intergovernmental Revenue	200,470	-	-	200,470
Charges for Services	450,883	-	-	450,883
Fines and Forfeitures	46,594	-	-	46,594
Other Revenues	75,857	-	6,000	81,857
Interest Income	2,458	1,026	15,460	18,944
Total Revenues	5,188,375	191,435	227,400	5,607,210
Expenditures				
General Government	675,323	-	-	675,323
Public Safety				
Police	2,219,789	-	168,742	2,388,531
Fire	326,103	-	-	326,103
Public Works	399,688	31,440	-	431,128
Sanitation	262,099	-	-	262,099
Health and Welfare	32,924	-	-	32,924
Transportation	14,012	-	-	14,012
Recreation	-	-	12,880	12,880
Economic Development	-	-	8,642	8,642
Capital Outlays	689,595	629,080	45,673	1,364,348
Total Expenditures	4,619,533	660,520	235,937	5,515,990
Excess (Deficiency) of Revenues Over Expenditures	568,842	(469,085)	(8,537)	91,220

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

TOWN OF FRANKLINTON
Statement of Revenues, Expenditures, and
Changes in Fund Balances (Continued)
Governmental Funds
For the Year Ended October 31, 2022

Statement E

	General Fund	Streets and Drainage Ad Valorem	Nonmajor Governmental Funds	Total Governmental Funds
Other Financing Sources (Uses)				
Proceeds from Issuance of Bonds	-	-	2,065,000	2,065,000
Issuance Costs	-	-	(65,006)	(65,006)
Operating Transfers In	237,500	-	120,485	357,985
Operating Transfers Out	(120,485)	(90,000)	-	(210,485)
Payments to Other Governments	-	-	(6,400)	(6,400)
Financing Lease Principal	(23,805)	-	-	(23,805)
Financing Lease Interest	(870)	-	-	(870)
Total Other Financing Sources (Uses)	92,340	(90,000)	2,114,079	2,116,419
Net Change in Fund Balances	661,182	(559,085)	2,105,542	2,207,639
Fund Balances, Beginning of Year	2,098,213	783,493	1,269,388	4,151,094
Fund Balances, End of Year	\$ 2,759,395	\$ 224,408	\$ 3,374,930	\$ 6,358,733

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

TOWN OF FRANKLINTON
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds to
the Statement of Activities
For the Year Ended October 31, 2022

Statement F

Change in Fund Balances - Total Governmental Funds **\$ 2,207,639**

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures; however, in the statement of activities, the cost of those assets is allocated over their estimated useful lives through depreciation expense. This is the amount by which capital outlay exceeded depreciation expense in the current period. 800,160

Compensated absences payable after one year are not recorded as an expenditure in the governmental funds, but they are recorded as an expenditure in the statement of activities. (This entry records the change in long-term compensated absences.) (57,312)

Increases in unfunded post-employment benefit obligations for medical insurance expected in future periods are not recorded for governmental funds on the fund basis. (10,335)

Non-Employer Contributions to Cost-Sharing Pension Plan 82,956

Repayment of bond principal and capital lease principal is an expenditure in governmental funds but the repayment reduces long-term liabilities in the statement of net position:

Principal Payments - Financing Leases	23,805	
Principal Payments - Long-Term Debt	(2,065,000)	
		(2,041,195)

Governmental funds report retirement contributions as expenditures, but pension expense on the statement of activities includes the change in net pension liability as well as the change in deferred inflows and outflows related to pensions. (339,179)

Change in Net Position of Governmental Activities **\$ 642,734**

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

**TOWN OF FRANKLINTON
Statement of Net Position
Proprietary Funds
October 31, 2022**

Statement G

	Enterprise Fund
Assets	
Current Assets	
Cash and Cash Equivalents	\$ 1,815,294
Investments	1,208,928
Accounts Receivable, Net	347,205
Due from Other Funds	44,456
Inventory - Gas and Supplies	139,135
Prepaid Expenses	<u>40,400</u>
Total Current Assets	<u>3,595,418</u>
Restricted Assets	
Restricted Cash and Cash Equivalents	2,848,839
Restricted Investments	<u>309,092</u>
Total Restricted Assets	<u>3,157,931</u>
Capital Assets	
Land	3,300
Capital Assets, Net	7,003,699
Construction in Progress	<u>1,316,182</u>
Total Capital Assets	<u>8,323,181</u>
Total Assets	<u>15,076,530</u>
Deferred Outflows of Resources	
Pension Related	<u>132,230</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 15,208,760</u>

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

TOWN OF FRANKLINTON
Statement of Net Position (Continued)
Proprietary Funds
October 31, 2022

Statement G

	Enterprise Fund
<hr/>	
Current Liabilities Payable from	
Current Assets	
Accounts Payable	\$ 256,509
Compensated Absences Payable	14,363
Accrued Expenses	18,944
Due to Other Funds	<u>650,400</u>
Total Current Liabilities	<u>940,216</u>
Current Liabilities Payable from	
Restricted Assets	
Customer Deposits	282,961
Accrued Interest Payable	38,410
Revenue Bonds Payable	<u>254,645</u>
Total Current Liabilities Payable from Restricted Assets	<u>576,016</u>
Long-Term Liabilities	
Bonds Payable	7,428,105
Net Pension Liability	546,463
Other Post Employment Benefits Obligation	323,686
Compensated Absences Payable	<u>71,357</u>
Total Long-Term Liabilities	<u>8,369,611</u>
Total Liabilities	<u>9,885,843</u>
Deferred Inflows of Resources	
Pension Related	<u>6,410</u>
Net Position	
Net Investment in Capital Assets	895,076
Restricted - Debt Service	2,285,276
Restricted - Construction	287,557
Unrestricted Net Position	<u>1,848,598</u>
Total Net Position	<u>5,316,507</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 15,208,760</u>

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

TOWN OF FRANKLINTON
Statement of Revenues, Expenses, and
Changes in Net Position
Proprietary Funds
For the Year Ended October 31, 2022

Statement H

	Enterprise Fund
<hr/>	
Operating Revenues	
Gas Sales	\$ 1,161,893
Less: Cost of Gas Sold	(685,733)
	<hr/>
Gross Profit on Gas Sales	476,160
Water Sales	701,979
Sewer Service Charges	906,093
Penalties	36,247
Intergovernmental	18,087
Other	43,821
	<hr/>
Total Operating Revenues	2,182,387
	<hr/>
Operating Expenses	
Bad Debts	21,429
Depreciation	368,506
Employee Benefits	264,877
Insurance	122,059
Meter Reading	27,157
Repairs and Maintenance	98,482
Salaries and Wages	539,109
Supplies	212,731
Utilities	152,907
Other	143,787
	<hr/>
Total Operating Expenses	1,951,044
	<hr/>
Operating Income	231,343
	<hr/>

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

TOWN OF FRANKLINTON
Statement of Revenues, Expenses, and
Changes in Net Position (Continued)
Proprietary Funds
For the Year Ended October 31, 2022

Statement H

	Enterprise Fund
Nonoperating Revenues (Expenses)	
Interest Income	11,055
Interest Expense	(178,459)
Transfers out	<u>(147,500)</u>
Total Nonoperating Revenues (Expenses)	<u>(314,904)</u>
Change in Net Position	<u>(83,561)</u>
Net Position, Beginning of Year	<u>5,400,068</u>
Net Position, End of Year	<u>\$ 5,316,507</u>

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

TOWN OF FRANKLINTON
Statement of Cash Flows
Proprietary Funds
For the Year Ended October 31, 2022

Statement I

	Enterprise Fund
<hr/>	
Cash Flows from Operating Activities	
Received from Customers	\$ 2,851,522
Payments to Suppliers	(1,338,813)
Payments to Employees	(813,205)
	<hr/>
Net Cash Provided by Operating Activities	699,504
	<hr/>
Cash Flows from Non-Capital Financing Activities	
Grant Income and Other Contributions	18,087
Transfers to Other Funds	(147,500)
Interfund Borrowings and Transfers from Other Funds	447,841
	<hr/>
Net Cash Provided by Non-Capital Financing Activities	318,428
	<hr/>
Cash Flows from Capital and Related Financing Activities	
Payments for Capital Acquisitions	(1,208,913)
Interest Paid on Capital Debt	(176,973)
Principal Paid on Capital Debt	(213,334)
	<hr/>
Net Cash Used in Capital and Related Financing Activities	(1,599,220)
	<hr/>
Cash Flows from Investing Activities	
Receipt of Interest	11,055
Proceeds from Sale (Payments) for Investments	(47,647)
	<hr/>
Net Cash Used in Investing Activities	(36,592)
	<hr/>
Net Decrease in Cash and Cash Equivalents	(617,880)
	<hr/>
Cash and Cash Equivalents, Beginning of Year	5,282,013
	<hr/>
Cash and Cash Equivalents, End of Year	\$ 4,664,133
	<hr/>

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

TOWN OF FRANKLINTON
Statement of Cash Flows (Continued)
Proprietary Funds
For the Year Ended October 31, 2022

Statement I

	Enterprise Fund
Reconciliation of Operating Income to Net	
Cash Provided by Operating Activities	
Operating Income	\$ 231,343
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities	
Depreciation	368,506
Bad Debt Expense	21,429
Intergovernmental - Non-employer Contributions	(18,087)
(Increase) Decrease in:	
Accounts Receivable	(21,191)
Prepaid Insurance	(584)
Deferred Outflows of Resources	(85,808)
Increase (Decrease) in:	
Accounts Payable	104,627
Compensated Absences	344
Deferred Inflows of Resources	(125,450)
Accrued Expenses	2,516
Customer Deposits	22,680
Other Post Employment Benefits Obligation	6,069
Net Pension Liability	193,110
	<u>699,504</u>
Net Cash Provided by Operating Activities	\$ 699,504
Reconciliation of Total Cash and Cash Equivalents	
Cash and Cash Equivalents, Unrestricted	\$ 1,815,294
Cash and Cash Equivalents, Restricted	<u>2,848,839</u>
Total Cash and Cash Equivalents	\$ 4,664,133

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

NOTES TO FINANCIAL STATEMENTS

TOWN OF FRANKLINTON

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies

Introduction

The Town of Franklinton (the Town) was incorporated March 7, 1861, under the provisions of a Special Legislative Charter. The Town operates under a Mayor-Town Council form of government, with the Mayor and each of five aldermen elected at-large for four-year terms. Franklinton is located in west central Washington Parish and is the governmental seat of the parish. In 1820, a legislative act created the parish from the northern section of St. Tammany Parish and the next year another act designated the settlement of Franklin as the seat of parish government. In 1826, the name was changed to Franklinton to avoid conflict with another community in St. Mary Parish with the same name. The total population of Franklinton was reported as 3,643 by the U.S. Census Bureau, Census 2020. The Town provides police and fire protection, services to maintain or develop streets, drainage, and sanitation, support of recreation activities, general and administrative services, and utilities services for area residents. Utility services are provided for 630 gas customers, 1,480 water customers, and 1,418 sewer customers. The Town paid 62 employees in the last quarter of the fiscal year, including board members.

Governmental Accounting Standards Board (GASB) Statement No. 14, as amended, establishes criteria for determining the reporting entity and component units that should be included within the reporting entity. Under provisions of this statement, the Town of Franklinton is considered a primary government, since it is a local special purpose government that has a separately elected governing body. Under provisions of this statement, there are no component units of the Town of Franklinton.

The accounting and reporting policies of the Town conform to generally accepted accounting principles as applicable to governments. The Governmental Accounting Standards Board is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statute (R.S.) 24:513, to the guidance set forth in the *Louisiana Governmental Audit Guide*, and to the industry audit guide, *Audits of State and Local Governmental Units*.

TOWN OF FRANKLINTON

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Reporting Entity

The Town's basic financial statements include the accounts of all town operations. The criteria for including organizations as component units within the Town's reporting entity, as set forth in Section 2100 of GASB's *Codification of Governmental Accounting and Financial Reporting Standards*, include whether:

- The organization is legally separate (can sue and be sued in its own name).
- The Town holds the corporate powers of the organization.
- The Town appoints a voting majority of the organization's board.
- The Town is able to impose its will on the organization.
- The organization has the potential to impose a financial benefit/burden on the Town.
- There is a fiscal dependency by the organization on the Town.

Based on the aforementioned criteria, the Town has no component units.

Basic Financial Statements - Government-Wide Financial Statements

The Town's basic financial statements include both government-wide (reporting the Town as a whole) and fund financial statements (reporting the Town's major funds).

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all nonfiduciary activities of the Town. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The government-wide focus is on the sustainability of the Town as an entity and the change in the Town's net position resulting from the current year's activities.

These financial statements are presented in accordance with GASB Statement No. 34, *Basic Financial Statements, Management's Discussion and Analysis, for State and Local Governments*, as amended by GASB Statements described in the following paragraphs. Statement No. 34 established standards for financial reporting, with presentation requirements originally including a statement of net assets (or balance sheet), a statement of activities, and a statement of cash flows. The definition and composition of these statements, as originally defined in GASB Statement No. 34, are as amended by GASB Statements included in the following paragraphs. The Town also follows the provisions of GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, that requires capital contributions to the Town to be presented as a change in net position.

TOWN OF FRANKLINTON

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Basic Financial Statements - Government-Wide Financial Statements (Continued)

GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, effective for financial statement periods ending after December 15, 2012, provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related disclosures. Concepts Statement No. 4, *Elements of Financial Statements*, introduced and defined *Deferred Outflows of Resources* as a consumption of net assets by the government that is applicable to a future reporting period, and *Deferred Inflows of Resources* as an acquisition of net assets by the government that is applicable to a future reporting period. Previous financial reporting standards do not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities. GASB Concepts Statement 4 identifies net position as the residual of all other elements presented in a statement of financial position. This Statement amends the net asset reporting requirements in Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets. The definition and reporting of net position are further described in Note 1 under subtopic Net Position and Fund Equity. The Town had deferred outflows and deferred inflows of resources related to pension of \$1,388,937 and \$82,219, respectively, at October 31, 2022. At October 31, 2022, the Town had deferred inflows related to unused ARPA grant funds of \$840,978.

In the government-wide statement of net position, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column and (b) are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Town's net position is reported in three parts: net investment in capital assets, restricted net position, and unrestricted net position.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

TOWN OF FRANKLINTON

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies

Basic Financial Statements - Fund Financial Statements

The financial transactions of the Town are reported in individual funds in the fund financial statements. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds. Major individual governmental funds and major individual proprietary funds are presented as separate columns in the fund financial statements.

The focus of governmental funds' measurement (in the fund financial statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The Town reports these major governmental funds:

The General Fund is the Town's primary operating fund. It accounts for and reports all financial resources not accounted for and reported in another fund.

The Streets and Drainage Ad Valorem is to account for the receipt and disbursement of a seven (7) mill ad valorem tax dedicated for maintaining and improving streets and drainage.

The Town reports the following major proprietary fund:

The Enterprise Fund reports activity for which a fee is charged to external users for goods or services. The Enterprise Fund of the Town of Franklinton provides gas, water, and sewer utility services.

Additionally, the government reports the following fund types:

Special Revenue Funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specific purposes other than debt service or capital projects. The Police Ad Valorem Fund, Industrial Development Sales Tax Fund, Rural Development Grant Fund, and Economic Development and Recreation Sales Tax Fund are all reported as non-major in the current year.

The Debt Service Funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. For the current fiscal year, this included the Streets and Drainage Sinking Debt Service Fund related to the Series 2011 bonds which is reported as non-major.

The Capital Projects Fund accounts for bond proceeds which will be used for street improvements.

TOWN OF FRANKLINTON

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The Town's public safety (police and fire), streets, drainage, sanitation, culture/recreation, public improvements, planning and zoning, and general and administrative services are classified as governmental activities. The Town's water and sewer utility services are classified as business-type activities.

The net costs (by function or business-type activity) are normally covered by general revenue (property taxes, sales taxes, intergovernmental revenues, interest income, etc.). The Town does not allocate indirect costs.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period if they are measurable and available. Only the portion of special assessment receivable, if any, due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. Substantially all other revenue items are considered to be measurable and available only when cash is received by the government.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule, if applicable, are payments-in-lieu of taxes and other charges between the government's enterprise operations. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

TOWN OF FRANKLINTON

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided; 2) program-specific operating grants and contributions and; 3) program-specific capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary funds are user charges for the services provided by the enterprise funds. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as they are needed.

When restricted, committed, assigned, or unassigned fund balances are available for use, the Town considers amounts to have been spent first out of restricted funds, then committed funds, then assigned funds, and finally unassigned funds as needed, unless it has been provided for otherwise in the restriction, commitment, or assignment action.

Deposits and Investments

The Town's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Under state law, the Town may deposit funds in demand deposits, interest bearing demand deposits, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

Investments for the Town are reported at fair value, except for the money market accounts. The state investment pool, Louisiana Asset Management Pool (LAMP), operates in accordance with state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares. Investments are limited by Louisiana Revised Statute (R.S.) 33:2955 and the Town's investment policy.

TOWN OF FRANKLINTON

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds, as reported in the fund financial statements, are offset by nonspendable fund balances in applicable governmental funds to indicate that they are not expendable available financial resources.

All trade and property tax receivables are shown net of an allowance for uncollectible amounts.

Property taxes are levied on a calendar year basis and become due on January 1 of each year. The following is a summary of authorized and levied ad valorem taxes:

	Authorized Millage	Levied Millage	Collected Millage
General Corporate Purposes	7.24 mills	\$ 194,092	\$ 195,464
Police Ad Valorem	5.18 mills	138,713	136,110
Street and Drainage Ad Valorem	7.24 mills	194,092	190,409

Sales and use taxes are levied at two percent. The proceeds of these sales and use taxes are dedicated as follows:

The proceeds of the original one percent sales and use tax, the Town of Franklinton Sales and Use Tax of 1960, are dedicated and used for the purpose of constructing, improving, extending, and maintaining playgrounds and recreational facilities, public roads, streets, bridges and crossings, sewerage, garbage disposal and water works, and other works of permanent public improvements in the municipality.

TOWN OF FRANKLINTON

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Receivables and Payables (Continued)

The subsequent one percent sales and use tax was originally approved on July 21, 2001. On March 20, 2021, the voters of the Town of Franklinton approved continuation and rededication of this one percent sales tax for a second ten-year period. The rededication began in October 2021 and will expire September 30, 2031. This one percent sales tax is dedicated as follows:

- 1) 40 percent for constructing, improving and maintaining streets, and drainage facilities and improvements in the Town.
- 2) 30 percent for supporting the police department of the Town and providing public safety.
- 3) 20 percent for supporting the fire department of the Town.
- 4) 10 percent for promoting and encouraging the location and development of commerce and industry and supporting recreation in the Town, with the proceeds of the tax to be subject to being funded into bonds.

Inventories and Prepaid Items

All inventories are valued at cost using the first-in/first-out method. Inventories of the governmental funds are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Restricted Assets

Certain proceeds of the enterprise fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets because their use is limited by applicable bond covenants. Additionally, funds held for customer's meter deposits are also classified as restricted assets.

Certain amounts shown as governmental restricted assets are to be used for specified purposes, such as servicing general obligation bond debt, construction of capital assets, and police seized assets. Such assets have been restricted by bond indenture, law, or contractual obligations.

TOWN OF FRANKLINTON

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements, as well as in the proprietary fund financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Town maintains a threshold level of \$500 or more for capitalizing capital assets.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Effective for fiscal year 2020, the Town no longer capitalizes interest during the construction period on a prospective basis as per GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*.

All capital assets other than land, are depreciated using the straight-line method over the following useful lives:

Description	Estimated Useful Lives
Buildings and Building Improvements	20 - 40 Years
Machinery and Equipment	5 - 15 Years
Furniture and Fixtures	5 - 10 Years
Vehicles	5 - 10 Years
Infrastructure	20 - 40 Years
Gas System	20 - 40 Years
Water System	20 - 40 Years
Sewer System	20 - 40 Years

TOWN OF FRANKLINTON

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Compensated Absences

Prior to the fiscal year ending October 31, 2003, employees of the municipality earned annual leave at varying rates according to years of service. Accrued unused annual leave earned by an employee was carried forward to the succeeding calendar year until a maximum of twenty days accumulation. On March 9, 2004, the Council passed a Resolution authorizing the conversion of unused annual leave (above the maximum allowable accumulation) and unused sick leave to retirement credit. The Resolution dated March 9, 2004, was issued pursuant to Act 999 of the 2001 Regular Session of the Louisiana Legislature and in accordance with a Memorandum dated January 13, 2002, entitled Conversion of Unused Annual and Sick Leave to Retirement Credit, as issued by the Municipal Employee's Retirement System of Louisiana. A long-term payable for sick leave convertible to retirement is accrued on the government-wide level.

Long-Term Obligations

In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Issuance costs, whether or not withheld from the actual debt proceeds received, are now expensed in the period incurred under GASB 65.

The Town has implemented GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, and with the implementation of GASB 65, the recognition of bond-related costs, including the costs related to issuance and refunding of debt, were revised. This standard was intended to complement GASB Statement No. 63 *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. Bond issuance costs, whether or not withheld from the actual debt proceeds received, are now expensed in the period incurred under GASB 65.

In the fund financial statements, governmental fund types recognize bond premiums and discounts as well as bond issuance costs during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

TOWN OF FRANKLINTON

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Net Position and Fund Equity

GASB Statement No. 34, *Basic Financial Statements, Management's Discussion and Analysis, for State and Local Governments*, required reclassification of net assets into three separate components. GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, revised the terminology by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets. GASB Statement No. 63 requires the following components of net position:

Net Investment in Capital Assets - The net investment in capital assets component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also should be included in this component of net position. If there are significant unspent related debt proceeds or deferred inflows of resources at the end of the reporting period, the portion of the debt or deferred inflows of resources attributable to the unspent amount should not be included in the calculation of net investment in capital assets. Instead, that portion of the debt or deferred inflows of resources should be included in the same net position component (restricted or unrestricted) as the unspent amount.

Restricted Net Position - The restricted component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Generally, a liability relates to restricted assets if the asset results from a resource flow that also results in the recognition of a liability or if the liability will be liquidated with the restricted assets reported.

Unrestricted Net Position - The unrestricted component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

TOWN OF FRANKLINTON

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Net Position and Fund Equity (Continued)

In the fund statements, governmental fund equity is classified as fund balance. The Town adopted GASB 54 for the year ended October 31, 2011. As such, fund balances of governmental funds are classified as follows:

1. Nonspendable Fund Balance - These are amounts that cannot be spent either, because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.
2. Restricted Fund Balance - These are amounts that can be spent only for specific purposes, because of constitutional provisions, enabling legislation or constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.
3. Committed Fund Balance - These are amounts that can be used only for specific purposes determined by a formal vote of the Council, which is the highest level of decision-making authority for the Town.
4. Assigned Fund Balance - These are amounts that do not meet the criteria to be classified as restricted or committed but are intended to be used for specific purposes based on the discretion of the Council.
5. Unassigned Fund Balance - These are amounts that have not been assigned to other funds and amounts that have not been restricted, committed, or assigned to specific purposes within the general fund. Also, within other governmental funds, these include expenditure amounts incurred for specific purposes which exceed the amounts restricted, committed or assigned for those purposes.

Comparative Data/Reclassifications

The financial statements are presented with certain prior year summarized comparative information. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Town's financial statements for the year ended October 31, 2021, from which the summarized information was derived.

Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation. All prior period adjustments recorded in the current period have been reflected in prior period data presented wherever possible.

Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events within the control of the municipality, which are either unusual in nature or infrequent in occurrence.

Note 1. Summary of Significant Accounting Policies (Continued)

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

Reconciliations of Government-Wide and Fund Financial Statements

Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position is presented in Statement D of the basic financial statements. Explanation of certain differences between the governmental fund statement of revenues, expenses, and changes in fund balances and the government-wide statement of activities is presented in Statement F of the basic financial statements.

Adopted Accounting Pronouncements

The GASB issued Statement No. 87, *Leases*. The objective of GASB 87 is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The adoption of the pronouncement did not have an effect on the Town's financial statements.

Recently Issued Accounting Pronouncements

The GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. The Statement provides guidance on the accounting and financial reporting for subscription-based information-technology arrangements for government end users. The Statement is effective for fiscal years beginning after June 15, 2022.

New Upcoming Accounting Pronouncements

The GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The objective of the Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements. The Statement is effective for fiscal years beginning after June 15, 2022.

TOWN OF FRANKLINTON

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

New Upcoming Accounting Pronouncements (Continued)

The GASB issued Statement No. 100, *Accounting Changes and Error Corrections - an amendment of GASB Statement No. 62*. The primary objective of the Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections. The Statement is effective for fiscal years beginning after June 15, 2023.

The GASB issued Statement No. 101, *Compensated Absences*. The Statement updates the recognition and measurement guidance for compensated absences. The Statement is effective for fiscal years beginning after December 15, 2023.

Budget

The Town uses the following budget practices;

1. The Town Clerk prepares a proposed budget and submits same to the Mayor and 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 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 department, program or function to another or involving the increase in expenditures resulting from revenues exceeding amounts estimated require the approval of the Board of Aldermen.
6. All budgetary appropriations lapse at the end of each fiscal year.
7. Budgets for the general and enterprise funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgets for enterprise funds are presented on the accrual basis of accounting. Other governmental funds presented on the modified accrual basis of accounting. Accordingly, the budgetary comparison schedules present actual expenditures in accordance with the accounting principles generally accepted in the United States on a basis consistent with the legally adopted budgets as amended. All budgetary amounts presented reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budget during the year).

TOWN OF FRANKLINTON

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Budget (Continued)

During the year ended October 31, 2022, General Fund actual expenditures of \$4,619,533 exceeded budgeted expenditures of \$4,505,522 resulting in an unfavorable variance of \$114,011 or 2.5%.

Note 2. Cash and Cash Equivalents

At October 31, 2022, the Town has cash and cash equivalents (book balances), as follows:

Demand Deposits	
Unrestricted	\$ 3,671,448
Restricted	<u>4,749,870</u>
Total	<u>\$ 8,421,318</u>

These deposits are stated at cost, which approximates market value. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance, or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Even though the pledged securities may be considered uncollateralized (Category 3) under the provisions of GASB Statement 3, R.S. 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the municipality that the fiscal agent has failed to pay deposited funds upon demand.

Custodial credit risk as it relates to cash deposits is the risk that in the event of a bank failure, the government's deposits may not be returned. The Town does not have a formal policy for custodial risk. However, under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance, or the pledge of securities owned by the fiscal agent bank. At October 31, 2022, the Town has \$8,568,391 in deposits (collected bank balances), within one bank, consisting of demand deposits. The demand deposits are secured from risk by \$250,000 of federal deposit insurance and \$8,318,391 of pledged securities. The \$8,318,391 is exposed to custodial credit risk because while the amount is secured by pledged securities, such securities are held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

TOWN OF FRANKLINTON

Notes to Financial Statements

Note 3. Investments

At October 31, 2022, the Town had investments which include \$3,947,617 invested in money market funds and in the LAMP, a local government investment pool. The following table provides information on the credit ratings, maturity dates, and fair values associated with the Town's investments at October 31, 2022:

Investment	Rating	Maturity	Net Asset Value
Money Market	N/A	Varies	\$ 3,013,855
LAMP	AAA/Aaa/AAA	N/A	933,762
Total			\$ 3,947,617

Interest Rate Risk - Interest rate risk is the risk that changes in the financial market rate of interest will adversely affect the value of an investment. The Town has a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Quality Risk - Credit quality risk is the risk that the issuer or other counterparty to a debt security will not fulfill its obligation to the Town.

Custodial Credit Risk - Custodial credit risk for investments is the risk that, in the event of a failure, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investments are exposed to custodial credit risk if they are uninsured, are not registered in the Town's name, and are held by either the counterparty to the investment purchase or the counterparty's trust department or agent but not held in the Town's name. The Town has a formal investment policy regarding investment credit risk, and the investments of the Town owned at October 31, 2022 were not subject to custodial credit risk.

Concentration of Credit Risk - The Town has a formal limit on the amount the Town may invest in any one issuer. It is the policy of the Town to diversify its investment portfolio. Assets shall be diversified to reduce the risk of loss resulting from the over concentration of assets in a specific maturity, a specific issuer, or a specific class of securities. The only issuer comprising 5% or more of the Town's investments at October 31, 2022 was LAMP at 24%.

TOWN OF FRANKLINTON

Notes to Financial Statements

Note 3. Investments (Continued)

Louisiana Asset Management Pool (LAMP) - State law limits the Town's investments to direct U.S. Treasury obligations; bonds, debentures, notes, or other evidence of indebtedness issued or guaranteed by federal agencies; bonds, debentures, notes, or other evidence of indebtedness issued by the State of Louisiana or any of its political subdivisions; direct security repurchase agreements; fully collateralized time certificates of deposit of any bank domiciled in the State of Louisiana; mutual or trust fund institutions which are registered with the Securities and Exchange Commission (SEC) and which have underlying investments consisting solely of and limited to securities of the U.S. government or its agencies; guaranteed investment contracts; commercial paper rated A-1 by Standard & Poor's Corporation or P-1 by Moody's Commercial Paper Record; and LAMP.

LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local government entities having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high-quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with R.S. 33:2955. LAMP is an investment pool that, to the extent practical, invests in a manner consistent with GASB Statement No. 79.

The following facts are relevant for investment pools:

- Credit Risk: LAMP is rated AAA by Standard & Poor's.
- Custodial Credit Risk: LAMP participants' investments in the pool are evidenced by shares of the pool. Investments in pools should be disclosed, but not categorized because they are not evidenced by securities that exist in physical or book-entry form. The Town's investment is with the pool, not the securities that make up the pool; therefore, no public disclosure is required.
- Concentration of Credit Risk: Pooled investments are excluded from the five percent disclosure requirement.
- Interest Rate Risk: LAMP is designed to be highly liquid to give its participants immediate access to their account balances. LAMP prepares its own interest rate risk disclosure using the weighted average maturity (WAM) method. The WAM of LAMP assets is restricted to not more than 60 days and consists of no securities with a maturity in excess of 397 days or two years (762 days) for U.S. Government floating/variable rate investments. The WAM for LAMP's total investments is 52 days as of October 31, 2022.
- Foreign Currency Risk: Not applicable.

TOWN OF FRANKLINTON

Notes to Financial Statements

Note 3. Investments (Continued)

The investments in LAMP are stated at net asset value. The value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the net asset value of the pool shares. LAMP, Inc. is subject to the regulatory oversight of the state treasurer and the board of directors. LAMP is not registered with the SEC as an investment company. The Town's money market investments are stated at net asset value.

Note 4. Accounts Receivable

Major receivables balances for the governmental activities include sales taxes, franchise taxes, occupational licenses, and FEMA reimbursements. Business-type activities report utilities earnings as their major receivable.

In the fund financial statements, material receivables in governmental funds include revenue accruals such as sales tax, franchise taxes, occupational licenses, FEMA reimbursements, and other similar intergovernmental revenues since they are usually both measurable and available. Utility accounts receivable comprise the majority of proprietary fund receivables.

Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging and write-off of accounts receivable.

The Governmental Fund receivables at October 31, 2022 consisted of the following:

	General Fund	Non-Major Funds	Total
Government Receivables			
Accounts	\$ 1,557	\$ -	\$ 1,557
Franchise Tax	69,702	-	69,702
Intergovernmental			
Sales Tax Receivable	263,019	7,280	270,299
FEMA	564,691	-	564,691
State of Louisiana	17,873	-	17,873
Total Government Receivables	\$ 916,842	\$ 7,280	\$ 924,122

TOWN OF FRANKLINTON

Notes to Financial Statements

Note 4. Accounts Receivable (Continued)

The Enterprise Fund accounts receivable at October 31, 2022 consisted of the following:

	Enterprise Fund
Accounts Receivable	
Current	\$ 255,621
31 - 60 Days	10,364
61 - 90 Days	5,636
Over 90 Days	120,909
Subtotal	<u>392,530</u>
Less: Allowance for Bad Debt	<u>(120,909)</u>
Accounts Receivables	271,621
Unbilled Receivables	<u>75,584</u>
Total Accounts Receivable	<u><u>\$ 347,205</u></u>

Note 5. Restricted Assets

The following is a listing of the restricted assets for the fund financial statements on October 31, 2022:

	Streets and Drainage Ad Valorem Fund	Non-Major Funds Other Special Revenue Funds	Debt Service Fund	Capital Projects Fund	Enterprise Fund	Total
Restricted Assets						
Cash and Cash Equivalents						
Customer Deposits	\$ -	\$ -	\$ -	\$ -	\$ 229,664	\$ 229,664
Bond Reserve Account	-	-	-	-	1,386,996	1,386,996
Bond Contingency Account	-	-	-	-	90,184	90,184
Bond Sinking Account	-	-	2,098	-	617,083	619,181
Bond Short-Lived Assets Account	-	-	-	-	237,355	237,355
Construction Account	-	-	-	-	287,557	287,557
Ad Valorem Account	510,244	-	-	-	-	510,244
Sales Tax Account	-	1,353,150	-	-	-	1,353,150
Rural Development Grant	-	35,539	-	-	-	35,539
Investments						
Bond Reserve Account	-	-	-	-	138,353	138,353
Bond Sinking	-	-	-	-	108,360	108,360
Customer Deposits	-	-	-	-	62,379	62,379
Debt Service	-	-	161,789	-	-	161,789
2022 Street Capital Projects	-	-	-	2,010,977	-	2,010,977
Ad Valorem	94,393	-	-	-	-	94,393
Total Restricted Assets	<u>\$ 604,637</u>	<u>\$ 1,388,689</u>	<u>\$ 163,887</u>	<u>\$ 2,010,977</u>	<u>\$3,157,931</u>	<u>\$7,326,121</u>

TOWN OF FRANKLINTON

Notes to Financial Statements

Note 6. Interfund Receivables/Payables

The following is a detailed list of interfund balances for fund financial statements on October 31, 2022:

	Due From Other Funds	Due To Other Funds
Interfund Balances		
General Fund		
Ad Valorem Police	\$ 80,886	\$ -
Ad Valorem Streets and Drainage	14,853	-
Economic Development and Recreation Sales Tax	84,853	-
Enterprise Fund	650,400	-
Special Revenue Funds		
Ad Valorem Police		
General Fund	-	80,886
Ad Valorem Streets and Drainage		
General Fund	-	14,853
Enterprise Fund	-	4,972
Economic Development and Recreation Sales Tax		
General Fund	-	84,853
Streets and Drainage Sinking Debt Service Fund		
Enterprise Fund	-	39,484
Enterprise Fund		
General Fund	-	650,400
Ad Valorem Streets and Drainage	4,972	-
Street and Drainage Sinking Debt Service Fund	39,484	-
Total Interfund Balances	\$ 875,448	\$ 875,448

TOWN OF FRANKLINTON

Notes to Financial Statements

Note 7. Capital Assets

The following is a summary of changes in capital assets for the governmental activities for the fiscal year ended October 31, 2022:

Governmental Activities	Balance October 31, 2021	Increases	Decreases	Adjustments	Balance October 31, 2022
Capital Assets Not Depreciated					
Land	\$ 481,801	\$ -	\$ -	\$ -	\$ 481,801
Construction in Progress	42,492	42,771	-	-	85,263
Total Capital Assets Not Depreciated	524,293	42,771	-	-	567,064
Capital Assets Being Depreciated					
Buildings and Improvements	5,018,521	125,935	-	-	5,144,456
Machinery and Equipment	2,279,957	347,252	-	-	2,627,209
Office Equipment and Furniture	290,149	-	-	-	290,149
Vehicles	2,123,015	584,697	(90,102)	-	2,617,610
Infrastructure	4,332,466	263,693	-	-	4,596,159
Total Capital Assets Being Depreciated	14,044,108	1,321,577	(90,102)	-	15,275,583
Less Accumulated Depreciation for:					
Buildings and Improvements	(3,443,331)	(98,076)	-	-	(3,541,407)
Machinery and Equipment	(2,087,955)	(28,809)	-	-	(2,116,764)
Office Equipment and Furniture	(281,105)	(21,218)	-	-	(302,323)
Vehicles	(1,772,549)	(98,365)	90,102	-	(1,780,812)
Infrastructure	(2,227,646)	(317,720)	-	-	(2,545,366)
Total Accumulated Depreciation	(9,812,586)	(564,188)	90,102	-	(10,286,672)
Total Capital Assets Being Depreciated, Net	4,231,522	757,389	-	-	4,988,911
Total	\$ 4,755,815	\$ 800,160	\$ -	\$ -	\$ 5,555,975

Depreciation was charged to governmental functions as follows:

General Government	\$ 80,897
Public Safety - Police	101,565
Public Safety - Fire	63,916
Public Works	293,018
Recreation	4,494
Economic Development	20,298
Total	\$ 564,188

TOWN OF FRANKLINTON

Notes to Financial Statements

Note 7. Capital Assets (Continued)

The following is a summary of changes in capital assets for business-type activities for fiscal year ended October 31, 2022:

Business-Type Activities	Balance October 31, 2021	Increases	Decreases	Balance October 31, 2022
Capital Assets Not Depreciated				
Land	\$ 3,300	\$ -	\$ -	\$ 3,300
Construction in Progress	164,452	1,151,730	-	1,316,182
Total Capital Assets Not Depreciated	167,752	1,151,730	-	1,319,482
Capital Assets Being Depreciated				
Gas Utility System	1,222,741	39,044	-	1,261,785
Water Utility System	3,078,989	9,302	-	3,088,291
Sewer Utility System	14,829,327	8,837	-	14,838,164
Total Capital Assets Being Depreciated	19,131,057	57,183	-	19,188,240
Less Accumulated Depreciation for:				
Gas Utility System	(1,194,623)	(9,119)	-	(1,203,742)
Water Utility System	(2,840,563)	(31,908)	-	(2,872,471)
Sewer Utility System	(7,780,849)	(327,479)	-	(8,108,328)
Total Accumulated Depreciation	(11,816,035)	(368,506)	-	(12,184,541)
Total Capital Assets Being Depreciated, Net	7,315,022	(311,323)	-	7,003,699
Total	\$ 7,482,774	\$ 840,407	\$ -	\$ 8,323,181

Note 8. Leases

On December 23, 2013, the Town of Franklinton entered into a lease agreement with the State of Louisiana through the Military Department, State of Louisiana. The Military Department agreed to lease Lot 3 and a portion of Lot 4, consisting of a total of 12.392 acres of the Town's Industrial Park #2. The term of the agreement is for a period of ninety-nine years commencing on December 24, 2013 and ending on September 30, 2112 with the consideration for a period of five consecutive years, except in wartime, or should the buildings constructed on the property be removed, this lease should be null, and void and the property shall revert to the Town. The terms of the lease include an annual consideration of \$1 per year for the life of the lease. This consideration was paid in advance upon execution of the lease for \$99. Title to all structures erected upon the property shall remain with the lessee. Upon termination or expiration of the lease, the lessee reserves the right to remove all structures from the premises and restore the property to its original condition as of the commencement of this lease. The lessee further reserves the right to transfer the installations and structures on the property to the Town in "as is" condition with the approval of the National Guard Bureau and the State of Louisiana.

TOWN OF FRANKLINTON

Notes to Financial Statements

Note 9. Interfund Transfers

The following is a detailed list of interfund transfers reported in the fund financial statements on October 31, 2022:

	Transfers In	Transfers Out
Interfund Transfers		
General Fund		
Streets and Drainage Sinking Debt Service Fund	\$ -	\$ 120,485
Enterprise Fund	147,500	-
Ad Valorem Streets and Drainage	90,000	-
Street and Drainage Ad Valorem Special Revenue Fund		
General Fund	-	90,000
Streets and Drainage Sinking Debt Service Fund		
General Fund	120,485	-
Enterprise Fund		
General Fund	-	147,500
Total Interfund Transfers	\$ 357,985	\$ 357,985

Note 10. Accounts, Salaries, and Other Payables

The Governmental Fund payables at October 31, 2022 are as follows:

	General Fund	Streets and Drainage Ad Valorem Fund	Non-Major Funds	Total
Governmental Funds Payable				
Accounts	\$129,383	\$ 357,678	\$ 1,680	\$ 488,741
Accrued Salaries	40,741	-	-	40,741
Retirement Payable	53,338	-	-	53,338
Compensated Absences Payable	45,897	-	-	45,897
Total Government Funds Payable	\$269,359	\$ 357,678	\$ 1,680	\$ 628,717

TOWN OF FRANKLINTON

Notes to Financial Statements

Note 10. Accounts, Salaries, and Other Payables (Continued)

The Enterprise Funds payable at October 31, 2022 are as follows:

	Gas Utility	Water Utility	Sewer Utility	Total Enterprise Fund
Enterprise Funds Payable				
Accounts	\$ 87,102	\$ 134,598	\$ 19,658	\$ 241,358
Accrued Salaries	5,479	5,303	8,162	18,944
Accrued Interest	-	17,684	20,726	38,410
Compensated Absences Payable	27,223	6,582	51,915	85,720
Sales Taxes Payable	14,688	463	-	15,151
Total Enterprise Funds Payable	\$ 134,492	\$ 164,630	\$ 100,461	\$ 399,583

Note 11. Long-Term Obligations

The following is a summary of long-term obligation transactions for the year ended October 31, 2022:

	Governmental Activities		Business-Type Activities		Total Long-Term Obligations
	Financing Leases	Revenue Bonds	Financing Leases	Revenue Bonds	
Beginning Balance	\$ 23,804	\$ -	\$ -	\$ 7,896,084	\$ 7,919,888
Additions	-	2,065,000	-	-	2,065,000
Deletions	(23,804)	-	-	(213,334)	(237,138)
Ending Balance	\$ -	\$ 2,065,000	\$ -	\$ 7,682,750	\$ 9,747,750

The following is a summary of the current (due in one year or less) and the long-term (due in more than one year) portions of the long-term obligations:

	Governmental Activities			Business-Type Activities			Total Long-Term Obligations
	Current Portion	Long-Term Portion	Total	Current Portion	Long-Term Portion	Total	
Governmental Activities							
Revenue Bonds	\$ 130,000	\$ 1,935,000	\$ 2,065,000	\$ 254,645	\$ 7,428,105	\$ 7,682,750	\$ 9,747,750
Compensated Absences Payable	45,897	315,039	360,936	14,363	71,357	85,720	446,656
Net Pension Liability	-	3,651,736	3,651,736	-	546,463	546,463	4,198,199
Other Post Employment Benefit Obligation	-	551,141	551,141	-	323,686	323,686	874,827
Total	\$ 175,897	\$ 6,452,916	\$ 6,628,813	\$ 269,008	\$ 8,369,611	\$ 8,638,619	\$ 15,267,432

TOWN OF FRANKLINTON

Notes to Financial Statements

Note 11. Long-Term Obligations (Continued)

Bonds Payable as of October 31, 2022 are as follows:

Revenue Bonds

Governmental Activities:

\$2,065,000 Sales Tax Revenue Bonds, Series 2022, due in annual installments with interest at 1.98% per annum paid in semi-annual installments through November 11, 2034 secured by sales tax revenues. \$ 2,065,000

Business-Type Activities

\$3,937,000 Sewer Revenue Bonds, Series 2018, due in monthly installments with interest payments at 1.75% per annum through March 22, 2058, secured by the revenues of the Enterprise Fund. \$ 3,676,750

\$1,700,000 Taxable Public Improvement Bonds, Series 2020, due in semiannual payments with interest at 4% per annum through June 1, 2041 secured by the revenues of the Enterprise Fund with a participation of the Louisiana Public Facilities Authority of \$425,000 bearing no interest. 1,636,000

\$2,445,000 Water and Sewer Revenue Refunding Bonds, Series 2021, payable in annual installments with interest at 2.25% per annum through February 1, 2049 secured by revenues of the Enterprise Fund. 2,370,000

Total \$ 7,682,750

TOWN OF FRANKLINTON

Notes to Financial Statements

Note 11. Long-Term Obligations (Continued)

The annual requirements to amortize all debt outstanding at October 31, 2022, are as follows:

Year Ending October 31,	Governmental Activities		Business-Type Activities		Public Improvement		Total	
	Revenue Bonds		Revenue Bonds		Principal	Interest	Principal	Interest
	Principal	Interest	Principal	Interest				
2023	\$ 130,000	\$ 47,096	\$ 190,645	\$ 115,898	\$ 64,000	\$ 56,920	\$ 384,645	\$ 219,914
2024	200,000	36,333	191,979	111,113	66,000	55,160	457,979	202,606
2025	200,000	32,373	198,338	106,305	68,000	53,320	466,338	191,998
2026	205,000	28,364	204,720	101,323	70,000	51,400	479,720	181,087
2027	210,000	24,255	211,126	96,167	71,000	49,430	492,126	169,852
2028-2032	1,120,000	56,232	1,102,901	444,774	389,000	164,210	2,611,901	665,216
2033-2037	-	-	958,384	332,929	465,000	120,100	1,423,384	453,029
2038-2042	-	-	737,619	246,655	443,000	36,260	1,180,619	282,915
2043-2047	-	-	805,633	181,530	-	-	805,633	181,530
2048-2052	-	-	676,936	133,677	-	-	676,936	133,677
2053-2057	-	-	623,994	72,906	-	-	623,994	72,906
2058-2061	-	-	144,475	18,608	-	-	144,475	18,608
Total	\$2,065,000	\$224,653	\$6,046,750	\$1,961,885	\$1,636,000	\$586,800	\$9,747,750	\$2,773,338

During the year ended October 31, 2022, the Town issued \$2,065,000 in Sales Tax Revenue which will be used for street improvements.

Note 12. Flow of Funds, Restrictions on Use - Enterprise Fund and Governmental Fund Bonds

Sewer Revenue Bonds - Series 2002

The Sewer Revenue Bonds, Series 2002, issued by the United States Department of Agriculture, Rural Utilities Service, require that all income and revenues earned or derived from the operation of the system be deposited in the Revenue Fund. Out of the funds on deposit in the Revenue Fund, after reasonable and necessary expenses of operating the system have been paid, moneys are to be transferred to the Sinking Fund, the Reserve Fund and/or the Contingency Fund as provided in the Resolution. The gross sewer utility revenue recognized during the current period was \$906,093.

The issuance of Series 2018 sewer bond established combined bond requirements for the Sewer Sinking Fund, the Sewer Reserve Fund, and the Sewer Contingency Fund as shown later in this note. During the year ended October 31, 2021, the remaining maturities of the Series 2002 Sewer Revenue Bonds were refunded with the issuance of 2021 Series Water and Sewer Revenue Refunding Bonds.

TOWN OF FRANKLINTON

Notes to Financial Statements

Note 12. Flow of Funds, Restrictions on Use - Enterprise Fund and Governmental Fund Bonds (Continued)

Water Revenue Bonds

The Water Revenue Bonds, Series 1996, issued by the United States Department of Agriculture, Rural Utilities Service, require that all income and revenues earned or derived from the operation of the system be deposited in the Revenue Fund. Out of the funds on deposit in the Revenue Fund, after reasonable and necessary expenses of operating the system have been paid, moneys are to be transferred to the Sinking Fund, the Reserve Fund and/or the Contingency Fund as provided in the Resolution. The gross water utility revenue recognized during the current period was \$701,979.

The Sinking Fund is designed to achieve a proper matching of revenues and debt service on the bonds with each bond year. For purposes of this certificate, "Bond Year" shall mean one-year period ending on each principal payment date of the bonds, which is December 26. The municipality is required by the Resolution to make monthly deposits into the Sinking Fund no later than the twentieth day of each month, a sum of \$6,101. Amounts deposited in the Sinking Fund will be applied to the payment of principal and interest on the bonds in the bond year of their receipts. The Town has elected to make these payments monthly to RUS.

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

The Contingency Fund is established to care for depreciation, extensions, additions, improvements, renewals and replacements necessary to operate properly the System, by transferring from the Water Revenue Fund on or before the twentieth day of each month of each year a sum of \$321, provided such sum is available as provided in the Resolution. In addition to caring for depreciation, extensions, additions, improvements, renewals and replacements necessary to properly operate the System, the money in the Contingency Fund may also be used to pay the principal of and the interest on the bonds including any additional pari passu bonds issued hereafter in the manner provided by the Resolution, for the payment of which there is not sufficient money in the Sinking Fund or Reserve Funds.

TOWN OF FRANKLINTON

Notes to Financial Statements

Note 12. Flow of Funds, Restrictions on Use - Enterprise Fund and Governmental Fund Bonds (Continued)

Series 2008 - Sewer Bonds

On January 23, 2009, the Town of Franklinton issued \$1,461,000 of Series 2008 revenue bonds, for the purpose of financing sewer improvements. The previous Series 2006 Bonds were retired with \$900,000 of these funds. The Town also was awarded a \$949,000 Rural Development Grant to assist in financing the sewer improvement project, along with \$100,000 funds supplied by the Town for an estimated project cost of \$2,510,000. The Series 2008 Sewer Revenue Bonds, issued by the United States Department of Agriculture, Rural Utilities Service, require that all income and revenues earned or derived from the operation of the system be deposited into the Revenue Fund. The issuance of Series 2018 sewer bonds established combined bond requirements for the Sewer Sinking Fund, the Sewer Reserve Fund, and the Sewer Contingency Fund as shown later in this note.

Series 2018 - Sewer Bonds

On December 7, 2016, the USDA also approved a request for obligation of funds of \$5,904,664 for the sewer improvements project. Funding for this project is initially provided through interim financing, with permanent funding to be provided by USDA upon substantial completion of construction. In March 2018, the Town issued \$3,937,000 in sewer revenue bonds, Series 2018. Proceeds from the bonds were used to pay for the cost of constructing and acquiring improvements and renovations of the sewerage system of the Town, inclining appurtenant equipment and accessories, a work of public improvement to the Town, discharging the Town's bond anticipation notes dated December 7, 2017, and paying the cost of issuance of the bonds. The notes were issued to provide interim financing for the project costs. None of the proceeds of the notes were used to refund any prior indebtedness of the Town or any other entity. All of the proceeds of the notes advanced to the Town have been expended on project costs. The bonds bear interest rates of 1.750% per annum and will mature on March 22, 2058. Contracts A-D of the sewer improvement project were completed in July 2019 at a cost of \$5,696,010. Contract E of the sewer improvement project was completed in July 2020 at a cost of \$194,726.

The Series 2018 Sewer Revenue Bonds, issued by the United States Department of Agriculture, Rural Utilities Service, require that all income and revenues earned or derived from the operation of the system be deposited into the Revenue Fund. The issuance of Series 2018 sewer bonds established combined bond requirements for the Sewer Sinking Fund, the Sewer Reserve Fund, and the Sewer Contingency Fund.

TOWN OF FRANKLINTON

Notes to Financial Statements

Note 12. Flow of Funds, Restrictions on Use - Enterprise Fund and Governmental Fund Bonds (Continued)

Series 2018 - Sewer Bonds (Continued)

The Series 2018 Sewer Revenue Bonds also require the creation of a Short-Lived Asset Reserve Fund. Based on preliminary engineering report, the Town must deposit at least \$51,009 into the short-lived asset reserve fund annually for the life of the loan to pay for repairs and/or replacement of major system assets. It is responsibility of the Town to assess their needs on a regular basis and adjust the amount deposited to meet those needs.

The Town made the payments for the Sewer Sinking Fund, Sewer Reserve Fund, Sewer Contingency Fund, and Sewer Short-Lived Assets Fund as required during the fiscal year 2022.

Series 2021 - Water and Sewer Revenue Refunding Bonds

The Water and Sewer Revenue Refunding Bonds, require that all income and revenues earned or derived from the operation of the system be deposited in the System Revenue Fund. Out of the funds on deposit in the System Revenue Fund, after reasonable and necessary expenses of operating the system have been paid, moneys are to be transferred to the Debt Service Fund and the Debt Service Reserve Fund as provided in the Resolution.

Note 13. Employee Pension Plans

Municipal Employees' Retirement System of Louisiana

Plan Description

Employees of the Town are eligible for participation in the Municipal Employees' Retirement System of Louisiana (the System), a cost-sharing, multiple-employer defined benefit pension plan B administered by a Board of Trustees and established by Act 356 of the 1954 Regular Session of the Louisiana Legislature. The System issues a publicly available financial report that can be obtained at www.mersla.com/annual-reports. The report may also be obtained by writing to the Municipal Employees' Retirement System of Louisiana, 7937 Office Park Boulevard, Baton Rouge, Louisiana 70809, or by calling (225) 925-4810.

TOWN OF FRANKLINTON

Notes to Financial Statements

Note 13. Employee Pension Plans (Continued)

Municipal Employees' Retirement System of Louisiana (Continued)

Benefits Provided

The System provides retirement, disability, and death benefits. Retirement benefits are determined as 2% of the employee's monthly average final compensation multiplied by the employee's years of creditable service. Employees with 30 years of service are eligible to retire at any age. Employees with a minimum of 10 years of service are eligible to retire at age 60. Employees are eligible for disability benefits with 10 years of creditable service, are not eligible for normal retirement, and have been officially certified as disabled by the State Medical Disability Board. Survivor's benefits are available upon the death of a member who has credit for five or more years of service who is not eligible for normal retirement benefits. Under state law, cost-of-living increases to benefits are allowable only if sufficient funds are available from investment income in excess of normal requirements. Cost-of-living increases cannot exceed 2% of the retiree's original benefit for each full calendar year since retirement.

Contributions

Per Act 788 of the 1978 Regular Session of the Louisiana Legislature, contribution rates for employees are established by state law and employer contribution rates are actuarially determined each year by the System's Board of Trustees. Employees are required to contribute 5% of their annual pay. The Town's contractually required contribution rate for the year ended October 31, 2022 was 15.50% of annual payroll. Contributions to the System from the Town were \$120,834 for the year ended October 31, 2022. Non-employer contributions during the year ended June 30, 2022 were \$28,261.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At October 31, 2022, the Town reported a liability of \$853,849 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liability was based on a projection of the Town's June 30, 2022 contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2022, the proportion was .972511%, which was an increase of 0.085028% from its proportion measured as of June 30, 2022.

TOWN OF FRANKLINTON

Notes to Financial Statements

Note 13. Employee Pension Plans (Continued)

Municipal Employees' Retirement System of Louisiana (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

For the year ended October 31, 2022, the Town recognized a pension expense of \$107,747. At October 31, 2022, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	\$ -	\$ 10,864
Changes of Assumptions	9,132	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	157,030	-
Changes in Proportion and Differences between Employer Contributions and Proportionate Share of Contributions	14,368	-
Employer Contributions Subsequent to the Measurement Date	43,588	-
Total	\$ 224,118	\$ 10,864

The Town reported \$43,588 as deferred outflows of resources related to pensions resulting from the Town contributions subsequent to the measurement date which will be recognized as a reduction of the net pension liability in the year ending October 31, 2023.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending October 31,	Amount
2023	\$ 46,859
2024	35,445
2025	16,929
2026	70,433
Total	\$ 169,666

TOWN OF FRANKLINTON

Notes to Financial Statements

Note 13. Employee Pension Plans (Continued)

Municipal Employees' Retirement System of Louisiana (Continued)

Actuarial Assumptions

The total pension liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation Date	June 30, 2022
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions	
Investment Rate of Return	6.85%, net of investment expense, including inflation
Inflation Rate	2.50%
Projected Salary Increases	
- 1 to 4 Years	6.40% (2.50% inflation, 4.90% merit)
- More than 4 Years	4.50% (2.50% inflation, 2.40% merit)
Mortality Rates	PubG-2010(B) Employee and Healthy Retiree tables set equal to 120% for males and females using their respective male and female MP2018 scale. PubNS-2010(B) Disabled Retiree Table set equal to 120% for males and females with the full generational MP2018 scale.
Expected Remaining Service Lives	3 years
Cost-of-Living Adjustments	The present value of future retirement benefits is based on benefits currently being paid into the System and includes previously granted cost-of-living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees.

The mortality rate assumption used was verified by combining data from the System with three other statewide plans which have similar workforce compositions in order to produce a credible experience. The aggregated data was collected over the period July 1, 2013 to June 30, 2018. The data was then assigned credibility weighting and combined with a standard table to produce current levels of mortality. This mortality was then projected forward to a period equivalent to the estimated duration of the System's liabilities. Annuity values calculated based on this mortality were compared by using a setback of standard tables. The result of the procedure indicated that these tables would produce liability values approximating the appropriate generational mortality tables used.

TOWN OF FRANKLINTON

Notes to Financial Statements

Note 13. Employee Pension Plans (Continued)

Municipal Employees' Retirement System of Louisiana (Continued)

Actuarial Assumptions (Continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.6% and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return was 6.85% for the year ended June 30, 2022.

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Asset Allocation	Long-Term Expected Portfolio Real Rate of Return
Public Equity	53%	2.31%
Public Fixed Income	38%	1.65%
Alternatives	9%	0.39%
Totals	100%	4.35%
Inflation		2.60%
Expected Arithmetic Nominal Return		6.95%

Discount Rate

The discount rate used to measure the total pension liability was 6.85%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from participating employers will be made at the actuarially determined rates approved by the Louisiana Public Retirement Systems' Actuarial Committee (PRSAC), taking into consideration the recommendation of the System's actuary. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

TOWN OF FRANKLINTON

Notes to Financial Statements

Note 13. Employee Pension Plans (Continued)

Municipal Employees' Retirement System of Louisiana (Continued)

Sensitivity of the Town's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 6.85%, as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.85%) or one percentage point higher (7.85%) than the current rate:

	1% Decrease (5.85%)	Current Discount Rate (6.85%)	1% Increase (7.85%)
Town's Proportionate Share of the Net Pension Liability	\$ 1,163,958	\$ 853,849	\$ 591,570

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued System's financial report.

Payables to the Pension Plan

As of October 31, 2022, the Town owed approximately \$14,392 to the System for the Town's October 2022 payroll.

Municipal Police Employees' Retirement System of Louisiana

Plan Description

Police officers of the Town participate in the Municipal Police Employees' Retirement System of Louisiana (the Police System), a cost-sharing, multiple-employer defined benefit pension plan administered by a Board of Trustees and established by Act 189 of the 1973 Regular Session of the Louisiana Legislature. The Police System issues a publicly available financial report that can be obtained at www.lampers.org/auditreports.htm. The report may also be obtained by writing to the Municipal Police Employees' Retirement System of Louisiana, 7722 Office Park Boulevard, Suite 200, Baton Rouge, Louisiana 70809-7601, or by calling (225) 929-7411.

TOWN OF FRANKLINTON

Notes to Financial Statements

Note 13. Employee Pension Plans (Continued)

Municipal Police Employees' Retirement System of Louisiana (Continued)

Benefits Provided

The Police System provides retirement, disability, and death benefits.

For employees that became members of the Police System prior to January 1, 2013, retirement benefits are determined as 3 $\frac{1}{3}$ % of the employee's average final compensation based on the 36 consecutive months of highest pay multiplied by the employee's years of creditable service, not to exceed 100% of final salary. Employees with 25 years of service are eligible to retire at any age. Employees with a minimum of 20 years of service are eligible to retire at age 50. Employees with a minimum of 12 years of service are eligible to retire at age 55.

For employees that became members of the Police System after January 1, 2013, retirement benefits are divided into two sub-plans - Hazardous Duty and Non-Hazardous Duty. Under the Hazardous Duty sub-plan, a member is eligible for regular retirement after he has been a member of the Police System and has 25 years of creditable service at any age or has 12 years of creditable service at age 55. Under the Non-Hazardous Duty sub-plan, a member is eligible for regular retirement after he has been a member of the Police System and has 30 years of creditable service at any age, 25 years of creditable service at age 55, or 10 years of creditable service at age 60. Under both sub-plans, a member is eligible for early retirement after he has been a member of the Police System for 20 years of creditable service at any age, with an actuarially reduced benefit from age 55. Retirement benefits are determined as 3% (Hazardous Duty members) and 2 $\frac{1}{2}$ % (Non-Hazardous Duty members) of the employee's average final compensation based on the highest 60 consecutive months of pay multiplied by the employee's years of creditable service, not to exceed 100% of final salary.

Cost-of-living increases cannot exceed 3% of the retiree's current benefit. The Police System is authorized to provide an additional 2% cost-of-living increase, computed on the member's original benefit, to all regular or disabled retirees, survivors, and beneficiaries who are 65 years of age or older on the cut-off date which determines eligibility.

Contributions

Per Act 189 of the 1973 Regular Session of the Louisiana Legislature, contribution rates for employees are established by state law and employer contribution rates are actuarially determined each year by the Police System's Board of Trustees. Employees are required to contribute 10% of their annual pay. The Town's contractually required contribution rate for the period from November 1, 2021 to June 30, 2022 was 29.75% of annual payroll. For the period from July 1, 2022 to October 31, 2022, the contractually required contribution rate was 31.25%. Contributions to the Police System from the Town were \$285,988 for the year ended October 31, 2022. Non-employer contributions for the year ended June 30, 2022 were \$72,782.

TOWN OF FRANKLINTON

Notes to Financial Statements

Note 13. Employee Pension Plans (Continued)

Municipal Police Employees' Retirement System of Louisiana (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At October 31, 2022, the Town reported a liability of \$3,344,350 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liability was based on a projection of the Town's June 30, 2022 contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2022, the Town's proportion was 0.327179%, which was an increase of 0.047023% from its proportion measured as of June 30, 2021.

For the year ended October 31, 2022, the Town recognized pension expense of \$679,107. At October 31, 2022, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	\$ 16,494	\$ 27,258
Changes of Assumptions	115,361	24,875
Net Difference between Projected and Actual Earnings on Pension Plan Investments	597,072	
Changes in Proportion and Differences between Employer Contributions and Proportionate Share of Contributions	-	-
Employer Contributions Subsequent to the Measurement Date	335,353	-
	100,539	-
Total	\$ 1,164,819	\$ 52,133

The Town reported \$100,539 as deferred outflows of resources related to pensions resulting from the Town contributions subsequent to the measurement date which will be recognized as a reduction of the net pension liability in the year ended October 31, 2023.

TOWN OF FRANKLINTON

Notes to Financial Statements

Note 13. Employee Pension Plans (Continued)

Municipal Police Employees' Retirement System of Louisiana (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending October 31,	Amount
2023	\$ 287,021
2024	285,106
2025	126,833
2026	<u>313,187</u>
Total	<u>\$ 1,012,147</u>

Actuarial Assumptions

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2022 are as follows:

Valuation Date	June 30, 2022
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions	
Investment Rate of Return	6.75%, net of investment expense
Inflation Rate	2.50%
Projected Salary Increases	
- 1 to 2 Years	12.30%
- Over 2 Years	4.70%
Mortality Rates	Pub-2010 Public Retirement Plan Mortality Table for Safety Below-Median Healthy Retirees multiplied by 115% for males and 125% for females, each with full generational projection using the MP 2019 scale for employees, annuitants, and beneficiaries. Pub-2010 Public Retirement Plans Mortality Table for Safety Disabled Retirees multiplied by 105% for males and 115% for females, each with full generational projection using the MP 2019 scale for disabled lives.

TOWN OF FRANKLINTON

Notes to Financial Statements

Note 13. Employee Pension Plans (Continued)

Municipal Police Employees' Retirement System of Louisiana (Continued)

Actuarial Assumptions (Continued)

Expected Remaining Service Lives	4 years
Cost-of-Living Adjustments	The present value of future retirement benefits is based on benefits currently being paid into the System and includes previously granted cost-of-living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees.

The mortality rate assumption used was set based upon an experience study performed by the prior actuary on plan data for the period July 1, 2014 through June 30, 2019, and review of similar law enforcement mortality. A change was made to full generational mortality which combines the use of a base mortality table with appropriate mortality improvement scales. In order to set the base mortality table, actual plan mortality experience was assigned a credibility weighting and combined with a standard table to provide current levels of mortality.

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Asset Allocation	Long-Term Expected Portfolio Real Rate of Return
Equity	55.50%	3.60%
Fixed Income	30.50%	0.85%
Alternative	14.00%	0.95%
Totals	100%	5.40%
Inflation		2.66%
Expected Arithmetic Nominal Return		8.06%

TOWN OF FRANKLINTON

Notes to Financial Statements

Note 13. Employee Pension Plans (Continued)

Municipal Police Employees' Retirement System of Louisiana (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from participating employers will be made at the actuarially determined rates approved by PRSAC, taking into consideration the recommendation of the Police System's actuary. Based on those assumptions, the Police System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Town's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 6.75%, as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Town's Proportionate Share of the Net Pension Liability	\$ 4,681,450	\$ 3,344,350	\$ 2,227,429

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Police System's financial report.

Payables to the Pension Plan

As of October 31, 2022, the Town owed approximately \$29,716 to the Police System for the Town's October 2022 payroll.

TOWN OF FRANKLINTON

Notes to Financial Statements

Note 13. Employee Pension Plans (Continued)

Firefighters' Retirement System of Louisiana

Plan Description

Employees of the Town are eligible for participation in the Firefighters' Retirement System of Louisiana (the Fire System), a cost-sharing, multiple-employer defined benefit pension plan administered by a Board of Trustees and established by Act 434 of the 1979 Regular Session of the Louisiana Legislature. The Fire System issues a publicly available financial report that can be obtained at www.lafirefightersret.com/finance.html. The report may also be obtained by writing to the Firefighters' Retirement System of Louisiana, 3100 Brentwood Drive, Baton Rouge, Louisiana 70809, or by calling (225) 925-4060.

Benefits Provided

The Fire System provides retirement, disability, and death benefits. Retirement benefits are determined as 3⅓% of the employee's average final compensation based on the 36 consecutive months of highest pay multiplied by the employee's years of creditable service, not to exceed 100%. Employees with 25 years of service are eligible to retire at any age. Employees with a minimum of 12 years of service are eligible to retire at age 55. Employees are eligible for disability benefits if totally disabled from injury received in the line of duty. Employees who are disabled or incapacitated, but not in the line of duty, are eligible for disability benefits with 5 years of service. Cost-of-living increases are not provided.

Contributions

Per Act 434 of the 1979 Regular Session of the Louisiana Legislature, contribution rates for employees are established by state law and employer contribution rates are actuarially determined each year.

Employees are required to contribute 10% of their annual pay. The Town had no contributions in the fiscal year ended October 31, 2022.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At October 31, 2022, the Town had no liability to report for its proportionate share of the net pension liability of the System. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liability was based on a projection of the Town's October 31, 2022 contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At October 31, 2022, the Town's proportion was 0.0%, which was the same as at October 31, 2021.

TOWN OF FRANKLINTON

Notes to Financial Statements

Note 13. Employee Pension Plans (Continued)

Firefighters' Retirement System of Louisiana (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

For the year ended October 31, 2022, the Town recognized pension benefit of \$15,433. At October 31, 2022, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Proportion and Differences between Employer Contributions and Proportionate Share of Contributions	\$ -	\$ 19,222
Total	\$ -	\$ 19,222

The Town reported no deferred outflow of resources related to pension contributions subsequent to the measurement period of June 30, 2022 which will be recognized as a reduction of the net pension liability in the year ended October 31, 2022.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending October 31,	Amount
2023	\$ (19,222)

TOWN OF FRANKLINTON

Notes to Financial Statements

Note 13. Employee Pension Plans (Continued)

Firefighters' Retirement System of Louisiana (Continued)

Actuarial Assumptions

The total pension liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation Rate	2.5%
Salary Increases	Vary from 14.10% in the first two years of service and 5.20% with 3 or more years of service
Investment Rate of Return	6.9%, net of investment expense

Mortality rates were based on the Pub-2010 Public Retirement Plans Mortality Table for Safety Below-Median Employees. The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2019.

The long-term expected rate of return on pension plan investments was determined using the target asset allocation for the System and the average values for expected real rates of return, standard deviation of returns, and correlation of returns, an arithmetic expected nominal rate of return and standard deviation for the portfolio was determined.

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed Income - U.S. Core	18.00%	97.00%
Fixed Income - U.S. TIPS	3.00%	0.40%
Fixed Income - Emerging Market Debt	5.00%	2.75%
Equity - U.S.	27.50%	5.86%
Equity - Non-U.S.	11.50%	6.44%
Equity - Global	10.00%	6.40%
Equity - Emerging Market	7.00%	8.64%
Alternatives - Real Estate	6.00%	5.31%
Alternatives - Private Equity	9.00%	9.53%
Alternatives - Real Assets	3.00%	
Other - Global Tactical Asset Allocation	0.00%	4.17%
Other - Risk Parity	0.00%	4.17%
Total	100.00%	

TOWN OF FRANKLINTON

Notes to Financial Statements

Note 13. Employee Pension Plans (Continued)

Firefighters' Retirement System of Louisiana (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 6.9%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from participating employers will be made at the actuarially determined rates approved by PRSAC, taking into consideration the recommendation of the Fire System's actuary. Based on those assumptions, the Fire System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Town's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 6.90% as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.90%) or one percentage point higher (7.90%) than the current rate:

	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
Town's Proportionate Share of the Net Pension Liability	\$ -	\$ -	\$ -

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Fire System's financial report.

TOWN OF FRANKLINTON

Notes to Financial Statements

Note 14. Other Postemployment Benefits

General Information about the OPEB Plan

Plan Description. The Town administers a single-employer defined benefit Other Postemployment Benefits (OPEB) plan providing medical and prescription drug benefits to retired employees and their dependents under certain conditions. The Town does not issue a separate report that included financial statements and required supplementary information for the OPEB plan. Participation in the plan is authorized by a resolution passed by the Board of Aldermen on February 22, 2011; which authorized an amendment to the Town's personnel policies and procedures manual to include the retirement health insurance benefit. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Benefits Provided. Individuals who are employed by the Town and are eligible to participate in the group health plan are eligible to continue healthcare benefits upon retirement at age 62 or older with at least 20 years of service. Coverage during retirement continues in the group health plans. The Town pays 100% of the coverage for the retiree. Employees covered by the plan may make contributions toward the plan premiums if a spouse is covered.

The Town's total OPEB liability of \$874,827 was measured as of November 1, 2021 and was determined to by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs. Using the Alternative Measurement Method (AMM) permitted under GASB Statement 75, a simplified version of the Entry Age Normal with Level Percentage of Pay Actuarial Cost Method was used to determine the total OPEB liability. The total OPEB liability in the November 1, 2021 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

The discount rate was based on the index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher as of the measurement date. Mortality rates were based on the 2016 United States Life Tables.

The expected health care cost trend rates are based on the most recent projections made by the Office of the Actuary at the Centers of Medicare & Medicaid Services, as published in National Health Expenditures Projections 2016-2025.

Based on historical average retirement age for the covered group, active plan members were assumed to retire at age 62, or the first subsequent year in which the member would qualify for benefits.

TOWN OF FRANKLINTON

Notes to Financial Statements

Note 14. Other Postemployment Benefits (Continued)

General Information about the OPEB Plan (Continued)

Spousal coverage of members at the calculation date was assumed to continue throughout retirement. Husbands are assumed to be three years older than wives.

All coverage ceases when the retiree attains age 65 or becomes eligible for Medicare except for COBRA continuation if elected. Spousal health insurance coverage is provided until the spouse reaches Medicare eligibility as long as the required contributions are paid. Spouses may continue coverage until they are eligible for Medicare even if the retiree loses coverage due to death or reaching Medicare eligibility.

Turnover rates were based on Scale T-7 of the Actuary's Pension Handbook.

Changes in the Total OPEB Liability

	Net Liability
Balance at November 1, 2021	\$ 858,423
Changes for the Year	
Service Cost	46,603
Interest Cost	19,462
Difference between Expected and Actual Experience	(68,130)
Changes in Assumptions	37,722
Benefit Payments	(19,253)
Net Changes for the Year	16,404
Balance as of October 31, 2022	\$ 874,827

Sensitivity of the Total OPEB Liability Changes in the Discount Rate. The following presents the total OPEB liability of the Town, as well as what the Town's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (1.25%) or one percentage point higher (3.25%) than the current discount rate:

	1.0% Decrease	Discount Rate 2.25%	1.0% Increase
Net OPEB Liability	\$ 951,430	\$ 874,827	\$ 799,311

TOWN OF FRANKLINTON

Notes to Financial Statements

Note 14. Other Postemployment Benefits (Continued)

Sensitivity of the Total OPEB Liability Changes in the Healthcare Cost Trend Rates. The following presents the total OPEB liability of the Town, as well as what the Town's total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower (3.9% decreasing to 3.7%) or one percentage point higher (5.9% decreasing to 5.7%) than the current healthcare cost trend rates:

	1.0% Decrease	Healthcare Cost Trend Rates	1.0% Increase
Net OPEB Liability	\$ 763,234	\$ 874,827	\$ 1,008,397

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended October 31, 2022, the Town recognized OPEB expense of \$35,657. At October 31, 2022, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	N/A*	N/A*
Difference between Projected and Actual Investments	N/A*	N/A*
Total	N/A*	N/A*

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in future years' OPEB expense as follows:

Year Ending December 31,	Amount
2022	N/A*
2023	N/A*
2024	N/A*
2025	N/A*
Thereafter	N/A*

* If using AMM procedures, changes of assumptions and the difference between expected and actual experience with regard to economic and demographic factors are immediately recognized in OPEB expense.

TOWN OF FRANKLINTON

Notes to Financial Statements

Note 15. Risk Management

The Town is exposed to various risks of loss related to theft, damage, or destruction of assets, torts, injuries, natural disasters and many other unforeseeable events. The Town purchases commercial insurance policies and bonds for any and all claims related to the aforementioned risks. The Town's payment of the insurance policy deductible is the only liability associated with these policies and bonds. There has been no significant decrease in insurance coverage from the prior year.

In order to control insurance costs and concurrently manage the risks of loss, the Town has a deductible on general liability insurance and public officials' errors and omissions of \$25,000 for each loss occurrence and \$50,000 per occurrence for law enforcement liability.

Note 16. Contingent Liabilities

At October 31, 2022, the Town has several suits pending or threatened litigation. As of the date of this report, the extent to which some of these suits are covered by insurance, the outcome of these suits, and any probable loss amount cannot be readily determinable.

Note 17. On Behalf Payments by the State of Louisiana

For the fiscal year ended October 31, 2022, the State of Louisiana made on behalf payments in the form of supplemental pay to the Town's policemen and firemen. In accordance with GASB 24, the Town recorded \$103,948

Note 18. Fund Deficits

At October 31, 2022, the Police Ad Valorem Fund had a deficit fund balance of \$71,566. The Town plans to resolve this deficit in 2023.

Note 19. Subsequent Events

Subsequent events have been evaluated by management through the date of the auditors' report, the date the report was available for issuance. No events were noted that require recording or disclosure in the financial statements for the fiscal year ended October 31, 2022.

REQUIRED SUPPLEMENTARY INFORMATION (PART II)

TOWN OF FRANKLINTON, LOUISIANA
Schedule of Revenues, Expenditures, and Changes in
Fund Balance - Budget and Actual
General Fund
For the Year Ended October 31, 2022

Schedule 1

	Original Budget	Final Budget	Actual Amounts	Final Budget Variance Favorable (Unfavorable)
Revenues				
Taxes				
Sales and Use Taxes	\$ 2,526,400	\$ 3,039,544	\$ 3,055,500	\$ 15,956
Property Taxes	199,000	195,464	195,464	-
Franchise Taxes	195,600	216,002	227,639	11,637
Federal Grant - Hurricane	-	-	608,407	608,407
Licenses and Permits	333,700	331,050	325,103	(5,947)
Intergovernmental Revenue	146,500	292,029	200,470	(91,559)
Charges for Services	424,000	438,800	450,883	12,083
Fines and Forfeitures	50,000	46,000	46,594	594
Other Revenues	76,450	145,110	75,857	(69,253)
Interest Income	640	2,182	2,458	276
Total Revenues	3,952,290	4,706,181	5,188,375	482,194
Expenditures				
Current				
General Government	633,835	1,085,838	675,323	410,515
Public Safety				
Police	2,333,220	2,200,140	2,219,789	(19,649)
Fire	284,385	395,989	326,103	69,886
Public Works	403,975	513,951	399,688	114,263
Sanitation	289,659	295,114	262,099	33,015
Health and Welfare	-	-	32,924	(32,924)
Transportation	15,600	14,490	14,012	478
Capital Outlay	-	-	689,595	(689,595)
Total Expenditures	3,960,674	4,505,522	4,619,533	(114,011)
Excess (Deficiency) of Revenues Over Expenditures	(8,384)	200,659	568,842	368,183
Other Financing Sources (Uses)				
Transfer in	165,000	240,000	237,500	(2,500)
Transfers Out	(235,819)	(218,750)	(120,485)	98,265
Financing Lease - Principal	-	-	(23,805)	(23,805)
Financing Lease - Interest	-	-	(870)	(870)
Total Other Financing Sources (Uses)	(70,819)	21,250	92,340	71,090
Net Change in Fund Balance	(79,203)	221,909	661,182	439,273
Fund Balance, Beginning of Year	2,098,213	2,098,213	2,098,213	-
Fund Balance, End of Year	\$ 2,019,010	\$ 2,320,122	\$ 2,759,395	\$ 439,273

See independent auditors' report.

TOWN OF FRANKLINTON, LOUISIANA
Schedule of Revenues, Expenditures, and Changes in
Fund Balance - Budget and Actual
Streets and Drainage Ad Valorem
For the Year Ended October 31, 2022

Schedule 2

	Original Budget	Final Budget	Actual Amounts	Final Budget Variance Favorable (Unfavorable)
Revenues				
Taxes				
Property Taxes	\$ 185,500	\$ 190,409	\$ 190,409	\$ -
Interest Income	310	915	1,026	111
Total Revenues	185,810	191,324	191,435	111
Expenditures				
Public Works	26,750	33,584	31,440	2,144
Capital Outlay	36,000	269,310	629,080	(359,770)
Total Expenditures	62,750	302,894	660,520	(357,626)
Excess (Deficiency) of Revenues Over Expenditures	123,060	(111,570)	(469,085)	(357,515)
Other Financing Sources (Uses)				
Transfers Out	(90,000)	(90,000)	(90,000)	-
Total Other Financing Sources (Uses)	(90,000)	(90,000)	(90,000)	-
Net Change in Fund Balance	33,060	(201,570)	(559,085)	(357,515)
Fund Balance, Beginning of Year	783,493	783,493	783,493	-
Fund Balance, End of Year	\$ 816,553	\$ 581,923	\$ 224,408	\$ (357,515)

See independent auditors' report.

TOWN OF FRANKLINTON, LOUISIANA
Schedule of Changes in Net OPEB Liability and Related Ratios
For the Year Ended October 31, 2022

Schedule 3

	2022	2021	2020	2019	2018
Total OPEB Liability					
Service Cost	\$ 46,603	\$ 45,869	\$ 45,869	\$ 31,408	\$ 30,493
Interest Cost	19,462	17,880	21,570	28,571	27,145
Difference between Expected and Actual Experience	(68,130)	-	(64,135)	(12,902)	(224,368)
Changes in Assumptions	37,722	-	111,769	(4,727)	19,035
Benefit Payments	(19,253)	-	-	-	-
Net Change in OPEB Liability	16,404	63,749	115,073	42,350	(147,695)
Total OPEB Liability - Beginning	858,423	794,674	679,601	637,251	784,946
Total OPEB Liability - Ending	\$ 874,827	\$ 858,423	\$ 794,674	\$ 679,601	\$ 637,251
Covered Employee Payroll	\$ 2,003,822	\$ 1,993,887	\$ 1,935,813	\$ 2,078,086	\$ 2,017,559
Net OPEB Liability as a Percentage of Covered-Employee Payroll	43.66%	43.05%	41.05%	32.70%	31.59%

Notes to Schedule:

Benefit Changes. There were no changes of benefit terms for the year ended October 31, 2022.

This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

See independent auditors' report.

TOWN OF FRANKLINTON, LOUISIANA
Schedule of the Town's Proportionate Share
of the Net Pension Liability
For the Year Ended October 31, 2022

Schedule 4

Municipal Employees' Retirement System of Louisiana

Fiscal Year	Town's Proportion of the Net Pension Liability	Town's Proportionate Share of the Net Pension Liability*	Town's Covered Employee Payroll	Town's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2022	0.972511%	\$ 853,849	\$ 759,995	112.35%	69.56%
2021	0.953056%	552,114	748,728	73.74%	79.14%
2020	0.934873%	847,206	724,501	116.94%	66.26%
2019	1.067834%	934,155	805,597	115.96%	66.14%
2018	1.296643%	1,096,742	960,916	114.14%	65.60%
2017	1.324145%	1,145,694	947,803	120.88%	63.49%
2016	1.316773%	1,091,484	924,187	118.10%	63.34%
2015	1.337770%	909,211	891,965	101.93%	68.71%

Firefighters' Retirement System of Louisiana

Fiscal Year	Town's Proportion of the Net Pension Liability	Town's Proportionate Share of the Net Pension Liability*	Town's Covered Employee Payroll	Town's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2022	-	\$ -	\$ -	0.00%	0.00%
2021	-	-	-	0.00%	0.00%
2020	-	-	-	0.00%	72.61%
2019	-	-	-	0.00%	73.96%
2018	-	-	-	0.00%	74.76%
2017	-	-	-	0.00%	73.58%
2016	0.260060%	170,103	63,253	268.92%	68.16%
2015	0.207100%	111,774	53,510	208.88%	72.45%

See independent auditors' report.

TOWN OF FRANKLINTON, LOUISIANA
Schedule of the Town's Proportionate Share
of the Net Pension Liability (Continued)
For the Year Ended October 31, 2022

Schedule 4

Municipal Police Employees' Retirement System of Louisiana

Fiscal Year	Town's Proportion of the Net Pension Liability	Town's Proportionate Share of the Net Pension Liability*	Town's Covered Employee Payroll	Town's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2022	0.327179%	\$ 3,344,350	\$ 935,913	357.34%	70.79%
2021	0.280156%	1,493,385	931,076	160.39%	84.09%
2020	0.264569%	2,445,234	789,290	309.80%	70.94%
2019	0.263135%	2,389,706	768,086	311.12%	71.01%
2018	0.273860%	2,302,768	894,845	257.34%	71.89%
2017	0.292655%	2,555,002	969,385	263.57%	70.08%
2016	0.320693%	3,005,797	974,304	308.51%	66.04%
2015	0.336217%	2,633,909	942,844	279.36%	70.73%

* The measurement date of the proportionate share of the net pension liability is one year in arrears.

This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

See independent auditors' report.

TOWN OF FRANKLINTON, LOUISIANA
Schedule of the Town's Contributions to Defined
Benefit Pension Plans
For the Year Ended October 31, 2022

Schedule 5

Municipal Employees' Retirement System of Louisiana

Fiscal Year	Contractually Required Contribution	Contributions in Relation to the Contractually Required Contribution	Contribution Deficiency / (Excess)	Town's Covered Employee Payroll	Contributions as a Percentage of Covered Employee Payroll
2022	\$ 120,834	\$ 120,834	\$ -	\$ 779,575	15.50%
2021	116,909	116,909	-	752,335	15.54%
2020	103,994	103,994	-	717,352	14.50%
2019	107,647	107,647	-	768,906	14.00%
2018	132,828	132,828	-	919,895	14.44%
2017	123,831	123,831	-	923,637	13.41%
2016	110,223	110,223	-	854,390	12.90%
2015	121,528	121,528	-	891,965	13.62%

Firefighters' Retirement System of Louisiana

Fiscal Year	Contractually Required Contribution	Contributions in Relation to the Contractually Required Contribution	Contribution Deficiency / (Excess)	Town's Covered Employee Payroll	Contributions as a Percentage of Covered Employee Payroll
2022	\$ -	\$ -	\$ -	\$ -	0.00%
2021	-	-	-	-	0.00%
2020	-	-	-	-	0.00%
2019	-	-	-	-	0.00%
2018	-	-	-	-	0.00%
2017	-	-	-	-	0.00%
2016	10,701	10,701	-	63,075	16.97%
2015	15,489	15,489	-	60,597	25.56%

See independent auditors' report.

TOWN OF FRANKLINTON, LOUISIANA
Schedule of the Town's Contributions to Defined
Benefit Pension Plans (Continued)
For the Year Ended October 31, 2022

Schedule 5

Municipal Police Employees' Retirement System of Louisiana

Fiscal Year	Contractually Required Contribution	Contributions in Relation to the Contractually Required Contribution	Contribution Deficiency / (Excess)	Town's Covered Employee Payroll	Contributions as a Percentage of Covered Employee Payroll
2022	\$ 285,988	\$ 285,988	\$ -	\$ 944,418	30.28%
2021	301,350	301,350	-	937,751	32.14%
2020	286,883	286,883	-	861,918	33.28%
2019	269,883	269,883	-	747,742	36.09%
2018	260,601	260,601	-	888,452	29.33%
2017	280,721	280,721	-	955,783	29.37%
2016	275,625	275,625	-	967,897	28.48%
2015	279,265	279,265	-	906,885	30.79%

This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

See independent auditors' report.

OTHER SUPPLEMENTARY INFORMATION

TOWN OF FRANKLINTON, LOUISIANA
Non-Major Governmental Funds
Fund Descriptions

Non-Major Governmental Funds

Special Revenue Funds:

Police Ad Valorem - To account for the receipt and disbursement of a five (5) mill ad valorem tax dedicated for the purpose of maintaining and improving the police department.

Industrial Development Sales Tax - To account for disbursement of 10% of a 1% sales tax dedicated for the purposes of promoting and encouraging the location and development of commerce and industry, including land and building, therefore. This fund is maintained to monitor continuing requirements for disbursement of funds from a sales tax issue expired October 2011.

Rural Development Grant - To account for the receipt and disbursement of a grant from the State of Louisiana for the purpose of providing financial assistance to purchase new equipment at an industrial development location.

Economic Development and Recreation Sales Tax - is a special revenue fund that accounts for and reports economic development and recreation sales tax, including the recording of related income and expenses.

Debt Service Funds:

Streets and Drainage Sinking Debt Service Fund - accounts for resources set aside for payment of principal and interest on the Series 2022 Sales Tax Bonds.

Capital Project Funds:

Street Capital Project Fund - accounts for proceeds of the 2022 Sales Tax Revenue bonds which will be used for street improvements.

TOWN OF FRANKLINTON, LOUISIANA
Non-Major Governmental Funds
Combining Balance Sheet
October 31, 2022

Schedule 6

	Special Revenue Funds				Capital Projects Fund	Debt Service Fund	Total Non-Major Funds
	Police Ad Valorem	Industrial Development Sales Tax	Rural Development Grant	Economic Development and Recreation Sales Tax	2022 Street	Street and Drainage Sinking	
Assets							
Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Receivables, Net							
Accounts and Other	32	-	-	-	-	-	32
Intergovernmental	-	-	-	7,280	-	-	7,280
Prepaid Expenses	8,242	-	-	-	-	-	8,242
Restricted Cash	2,726	341,197	35,539	1,011,953	-	2,098	1,393,513
Restricted Investments	-	-	-	-	2,010,977	161,789	2,172,766
Total Assets	\$ 11,000	\$ 341,197	\$ 35,539	\$ 1,019,233	\$ 2,010,977	\$ 163,887	\$ 3,581,833
Liabilities and Fund Balances							
Liabilities							
Accounts Payable	\$ 1,680	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,680
Due to Other Funds	80,886	-	-	84,853	-	39,484	205,223
Total Liabilities	82,566	-	-	84,853	-	39,484	206,903
Fund Balances							
Nonspendable	8,242	-	-	-	-	-	8,242
Restricted	-	341,197	35,539	934,380	2,010,977	124,403	3,446,496
Unassigned	(79,808)	-	-	-	-	-	(79,808)
Total Fund Balances	(71,566)	341,197	35,539	934,380	2,010,977	124,403	3,374,930
Total Liabilities and Fund Balances	\$ 11,000	\$ 341,197	\$ 35,539	\$ 1,019,233	\$ 2,010,977	\$ 163,887	\$ 3,581,833

See independent auditors' report.

TOWN OF FRANKLINTON, LOUISIANA
Non-Major Governmental Funds
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances
For the Year Ended October 31, 2022

Schedule 7

	Special Revenue Funds				Capital	Debt	Total
	Police Ad Valorem	Industrial Development Sales Tax	Rural Development Grant	Economic Development and Recreation Sales Tax	Projects Fund	Service Fund	
Revenues							
Ad Valorem Taxes	\$ 136,110	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 136,110
Sales and Use Taxes	-	-	-	69,830	-	-	69,830
Other Revenues	6,000	-	-	-	-	-	6,000
Interest Income	16	154	16	437	10,983	3,854	15,460
Total Revenues	142,126	154	16	70,267	10,983	3,854	227,400
Expenditures							
Public Safety							
Police	168,742	-	-	-	-	-	168,742
Recreation	-	-	-	12,880	-	-	12,880
Economic Development	-	-	-	8,642	-	-	8,642
Capital Outlays	31,153	-	-	14,520	-	-	45,673
Total Expenditures	199,895	-	-	36,042	-	-	235,937
Excess (Deficiency) of Revenues Over Expenditures	(57,769)	154	16	34,225	10,983	3,854	(8,537)
Other Financing Sources (Uses)							
Proceeds from Issuance of Bonds	-	-	-	-	2,065,000	-	2,065,000
Issuance Costs	-	-	-	-	(65,006)	-	(65,006)
Payments to Other Governments	-	-	-	(6,400)	-	-	(6,400)
Transfers In	-	-	-	-	-	120,485	120,485
Total Other Financing Sources (Uses)	-	-	-	(6,400)	1,999,994	120,485	2,114,079
Net Change in Fund Balances	(57,769)	154	16	27,825	2,010,977	124,339	2,105,542
Fund Balances, Beginning of Year	(13,797)	341,043	35,523	906,555	-	64	1,269,388
Fund Balances, End of Year	\$ (71,566)	\$ 341,197	\$ 35,539	\$ 934,380	\$ 2,010,977	\$ 124,403	\$ 3,374,930

See independent auditors' report.

TOWN OF FRANKLINTON, LOUISIANA
Proprietary Funds - Enterprise Fund
Schedule of Net Position
For the Years Ended October 31, 2022 and 2021

Schedule 8

	Enterprise Fund	
	2022	2021
Assets		
Current Assets		
Cash and Cash Equivalents	\$ 1,815,294	\$ 1,595,445
Investments	1,208,928	1,201,927
Accounts Receivable, Net	347,205	347,443
Due from Other Funds	44,456	13,148
Inventory - Gas and Supplies	139,135	139,135
Prepaid Expenses	40,400	39,816
Total Current Assets	3,595,418	3,336,914
Restricted Assets		
Restricted Cash and Cash Equivalents	2,848,839	3,686,568
Restricted Investments	309,092	268,446
Total Restricted Assets	3,157,931	3,955,014
Capital Assets		
Land	3,300	3,300
Capital Assets, Net	7,003,699	7,324,324
Construction in Progress	1,316,182	155,150
Total Capital Assets	8,323,181	7,482,774
Total Assets	15,076,530	14,774,702
Deferred Outflows of Resources		
Pension Related	132,230	46,422
Total Assets and Deferred Outflows of Resources	\$ 15,208,760	\$ 14,821,124

See independent auditors' report.

TOWN OF FRANKLINTON, LOUISIANA
Proprietary Funds - Enterprise Fund
Schedule of Net Position (Continued)
For the Years Ended October 31, 2022 and 2021

Schedule 8

	Enterprise Fund	
	2022	2021
Current Liabilities Payable from		
Current Assets		
Accounts Payable	\$ 256,509	\$ 151,882
Compensated Absences Payable	14,363	11,169
Accrued Expenses	18,944	16,428
Due to Other Funds	650,400	171,251
Total Current Liabilities	940,216	350,730
Current Liabilities Payable from		
Restricted Assets		
Customer Deposits	282,961	260,281
Accrued Interest Payable	38,410	36,924
Revenue Bonds Payable	254,645	187,834
Total Current Liabilities Payable from Restricted Assets	576,016	485,039
Long-Term Liabilities		
Bonds Payable	7,428,105	7,708,250
Net Pension Liability	546,463	353,353
Other Post Employment Benefits Obligation	323,686	317,617
Compensated Absences Payable	71,357	74,207
Total Long-Term Liabilities	8,369,611	8,453,427
Total Liabilities	9,885,843	9,289,196
Deferred Inflows of Resources		
Pension Related	6,410	131,860
Net Position		
Net Investment in Capital Assets	895,076	1,294,190
Restricted - Debt Service	2,285,276	1,675,095
Restricted - Construction	287,557	274,614
Unrestricted Net Position	1,848,598	2,156,169
Total Net Position	5,316,507	5,400,068
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 15,208,760	\$ 14,821,124

See independent auditors' report.

TOWN OF FRANKLINTON, LOUISIANA
Proprietary Funds - Enterprise Fund
Schedule of Revenues, Expenses, and Changes in Net Position
For the Years Ended October 31, 2022 and 2021

Schedule 9

	Enterprise Fund	
	2022	2021
Operating Revenues		
Gas Sales	\$ 1,161,893	\$ 913,388
Less: Cost of Gas Sold	(685,733)	(390,759)
Gross Profit on Gas Sales	476,160	522,629
Water Sales	701,979	652,049
Sewer Service Charges	906,093	855,216
Penalties	36,247	22,518
Intergovernmental	18,087	15,625
Other	43,821	34,068
Total Operating Revenues	2,182,387	2,102,105
Operating Expenses		
Bad Debts	21,429	31,788
Depreciation	368,506	455,874
Employee Benefits	264,877	167,371
Insurance	122,059	103,560
Meter Reading	27,157	25,658
Repairs and Maintenance	98,482	76,166
Salaries and Wages	539,109	483,413
Supplies	212,731	146,492
Utilities	152,907	155,986
Other	143,787	136,916
Total Operating Expenses	1,951,044	1,783,224
Operating Income	231,343	318,881

See independent auditors' report.

TOWN OF FRANKLINTON, LOUISIANA
Proprietary Funds - Enterprise Fund
Schedule of Revenues, Expenses, and Changes
in Net Position (Continued)
For the Year Ended October 31, 2022 and 2021

Schedule 9

	Enterprise Fund	
	2022	2021
Nonoperating Revenues (Expenses)		
Net Increase (Decrease) in Fair Value of Investments	-	(1,525)
Interest Income	11,055	2,315
Interest Expense	(178,459)	(179,245)
Transfers Out	(147,500)	-
Bond Issuance Costs	-	(139,262)
Total Nonoperating Revenues (Expenses)	(314,904)	(317,717)
Change in Net Position	(83,561)	1,164
Net Position, Beginning of Year	5,400,068	5,398,904
Net Position, End of Year	\$ 5,316,507	\$ 5,400,068

See independent auditors' report.

TOWN OF FRANKLINTON, LOUISIANA
Proprietary Funds - Enterprise Fund
Schedule of Cash Flows
For the Years Ended October 31, 2022 and 2021

Schedule 10

	Enterprise Fund	
	2022	2021
Cash Flows from Operating Activities		
Received from Customers	2,851,522	2,442,530
Payments to Suppliers	(1,338,813)	(928,774)
Payments to Employees	(813,205)	(704,463)
Net Cash Provided by Operating Activities	699,504	809,293
Cash Flows from Non-Capital Financing Activities		
Grant Income and Other Contributions	18,087	15,625
Transfers to Other Funds	(147,500)	-
Other Funds	447,841	118,052
Net Cash Provided by Non-Capital Financing Activities	318,428	133,677
Cash Flows from Capital and Related Financing Activities		
Payments for Capital Acquisitions	(1,208,913)	(316,122)
Payments for Bond Issuance Costs	-	(139,262)
Proceeds from Issuance of Revenue Bonds	-	1,700,000
Net Proceeds (Refunding) of Revenue Refunding Bonds	-	144,986
Interest Paid on Capital Debt	(176,973)	(142,321)
Principal Paid on Capital Debt	(213,334)	(116,337)
Net Cash (Used in) Provided by Capital and Related Financing Activities	(1,599,220)	1,130,944
Cash Flows from Investing Activities		
Receipt of Interest	11,055	2,315
Proceeds from (Payments) Sale for Investments	(47,647)	1,065,439
Net Cash (Used in) Provided by Investing Activities	(36,592)	1,067,754
Net (Decrease) Increase in Cash and Cash Equivalents	(617,880)	3,141,668
Cash and Cash Equivalents, Beginning of Year	5,282,013	2,140,345
Cash and Cash Equivalents, End of Year	\$ 4,664,133	\$ 5,282,013

See independent auditors' report.

TOWN OF FRANKLINTON, LOUISIANA
Proprietary Funds - Enterprise Fund
Schedule of Cash Flows (Continued)
For the Years Ended October 31, 2022 and 2021

Schedule 10

	Enterprise Fund	
	2022	2021
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities		
Operating Income	\$ 231,343	\$ 526,922
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities		
Depreciation	368,506	468,044
Bad Debt Expense	21,429	-
Decrease in Fair Market Value of Investments	(18,087)	-
(Increase) Decrease in:		
Accounts Receivable	(21,191)	32,406
Inventory	-	1,547
Prepaid Insurance	(584)	(4,146)
Deferred Outflows of Resources	(85,808)	23,011
Increase (Decrease) in:		
Accounts Payable	104,627	14,047
Compensated Absences	344	1,882
Deferred Inflows of Resources	(125,450)	(11,102)
Accrued Expenses	2,516	(11,588)
Customer Deposits	22,680	14,585
Other Post Employment Benefits Obligation	6,069	-
Net Pension Liability	193,110	-
Net Cash Provided by Operating Activities	\$ 699,504	\$ 1,055,608
Reconciliation of Total Cash and Cash Equivalents		
Cash and Cash Equivalents, Unrestricted	\$ 1,815,294	\$ 1,595,445
Cash and Cash Equivalents, Restricted	2,848,839	3,686,568
Total Cash and Cash Equivalents	\$ 4,664,133	\$ 5,282,013

See independent auditors' report.

TOWN OF FRANKLINTON, LOUISIANA
Proprietary Funds - Enterprise Fund
Schedule of Net Position by Department
For the Year Ended October 31, 2022

Schedule 11

	Business-Type Activities			Total
	Enterprise Funds			
	Gas	Water	Sewer	
Assets				
Current Assets				
Cash and Cash Equivalents	\$ -	\$ 1,815,294	\$ -	\$ 1,815,294
Investments	881,284	137,990	189,654	1,208,928
Accounts Receivable, Net	99,918	121,659	125,628	347,205
Due from Other Funds	-	44,456	-	44,456
Inventory - Gas and Supplies	61,348	59,948	17,839	139,135
Prepaid Expenses	11,834	13,603	14,963	40,400
Total Current Assets	1,054,384	2,192,950	348,084	3,595,418
Restricted Assets				
Cash and Cash Equivalents	21,056	1,894,671	933,112	2,848,839
Investments	27,084	35,296	246,712	309,092
Total Restricted Assets	48,140	1,929,967	1,179,824	3,157,931
Capital Assets				
Land	-	3,300	-	3,300
Capital Assets, Net	58,044	215,820	6,729,835	7,003,699
Construction in Progress	-	1,316,182	-	1,316,182
Total Capital Assets	58,044	1,535,302	6,729,835	8,323,181
Total Assets	1,160,568	5,658,219	8,257,743	15,076,530
Deferred Outflows of Resources				
Pension Related	44,076	44,076	44,078	132,230

See independent auditors' report.

TOWN OF FRANKLINTON, LOUISIANA
Proprietary Funds - Enterprise Fund
Schedule of Net Position by Department (Continued)
For the Year Ended October 31, 2022

Schedule 11

	Business-Type Activities			Total
	Enterprise Funds			
	Gas	Water	Sewer	
Liabilities				
Current Liabilities (Payable from Current Assets)				
Accounts Payable	101,790	135,061	19,658	256,509
Compensated Absences Payable	4,199	5,621	4,543	14,363
Accrued Expenses	5,479	5,303	8,162	18,944
Due to Other Funds	205,074	132,863	312,463	650,400
Total Current Liabilities (Payable from Current Assets)	316,542	278,848	344,826	940,216
Current Liabilities (Payable from Restricted Assets)				
Customer Deposits	57,175	137,286	88,500	282,961
Accrued Interest Payable	-	17,684	20,726	38,410
Revenue Bonds Payable	-	75,645	179,000	254,645
Total Current Liabilities (Payable from Restricted Assets)	57,175	230,615	288,226	576,016
Long-Term Liabilities				
Bonds Payable	-	3,601,105	3,827,000	7,428,105
Net Pension Liability	182,154	182,154	182,155	546,463
Other Post Employment Benefits Obligation	107,895	107,895	107,896	323,686
Compensated Absences Payable	23,024	961	47,372	71,357
Total Long-Term Liabilities	313,073	3,892,115	4,164,423	8,369,611
Total Liabilities	686,790	4,401,578	4,797,475	9,885,843
Deferred Inflows of Resources				
Pension Related	2,137	2,137	2,136	6,410
Net Position				
Net Investment in Capital Assets				895,076
Restricted - Debt Service and Construction				2,572,833
Unrestricted				1,848,598
Total Net Position				\$ 5,316,507

See independent auditors' report.

TOWN OF FRANKLINTON, LOUISIANA
Proprietary Funds - Enterprise Fund
Schedule of Revenues, Expenses, and Changes in
Fund Net Position by Department
For the Year Ended October 31, 2022

Schedule 12

	Business-Type Activities Enterprise Funds			Total
	Gas	Water	Sewer	
Operating Revenues				
Gas Sales	\$ 1,161,893	\$ -	\$ -	\$ 1,161,893
Less: Cost of Gas Sold	(685,733)	-	-	(685,733)
Gross Profit on Gas Sales	476,160	-	-	476,160
Water Sales	-	701,979	-	701,979
Sewer Service Charges	-	-	906,093	906,093
Penalties	1,406	17,919	16,922	36,247
Intergovernmental	6,029	6,029	6,029	18,087
Other	1,258	27,947	14,616	43,821
Total Operating Revenues	484,853	753,874	943,660	2,182,387
Operating Expenses				
Bad Debts	7,143	7,143	7,143	21,429
Depreciation	9,117	31,908	327,481	368,506
Employee Benefits	86,684	74,405	103,362	264,451
Insurance	6,051	32,457	44,226	82,734
Meter Reading	8,304	18,853	-	27,157
Repairs and Maintenance	31,221	6,930	32,563	70,714
Salaries and Wages	193,678	110,752	234,679	539,109
Supplies	41,984	101,509	39,619	183,112
Utilities	-	41,285	111,622	152,907
Other	34,981	111,040	94,904	240,925
Total Operating Expenses	419,163	536,282	995,599	1,951,044
Operating Income (Loss)	65,690	217,592	(51,939)	231,343
Non-Operating Revenues (Expenses)				
Interest Income	3,685	3,685	3,685	11,055
Interest Expense	-	(111,927)	(66,532)	(178,459)
Transfers Out	(49,167)	(49,167)	(49,166)	(147,500)
Total Non-Operating Revenues (Expenses)	(45,482)	(157,409)	(112,013)	(314,904)
Change in Net Position	\$ 20,208	\$ 60,183	\$ (163,952)	(83,561)
Net Position, Beginning of Year				5,400,068
Net Position, End of Year				\$ 5,316,507

See independent auditors' report.

TOWN OF FRANKLINTON, LOUISIANA
Proprietary Funds - Enterprise Fund
Schedule of Revenues, Expenses, and Changes in Fund
Net Position - Budget (GAAP Basis) and Actual -
Gas Utility System (Unaudited)
For the Year Ended October 31, 2022

Schedule 13

	Budget	Actual Amounts	Final Budget Variance Favorable (Unfavorable)
Operating Revenues			
Gas Sales	\$ 884,350	\$ 1,161,893	\$ 277,543
Less: Cost of Gas Sold	(372,333)	(685,733)	(313,400)
Gross Profit on Gas Sales	512,017	476,160	(35,857)
Penalties	440	1,406	966
Intergovernmental	-	6,029	6,029
Other	850	1,258	408
Total Operating Revenues	513,307	484,853	(28,454)
Operating Expenditures			
Bad Debts	-	7,143	(7,143)
Depreciation	13,016	9,117	3,899
Employee Benefits	82,532	86,684	(4,152)
Insurance	35,851	6,051	29,800
Meter Reading	-	8,304	(8,304)
Repairs and Maintenance	24,789	31,221	(6,432)
Salaries and Wages	211,000	193,678	17,322
Supplies	28,740	41,984	(13,244)
Other	103,279	34,981	68,298
Total Operating Expenses	499,207	419,163	80,044
Operating Income	14,100	65,690	51,590
Non-Operating Revenues (Expenses)			
Interest Income	460	3,685	3,225
Transfers	-	(49,167)	(49,167)
Total Non-Operating Revenues (Expenses)	460	(45,482)	(45,942)
Change in Net Position	\$ 14,560	\$ 20,208	\$ 5,648

See independent auditors' report.

TOWN OF FRANKLINTON, LOUISIANA
Proprietary Funds - Enterprise Fund
Schedule of Revenues, Expenses, and Changes in Fund
Net Position - Budget (GAAP Basis) and Actual -
Water Utility System (Unaudited)
For the Year Ended October 31, 2022

Schedule 14

	Budget	Actual Amounts	Final Budget Variance Favorable (Unfavorable)
Operating Revenues			
Water Sales	\$ 675,490	\$ 701,979	\$ 26,489
Penalties	10,981	17,919	6,938
Intergovernmental	-	6,029	6,029
Other	28,176	27,947	(229)
Total Operating Revenues	714,647	753,874	39,227
Operating Expenditures			
Bad Debts	-	7,143	(7,143)
Depreciation	34,718	31,908	2,810
Employee Benefits	56,007	74,405	(18,398)
Insurance	34,474	32,457	2,017
Meter Reading	9,479	18,853	(9,374)
Repairs and Maintenance	155,449	6,930	148,519
Salaries and Wages	130,726	110,752	19,974
Supplies	58,328	101,509	(43,181)
Utilities	43,130	41,285	1,845
Other	84,834	111,040	(26,206)
Total Operating Expenses	607,145	536,282	70,863
Operating Income	107,502	217,592	110,090
Non-Operating Revenues (Expenses)			
Interest Income	1,718	3,685	1,967
Interest Expense	(18,811)	(111,927)	(93,116)
Bond Issuance Costs	-	(49,167)	(49,167)
Total Non-Operating Revenues (Expenses)	(17,093)	(157,409)	(140,316)
Change in Net Position	\$ 90,409	\$ 60,183	\$ (30,226)

See independent auditors' report.

TOWN OF FRANKLINTON, LOUISIANA
Proprietary Funds - Enterprise Fund
Schedule of Revenues, Expenses, and Changes in Fund
Net Position - Budget (GAAP Basis) and Actual -
Sewer Utility System (Unaudited)
For the Year Ended October 31, 2022

Schedule 15

	Budget	Actual Amounts	Final Budget Variance Favorable (Unfavorable)
Operating Revenues			
Sewer Service Charges	\$ 875,900	\$ 906,093	\$ 30,193
Penalties	11,000	16,922	5,922
Intergovernmental	-	6,029	6,029
Other	9,650	14,616	4,966
Total Operating Revenues	896,550	943,660	47,110
Operating Expenditures			
Bad Debts	-	7,143	(7,143)
Depreciation	417,781	327,481	90,300
Employee Benefits	67,318	103,362	(36,044)
Insurance	47,512	44,226	3,286
Meter Reading	6,650	-	6,650
Repairs and Maintenance	14,604	32,563	(17,959)
Salaries and Wages	129,753	234,679	(104,926)
Supplies	19,110	39,619	(20,509)
Utilities	83,552	111,622	(28,070)
Other	115,339	94,904	20,435
Total Operating Expenses	901,619	995,599	(93,980)
Operating Loss	(5,069)	(51,939)	(46,870)
Non-Operating Revenues (Expenses)			
Interest Income	3,215	3,685	470
Interest Expense	(106,130)	(66,532)	39,598
Bond Issuance Costs	-	(49,166)	(49,166)
Total Non-Operating Revenues (Expenses)	(102,915)	(112,013)	(9,098)
Change in Net Position	\$ (107,984)	\$ (163,952)	\$ (55,968)

See independent auditors' report.

TOWN OF FRANKLINTON, LOUISIANA
Schedule of Gas, Water, and Sewer Rates (Unaudited)
For the Year Ended October 31, 2022

Schedule 16

Gas		
Residential Rates	Commercial Rates	Industrial Rates
\$11.50 - Base charge "plus" Cost of Gas to Town (CCF) plus charge of \$0.60 per CCF, times Consumer Price Index (CPI)	\$18.00 -Base charge "plus" Cost of Gas to Town (CCF) plus charge of \$0.60 per CCF, times Consumer Price Index (CPI)	Base Price of \$25, plus negotiated rate based on cost analysis

Water	
Residential Rates	Commercial Rates
\$19.00 - Base Charge	\$22.00 - Base Charge
\$2.50 - Per 1,000 Gallons of Water	\$2.60 - Per 1,000 Gallons of Water

Sewer		
Residential Rates	Commercial Rates	For all Sewer Service Outside of Town
\$22.00 - Base Charge	\$35.00 - Base Charge	\$38.00 - Flat Rate Charge
\$4.25 - Per 1,000 Gallons of Water	\$4.50 - Per 1,000 Gallons of Water	

See independent auditors' report.

TOWN OF FRANKLINTON, LOUISIANA
Schedule of Number of Customers (Unaudited)
For the Year Ended October 31, 2022

Schedule 17

	Total
Gas	630
Water	1,480
Sewer	<u>1,418</u>
Total	<u><u>3,528</u></u>

See independent auditors' report.

TOWN OF FRANKLINTON, LOUISIANA
Schedule of Insurance (Unaudited)
For the Year Ended October 31, 2022

Schedule 18

Insurance Company	Coverage	Amount	Period
Independent Specialty Insurance Company	Commercial Property	\$ 8,013,360	4/4/2022 to 4/4/2023
Liberty Mutual	Inland Marine (Scheduled)	696,398	4/4/2022 to 4/4/2023
National Fire Ins. Co. of Hartford	Fidelity Bond	200,000	4/4/2022 to 4/4/2023
Atlantic Specialty Insurance	Commercial Automobile-Large Fleet	1,000,000	4/4/2022 to 4/4/2023
Atlantic Specialty Insurance	Commercial Automobile-Small Fleet	1,000,000	4/4/2022 to 4/4/2023
Atlantic Specialty Insurance	Commercial General Liability	1 mil/2mil	4/4/2022 to 4/4/2023
Louisiana Workers Comp Corporation	Workers Compensation at Statutory Limitations:		11/15/2020 to 11/15/2022
	Employers Liability (each accident)	100,000	
	Employees Liability (each accident) Disease, Policy Limit	100,000	
Old Republic	Airport Liability	1,000,000	2/19/2022 to 2/19/2023
Atlantic Specialty Insurance	Law Enforcement Liability	1 mil/2mil	4/4/2022 to 4/4/2023
	Public Officials Errors & Omissions	1 mil/2mil	4/4/2022 to 4/4/2023

See independent auditors' report.

TOWN OF FRANKLINTON, LOUISIANA
Schedule of Compensation of Paid Elected Officials
For the Year Ended October 31, 2022

Schedule 19

Name and Title	Address	Term Expiration	Amount
T. J. Butler, Alderman (985) 839-3436	727 18th Avenue Franklinton, LA 70438	12/31/2024	\$ 9,600
Darwin Sharp, Alderman (985) 515-1331	631 Williams Street Franklinton, LA 70438	12/31/2024	9,600
Heath Spears, Alderman (985) 515-7411	1041 Bickham Street Franklinton, LA 70438	12/31/2024	9,600
Patrice Crain, Alderman (225) 936-0914	P. O. Box 146 Franklinton, LA 70438	12/31/2024	9,600
Seth Descant, Alderman	228 Main Street Franklinton, LA 70438	12/31/2024	<u>9,600</u>
Total			<u><u>\$ 48,000</u></u>

* Including benefits, vehicle allowance, and cell phone allowance.

See independent auditors' report.

TOWN OF FRANKLINTON, LOUISIANA
Schedule of Compensation, Benefits, and Other Payments
to Agency Head
For the Year Ended October 31, 2022

Schedule 20

Agency Head
 Gregory Route, Sr.

Purpose	Amount
Salary	\$29,500
Benefits - Insurance	\$74
Benefits - Retirement	\$5,163
Benefits - Other	\$0
Car Allowance	\$0
Vehicle Provided by Government	\$0
Per Diem	\$0
Reimbursements	\$0
Travel	\$0
Registration Fees	\$0
Conference Travel	\$1,501
Continuing Professional Education Fees	\$720
Housing	\$0
Unvouchered Expenses	\$0
Special Meals	\$0
Cell Phone	\$0

See independent auditors' report.

TOWN OF FRANKLINTON, LOUISIANA
Justice System Funding Schedule – Collecting/Disbursing -
Entity - General Fund
For the Year Ended October 31, 2022

Schedule 21

	First Six- Month Period Ended 4/30/2022	Second Six- Month Period Ended 10/31/2022
Beginning Balance of Amounts Collected	\$ -	\$ -
Add: Collections		
Criminal Fines - Other	19,742	34,144
Subtotal Collections	<u>19,742</u>	<u>34,144</u>
Less: Disbursements to Governments and Nonprofits:		
Louisiana Department of Health - Traumatic Head and Spinal Cord	20	70
Louisiana Supreme Court - Louisiana Judicial College	58	145
Louisiana Commission on Law Enforcement - Crime Victims Reparation	265	779
Treasurer, State of Louisiana - CMIS	171	225
Florida Parishes Juvenile Justice Commission	560	1,825
Judicial Administration	177	908
Louisiana Department of Motor Vehicles	10	2,080
Less: Amounts Retained by Collecting Agency		
Town of Franklinton - Criminal Fines - Other	18,481	28,112
Subtotal Disbursements/Retainage	<u>19,742</u>	<u>34,144</u>
Ending Balance of Amounts Collected but not Disbursed/Retained	<u>\$ -</u>	<u>\$ -</u>

See independent auditors' report.



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

Town of Franklinton
Franklinton, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Franklinton (the Town) as of and for the year ended October 31, 2022, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements and have issued our report thereon dated June 16, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items: 2022-001 – 2022-004 that we consider to be material weaknesses.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2022-005 – 2022-008.

Town of Franklinton's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Town's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The Town's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Kushner LaGraize, L.L.C.

Metairie, Louisiana
June 16, 2023

TOWN OF FRANKLINTON, LOUISIANA
Schedule of Findings and Questioned Costs
For the Year Ended October 31, 2022

SECTION 1 - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of Auditors' Report Issued: Unmodified

Internal Control Over Financial Reporting:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified? Yes None reported

Noncompliance material to financial statements noted? Yes No

SECTION II – FINANCIAL STATEMENT FINDINGS

Material Weaknesses:

2022-001

Criteria

Management is responsible for designing, implementing, and maintaining policies and procedures to provide a strong and effective internal control system to safeguard assets, prevent and detect misstatements and abuse, promote efficient and effective operations, and ensure fiscal responsibility over tax payer dollars. To accomplish this, it requires updated policies & procedures, rules, regulations and governing documents, as well as employees who are trained to understand and implement the documents accordingly.

Condition

During our audit procedures, we noted the following areas in which the Town could improve:

- The Town Charter was established in 1861. It was last updated in 1983. There is a potential that the Charter could be in non-compliance with current laws and regulations.
- The Town has individual policies and procedures addressing certain processes/areas. However, there is no policy or procedures manual unifying these functions. In addition, these should be reviewed annually and updated as the Town's operations are constantly evolving.
- The Code of Ordinances has many sections that are very old and outdated and should be reviewed and updated accordingly.
- Job descriptions may not accurately describe current staff responsibilities. This may lead to employees taking on tasks in which they have not received the proper training. This may lead to inefficient operations, mistakes and the potential for more significant issues, such as non-compliance with laws and regulation.

TOWN OF FRANKLINTON, LOUISIANA
Schedule of Findings and Questioned Costs (Continued)
For the Year Ended October 31, 2022

Cause

Management has not reviewed and updated their governing documents.

Effect

The conditions shown above could result in inefficient and ineffective operations, and potential non-compliance with laws and regulations.

Recommendation

We recommend that management perform the following:

- Review and update their policies and procedures and consolidate those into a single manual.
- Review and update the Town Charter and Code of Ordinances. This can be done by assigning the task to a committee for recommendations.
- Review and revise job descriptions to accurately assign tasks and job duties to the appropriate employee.
- Management should provide the necessary training to ensure job duties are performed by qualified individuals. The LLA provides very informative webcasts on their website and there is in-person training annually.

Management's Response

Management concurs with the recommendation. See Management's Corrective Action Plan.

2022-002

Criteria

Management is responsible for designing, implementing, and maintaining policies and procedures to provide effective internal controls over their major transaction classes to prevent and detect misstatements, whether caused by error or fraud.

Condition

During our audit procedures, we noted many instances related to the Town's credit cards, non-payroll disbursements, and employee and travel reimbursements where the policies and procedures were not followed. These are listed below:

- Some purchases made on the Town's credit card did not have adequate documentation of the business purpose, or documentation of individuals participating during meal charges and/or were not supported by original itemized receipts.
- For some non-payroll disbursements, supporting documentation could not be located.

TOWN OF FRANKLINTON, LOUISIANA
Schedule of Findings and Questioned Costs (Continued)
For the Year Ended October 31, 2022

- For one employee reimbursement, there was no reimbursement request or equivalent submitted.
- For several travel reimbursements, supporting documentation, including reimbursement request forms, itemized receipts, and documentation of business purpose, could not be located.

Cause

Management did not provide the oversight to ensure employees completed the proper request forms, provided the appropriate supporting documentation or followed the appropriate policies and procedures.

Effect

The conditions shown above represent a breakdown in internal controls which could result in abuse and the misappropriation of assets.

Recommendation

We recommend that management review, update as applicable, and follow its policies and procedures over cash disbursements, specifically over credit cards, non-payroll expenditures and, employee and travel reimbursements to ensure these expenses are properly documented and supported. This will reduce the potential for misstatements or the misappropriation of assets, whether caused by error or fraud.

Management's Response

Management concurs with the recommendation. See Management's Corrective Action Plan.

2022-003

Criteria

Management is responsible for the timely remittances of all federal and state taxes as well as employee retirement contributions. Management is required to comply with all applicable federal and state rules and regulations relating to tax deposits.

Condition

During our audit procedures, we noted the following:

- The October, 2022 employee retirement contributions were remitted on December 2, 2022 instead of November 10, 2022, as required by the retirement plans and the United States Department of Labor.
- The October, 2022 federal payroll tax deposit was not remitted until December 2, 2022.
- The Town was making federal payroll tax deposits monthly. Per review of IRS Topic No. 757, Forms 941 and 944 – Deposit Requirements, the Town may need to be remitting their deposits semi-weekly.

TOWN OF FRANKLINTON, LOUISIANA
Schedule of Findings and Questioned Costs (Continued)
For the Year Ended October 31, 2022

Cause

This was the result of management not following the appropriate policies and procedures and not being aware of the rules and regulations surrounding federal tax deposits.

Effect

The Town may have violated federal and state rules and regulations regarding employee contribution remittances and federal tax deposits, which could result in penalties and interest.

Recommendation

We recommend that management follow their policies and procedures to ensure compliance with all federal and state rules and regulations. In addition, management should provide employees the necessary training to ensure accurate performance of these transactions, including preparing a checklist to complete before each submission to ensure accuracy and completeness. Another option could be to outsource the process to a qualified third-party payroll provider.

Management's Response

Management concurs with the recommendation. See Management's Corrective Action Plan.

2022-004

Criteria

Management is responsible for designing, implementing, and maintaining policies and procedures to provide strong and effective internal controls to safeguard assets, and to prevent and detect misstatements and abuse, whether caused by error or fraud.

Condition

During our audit procedures, we noted the Town has accounting policies and procedures. However, there are many policies and procedures that are not consistently being followed. During our testing of internal controls, we noted the following instances:

- There is no written contract for maintenance of the airport, and invoices did not detail the services provided. The lack of a contract could potentially lead to abuse and non-compliance with state laws and regulations.
- Paid time off request forms, overtime request forms and time sheets were not consistently being reviewed and approved by a supervisor. The lack of approvals could potentially lead to abuse and the misappropriation of assets.
- Multiple invoices were paid late, thus resulting in late fee charges and several were not recorded in the proper period. Late payments and the resulting late charges could potentially lead to operational inefficiency and the imprudent use of taxpayer funds.

TOWN OF FRANKLINTON, LOUISIANA
Schedule of Findings and Questioned Costs (Continued)
For the Year Ended October 31, 2022

Cause

Management did not consistently follow their policies and procedures.

Effect

The conditions shown above represent a breakdown in internal controls which could result in abuse, the misappropriation of assets, and the potential for inaccurate financial reporting.

Recommendation

We recommend that management review and revise their policies and procedures as noted in finding 2022-001. In addition, management should receive continued training in accounting processes, financial reporting and applicable state laws and regulations, to ensure all accounting policies and procedures are understood and implemented appropriately. The proper implementation and monitoring of internal controls should reduce the potential for abuse, the misappropriation of assets, non-compliance with laws and regulations, and inaccurate financial reporting.

Management's Response

Management concurs with the recommendation. See Management's Corrective Action Plan.

Compliance:

2022-005

Criteria

Management is responsible for compliance with all applicable state laws and regulations. Louisiana Revised Statute 42:344, related to the "Prevention of Sexual Harassment", requires each agency head to compile an annual report by February first of each year containing information from the previous calendar year regarding the agency's compliance with their sexual harassment policies and ensure its complaint procedure is prominently posted on its website.

Condition

During our audit procedures, we noted management did not prepare the required report by February 1, 2022 for the calendar year ended December 31, 2021, which falls within their fiscal year ended October 31, 2022. In addition, the sexual harassment policy and complaint procedure was not posted on their website.

Cause

This was the result of management not providing the oversight required to ensure compliance with Louisiana Revised Statute 42:344.

TOWN OF FRANKLINTON, LOUISIANA
Schedule of Findings and Questioned Costs (Continued)
For the Year Ended October 31, 2022

Effect

The Town may not be in-compliance with Louisiana Revised Statute 42:344.

Recommendation

We recommend that management designate an employee to oversee compliance with all required reporting and training including, but not limited to, Louisiana Revised Statute 42:344. In addition, a checklist identifying key laws and regulations could be utilized annually to provide a guide to ensure compliance in the future.

Management's Response

Management concurs with the recommendation. See Management's Corrective Action Plan.

2022-006

Criteria

Management is responsible for compliance with all applicable state laws and regulations. Louisiana Revised Statute 38:2212.1, relating to the "Public Bid Law", requires each local governmental entity to use the Public Bid Law for the procurement of material and supplies if the cost is over the contract limit of \$30,000 (prior to August 1, 2022) or \$60,000 (after August 1, 2022).

Condition

During our audit procedures, we noted the Town pays Robertson Oil Company for bulk fuel purchases. However, there is no contract governing these purchases. For year end October 31, 2022 the cost was approximately \$157,000.

Cause

This was the result of management not ensuring compliance with Louisiana Revised Statute 38:2212.1.

Effect

The Town may not be in-compliance with Louisiana Revised Statute 38:2212.1.

Recommendation

We recommend that management follow their policies and procedures to ensure compliance with the Louisiana Revised Statute 38:2212.1.

Management's Response

Management concurs with the recommendation. See Management's Corrective Action Plan.

TOWN OF FRANKLINTON, LOUISIANA
Schedule of Findings and Questioned Costs (Continued)
For the Year Ended October 31, 2022

2022-007

Criteria

Management is responsible for preparing and maintaining their budget in compliance with the Louisiana Local Government Budget Act, L.R.S. 39:1301-1315.

Condition

During our audit procedures, we noted:

- The budget was not prepared in the proper formatting as described in L.R.S. 39:1305.
- The budget was not amended for one special revenue fund in which actual expenditures exceeded total budgeted expenditures for the year by greater than 5%.

Cause

The budget was not prepared using the proper formatting and was not amended for the proper amount during the year.

Effect

The Town could potentially be in violation of the Local Government Budget Act.

Recommendation

We recommend the Town prepare the budget in the proper format described in L.R.S. 39:1305 and amend the budgets for all applicable special revenue funds to ensure compliance with the Louisiana Local Government Budget Act.

Management's Response

Management concurs with the recommendation. See Management's Corrective Action Plan.

2022-008

Criteria

Management is responsible for compliance with applicable laws and regulations. Louisiana Revised Statute 24:513 requires local auditees to submit audit reports to the Louisiana Legislative Auditor (LLA) no later than six months after the local auditee's fiscal year end.

Condition

The Town did not timely submit their audit report to the LLA in accordance with Louisiana Revised Statute 24:513.

TOWN OF FRANKLINTON, LOUISIANA
Schedule of Findings and Questioned Costs (Continued)
For the Year Ended October 31, 2022

Cause

The firm, who was engaged on December 7, 2022, to provide the Town's OPEB actuarial services did not submit their report until April 22, 2023. As the audit report was due to the LLA on April 30, 2023, this late submission of the OPEB report did not allow enough time to properly review, test and include in the audited financial statements before the deadline.

Effect

The Town may be in non-compliance with Louisiana Revised Statute 24:513.

Recommendation

We recommend that management engage an OPEB actuary prior to their fiscal year end.

Management's Response

Management concurs with the recommendation. See Management's Corrective Action Plan.

TOWN OF FRANKLINTON, LOUISIANA
Schedule of Prior Year Findings
For the Year Ended October 31, 2022

SECTION I – FINANCIAL STATEMENT FINDINGS

- 2021-001 – Policies and Procedures – Unresolved – see 2022-001
- 2021-002 – Noncompliance with Local Government Budget Act – Unresolved – see 2022-007
- 2021-003 – Noncompliance with Statutory Date of Report Submittal – Unresolved – see 2022-008

TOWN OF FRANKLINTON

301 Eleventh Avenue
Franklinton, Louisiana 70438
985-839-3569
Fax: 985-839-3552

Gregory Route, Mayor

Aldermen:

T.J. Butler, Jr.
Patrice Crain
Seth Descant
Darwin Sharp
Heath Spears

Michael J. Waguespack
Louisiana Legislative Auditor
P O Box 94397
Baton Rouge, LA 70804-9397

The following findings were reported during our audit. Please accept the Town's corrective action plan.

Condition

During our audit procedures, we noted the following areas in which the Town could improve:

- The Town Charter was established in 1861. It was last updated in 1983. There is a potential that the Charter could be in non-compliance with current laws and regulations.
- The Town has individual policies and procedures addressing certain processes/areas. However, there is no policy or procedures manual unifying these functions. In addition, these should be reviewed annually and updated as the Town's operations are constantly evolving.
- The Code of Ordinances has many sections that are very old and outdated and should be reviewed and updated accordingly.
- Job descriptions may not accurately describe current staff responsibilities. This may lead to employees taking on tasks in which they have not received the proper training. This may lead to inefficient operations, mistakes and the potential for more significant issues, such as non-compliance with laws and regulations.

Recommendation

We recommend that management perform the following:

- Review and update their policies and procedures and consolidate those into a single manual.
- Review and update the Town Charter and Code of Ordinances. This can be done by assigning the task to a committee for recommendations.

- Review and revise job descriptions to accurately assign tasks and job duties to the appropriate employee.
- Management should provide the necessary training to ensure job duties are performed by qualified individuals. The LLA provides very informative webcasts on their website and there is in-person training annually.

Management's Response

Management concurs with the recommendation. See Management's Corrective Action Plan.

Management's Corrective Action Plan

We will update our policies and procedures. We will establish a committee to review and update the Charter as applicable. An internal committee will be established to review, with legal counsel, the ordinances and recommend revisions where necessary. A committee will be established to review and update the job description as necessary. We will be implementing training and guidance and will utilize the LLA website upon recommendation of our auditors.

2022-002

Condition

During our audit procedures, we noted many instances related to the Town's credit cards, non-payroll disbursements, and employee and travel reimbursements where the policies and procedures were not followed. These are listed below:

- Some purchases made on the Town's credit card did not have adequate documentation of the business purpose, or documentation of individuals participating during meal charges and/or were not supported by original itemized receipts.
- For some non-payroll disbursements, supporting documentation could not be located.
- For one employee reimbursement, there was no reimbursement request or equivalent submitted.
- For several travel reimbursements, supporting documentation, including reimbursement request forms, itemized receipts, and documentation of business purpose, could not be located.

Recommendation

We recommend that management review, update as applicable, and follow its policies and procedures over cash disbursements, specifically over credit cards, non-payroll expenditures and, employee and travel reimbursements to ensure these expenses are properly documented and supported. This will reduce the potential for misstatements or the misappropriation of assets, whether caused by error or fraud.

Management's Response

Management concurs with the recommendation. See Management's Corrective Action Plan.

Management's Corrective Action Plan

Management will ensure that all expenditures are properly documented. Information identifying the documentation required for reimbursements and expenditures will be sent to employees and officials and a confirmation verifying receipt will be requested.

2022-003

Condition

During our audit procedures, we noted the following:

- The October, 2022 employee retirement contributions were remitted on December 2, 2022 instead of November 10, 2022, as required by the retirement plans and the United States Department of Labor.
- The October, 2022 federal payroll tax deposit was not remitted until December 2, 2022.
- The Town was making federal payroll tax deposits monthly. Per review of IRS Topic No. 757, Forms 941 and 944 – Deposit Requirements, the Town may need to be remitting their deposits semi-weekly.

Recommendation

We recommend that management follow their policies and procedures to ensure compliance with all federal and state rules and regulations. In addition, management should provide employees the necessary training to ensure accurate performance of these transactions, including preparing a checklist to complete before each submission to ensure accuracy and completeness. Another option could be to outsource the process to a qualified third-party payroll provider.

Management's Response

Management concurs with the recommendation. See Management's Corrective Action Plan.

Management's Corrective Action Plan

We will implement a checklist for submission of taxes and retirement contributions to ensure payments are made timely.

2022-004

Condition

During our audit procedures, we noted the Town has accounting policies and procedures. However, there are many policies and procedures that are not consistently being followed. During our testing of internal controls, we noted the following instances:

- There is no written contract for maintenance of the airport, and invoices did not detail the services provided. The lack of a contract could potentially lead to abuse and non-compliance with state laws and regulations.
- Paid time off request forms, overtime request forms and time sheets were not consistently being reviewed and approved by a supervisor. The lack of approvals could potentially lead to abuse and the misappropriation of assets.
- Multiple invoices were paid late, thus resulting in late fee charges and several were not recorded in the proper period. Late payments and the resulting late charges could potentially lead to operational inefficiency and the imprudent use of taxpayer funds.

Recommendation

We recommend that management review and revise their policies and procedures as noted in finding 2022-001. In addition, management should receive continued training in accounting processes, financial reporting and applicable state laws and regulations, to ensure all accounting policies and procedures are understood and implemented appropriately. The proper implementation and monitoring of internal controls should reduce the potential for abuse, the misappropriation of assets, non-compliance with laws and regulations, and inaccurate financial reporting.

Management's Response

Management concurs with the recommendation. See Management's Corrective Action Plan.

Management's Corrective Action Plan

We will establish a contract with the airport manager. We will follow our policies and procedures to ensure that all payroll requests and timesheets are properly approved. We will ensure invoices are received, processed, and paid in a timely manner.

Compliance:

2022-005

Condition

During our audit procedures, we noted management did not prepare the required report by February 1, 2022 for the calendar year ended December 31, 2021, which falls within their fiscal year ended October 31, 2022. In addition, the sexual harassment policy and complaint procedure was not posted on their website.

Recommendation

We recommend that management designate an employee to oversee compliance with all required reporting and training including, but not limited to, Louisiana Revised Statute 42:344. In addition, a checklist identifying key laws and regulations could be utilized annually to provide a guide to ensure compliance in the future.

Management's Response

Management concurs with the recommendation. See Management's Corrective Action Plan.

Management's Corrective Action Plan

We have implemented a checklist to ensure these reports are completed in a timely manner in the future. The reports for 2021 and 2022 have been completed.

2022-006

Condition

During our audit procedures, we noted the Town pays Robertson Oil Company for bulk fuel purchases. However, there is no contract governing these purchases. For year-end October 31, 2022 the cost was approximately \$157,000.

Recommendation

We recommend that management follow their policies and procedures to ensure compliance with the Louisiana Revised Statute 38:2212.1.

Management's Response

Management concurs with the recommendation. See Management's Corrective Action Plan.

Management's Corrective Action Plan

We will follow our policies and procedures to ensure we are following public bid law. We are in the process of advertising to receive bids for a fuel supplier.

2022-007

Condition

During our audit procedures, we noted:

- The budget was not prepared in the proper formatting as described in L.R.S. 39:1305.
- The budget was not amended for one special revenue fund in which an amendment was adopted proposing expenditures in excess of the total of estimated funds available for the fiscal year.

Recommendation

We recommend the Town prepare the budget in the proper format described in L.R.S. 39:1305 and amend the budgets for all applicable special revenue funds to ensure compliance with the Louisiana Local Government Budget Act.

Management's Response

Management concurs with the recommendation. See Management's Corrective Action Plan.

Management's Corrective Action Plan

The budget will be prepared using the correct format and will be amended in a timely manner.

2022-008

Condition

The Town did not timely submit their audit report to the LLA in accordance with Louisiana Revised Statute 24:513.

Recommendation

We recommend that management engage an OPEB actuary prior to their fiscal year end.

Management's Response

Management concurs with the recommendation. See Management's Corrective Action Plan.

Management's Corrective Action Plan

We will engage an actuarial service to complete the necessary calculations in a timely manner to ensure that our report is completed and filed prior to the deadline.



INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

To the Town Aldermen and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period November 1, 2021 through October 31, 2022. The Town of Franklinton's management is responsible for those C/C areas identified in the SAUPs.

The Town of Franklinton (the Town) has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period November 1, 2021 through October 31, 2022. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

Written Policies and Procedures

I. Obtain and inspect the entity's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity's operations:

a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget.

We obtained the entity's policies on budgeting and noted no exceptions.

b) **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the Public Bid Law; and (5) documentation required to be maintained for all bids and price quotes.

We obtained the entity's policies on purchasing and noted no exceptions.

- c) **Disbursements**, including processing, reviewing, and approving.

We obtained the entity's policies on disbursements and noted no exceptions.

- d) **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

We obtained the entity's policies on receipts/collections and noted no exceptions.

- e) **Payroll/Personnel**, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee(s) rate of pay or approval and maintenance of pay rate schedules.

We obtained the entity's policies on payroll/personnel and noted no exceptions.

- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.

We obtained the entity's policies on contracting and noted no exceptions.

- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).

We obtained the entity's policies on credit cards and noted no exceptions.

- h) **Travel and Expense Reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.

We obtained the entity's policies on travel and expense reimbursement and noted no exceptions.

- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.

We obtained the entity's policies on ethics and noted no exceptions.

- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

We obtained the entity's policies on debt service and noted no exceptions.

- k) **Information Technology Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

We obtained the entity's policies on information technology disaster recovery/business continuity and noted no exceptions.

- l) **Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

We obtained the entity's policies on sexual harassment and noted no exceptions.

Board or Finance Committee

2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
 - a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

The Town Aldermen met monthly, with a quorum present at each meeting, without exception.

- b) For those entities reporting on the governmental accounting model, observe whether the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum, on all special revenue funds.

Noted the minutes referenced or included the budget-to-actual comparisons mentioned, without exception.

- c) For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.

N/A – per review of the prior year audited financial statements, there was no negative ending unassigned fund balance.

Bank Reconciliations

- 3. Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:

- a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged);

Bank reconciliations included evidence that they were prepared within 2 months of the statement closing date, without exception.

- b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and

Noted proper segregation of duties for the responsibilities listed above, without exception.

- c) Management has documentation reflecting it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Obtained documentation verifying that management has researched all reconciling items outstanding for more than 12 months, without exception.

Collections (excluding electronic funds transfers)

4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).

Obtained listing of deposit sites for the fiscal period and management's representation that the listing is complete, without exception.

5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:

- a) Employees responsible for cash collections do not share cash drawers/registers.

Noted proper segregation of duties for the responsibilities listed above, without exception.

- b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit.

Noted proper segregation of duties for the responsibilities listed above, without exception.

- c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.

Noted proper segregation of duties for the responsibilities listed above, without exception.

- d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, are not responsible for collecting cash, unless another employee/official verifies the reconciliation.

Noted proper segregation of duties for the responsibilities listed above, without exception.

6. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe the bond or insurance policy for theft was enforced during the fiscal period.

Observed the Town's insurance policy covering all applicable employees, without exception.

7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). Obtain supporting documentation for each of the 10 deposits and:
 - a) Observe that receipts are sequentially pre-numbered.

Noted the Town utilizes a system of sequentially pre-numbered receipts for their Utility Billing collections and charges for service collections, without exception.

- b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.

For all deposits examined, traced each to the deposit slip, without exception.

- c) Trace the deposit slip total to the actual deposit per the bank statement.

For all deposits examined, traced each to the bank statement, without exception.

- d) Observe the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).

Per review of the deposits selected, we noted one all were done within the time frame specified above, without exception.

- e) Trace the actual deposit per the bank statement to the general ledger.

For all deposits examined, traced each from the bank statements to recording in the general ledger, without exception.

Non-Payroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases)

8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).

Obtained listing of locations that process payments for the fiscal period and management's representation that the listing is complete, without exception.

9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

- a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.

Noted proper segregation of duties for the responsibilities listed above, without exception.

- b) At least two employees are involved in processing and approving payments to vendors.

Noted proper segregation of duties for the responsibilities listed above, without exception.

- c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.

Noted proper segregation of duties for the responsibilities listed above, without exception.

- d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

Noted proper segregation of duties for the responsibilities listed above, without exception.

10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction, and:

- a) Observe whether the disbursement matched the related original itemized invoice and supporting documentation indicates deliverables included on the invoice were received by the entity.

Per our testing, we noted 1 out of 5 disbursements tested was not supported by an original itemized receipt. We consider this an exception.

- b) Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

Noted proper segregation of duties for each of the disbursements examined, without exception.

Credit Cards/Debit Cards/Fuel Cards/P-Cards

11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

Obtained complete listing of all active credit cards for the fiscal period and management's representation that the listing is complete, without exception.

12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:

- a) Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder.

Noted each statement examined showed evidence of review and approval by appropriate personnel, without exception.

- b) Observe that finance charges and late fees were not assessed on the selected statements.

Examined 2 monthly credit card statements noting no late fees or finance charges assessed on either statement.

13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e., each card should have 10 transactions subject to testing). For each transaction, observe it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a “missing receipt statement” that is subject to increased scrutiny.

Examined 20 credit card transactions (10 from each statement tested above), noting 7 of 20 transactions were not supported by an original itemized receipt, 13 of 20 transactions were not supported by documentation of the business/public purpose, and 5 of 5 meal transactions examined were not supported by documentation of the individuals participating in the meal. We consider this an exception.

Travel and Travel-Related Expense Reimbursements (excluding card transactions)

14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management’s representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:

- a) If reimbursed using a per diem, observe the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).

Examined 5 travel and travel-related expense reimbursements, noting 2 of the 5 transactions lacked proper supporting documentation and it could not be determined if a per diem was used for reimbursement. We consider this an exception.

- b) If reimbursed using actual costs, observe the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.

Examined 5 travel and travel-related expense reimbursements, noting 2 of the 5 transactions lacked proper supporting documentation and it could not be determined if actual costs were used for reimbursement. We consider this an exception.

- c) Observe each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure # 1h).

Examined 5 travel and travel-related expense reimbursements, noting 2 of the 5 transactions were not supported by documentation of the business/public purpose. We consider this an exception.

- d) Observe each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Noted each reimbursement examined showed evidence of review and approval by appropriate personnel, without exception.

Contracts

- 15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:

- a) Observe whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.

N/A – per management, no contracts were entered into or renewed during the period.

- b) Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter).

N/A – per management, no contracts were entered into or renewed during the period.

- c) If the contract was amended (e.g., change order), observe the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, was approval documented).

N/A – per management, no contracts were entered into or renewed during the period.

- d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe the invoice and related payment agreed to the terms and conditions of the contract.

N/A – per management, no contracts were entered into or renewed during the period.

Payroll and Personnel

16. Obtain a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

Obtained complete listing of all employees and officials employed during the fiscal period and management's representation that the listing is complete, without exception.

17. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:

- a) Observe all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory).

Examined payroll documentation for 5 employees, noting each documented their daily attendance and leave, without exception.

- b) Observe whether supervisors approved the attendance and leave of the selected employees or officials.

Examined payroll documentation for 5 employees, noting 3 of the 5 employees' attendance and leave records lacked proper supervisory review and approval. We consider this an exception.

- c) Observe any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

Noted all leave accrued or taken was properly reflected in the Town's cumulative records, without exception.

- d) Observe the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.

Noted authorized salary/pay rate for each individual tested agreed to their personnel file, without exception.

18. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee or officials' cumulative leave records, agree the pay rates to the employee or officials' authorized pay rates in the employee or officials' personnel files, and agree the termination payment to entity policy.

Obtained a list of termination payments and management's representation that the listing was complete. Reviewed two termination payments noting no exceptions with the attributes tested.

19. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

Per discussion with management, all employer and employee portions of third-party payroll related amounts have been properly paid and forms filed; However, it was noted that several of these payments were not made timely. We consider this an exception.

Ethics

20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain ethics documentation from management, and:

- a. Observe whether the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.

For all employees examined, noted each completed the required ethics training during the period, without exception.

- b. Observe whether the entity maintains documentation which demonstrates each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.

Per management, there were no changes to the Town's ethics policies during the period.

Debt Service

21. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe State Bond Commission approval was obtained for each debt instrument issued.

Obtained a list of all debt issued during the year and management's representation that the listing was complete. For all debt examined, noted no exceptions with the attributes tested.

22. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

Obtained a list of all debt outstanding at year end and management's representation that the listing was complete. For all debt examined, noted no exceptions with the attributes tested.

Fraud Notice

23. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

N/A - per management the Town had no misappropriation of public funds or assets during the period.

24. Observe the entity has posted, on its premises and website, the notice required by R.S. 24:523.I concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

Observed required notice on the Town's website and premises, without exception.

Information Technology Disaster Recovery/Business Continuity

25. Perform the following procedures, verbally discuss the results with management, and report “We performed the procedure and discussed the results with management.”

- a) Obtain and inspect the entity’s most recent documentation that it has backed up its critical data (if no written documentation, inquire of personnel responsible for backing up critical data) and observe that such backup occurred within the past week. If backups are stored on a physical medium (e.g., tapes, CDs), observe evidence that backups are encrypted before being transported.

Obtained and observed backup documentation listed above, noting no exceptions.

- b) Obtain and inspect the entity’s most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.

Obtained and examined backup documentation listed above, noting no exceptions.

- c) Obtain a listing of the entity’s computers currently in use and their related locations, and management’s representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.

For each computer examined, noted each had the requirements identified above, without exception.

Sexual Harassment

26. Using the 5 randomly selected employees/officials from procedure #16 under “Payroll and Personnel” above, obtain sexual harassment training documentation from management, and observe the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year.

Examined 5 employees, noting all completed the required sexual harassment training, without exception.

27. Observe the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity’s premises if the entity does not have a website).

Per review of the Town's website and premises, there was no evidence of the Town's sexual harassment policies and complaint procedures noted at the time of fieldwork. We consider this an exception.

28. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe it includes the applicable requirements of R.S. 42:344:

- a) Number and percentage of public servants in the agency who have completed the training requirements;
- b) Number of sexual harassment complaints received by the agency;
- c) Number of complaints which resulted in a finding that sexual harassment occurred;
- d) Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
- e) Amount of time it took to resolve each complaint.

Per discussion with management, the Town did not complete the annual sexual harassment report for the FY2022. We consider this an exception.

We were engaged by the Town to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the Town and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

Kushner LaGraize, L.L.C.

Metairie, Louisiana
June 16, 2023

TOWN OF FRANKLINTON

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The following findings were stated in the Accountant's Report on Applying Agreed-Upon Procedures. Please accept the Town's corrective action plan.

The procedures and associated findings are as follows:

Non-Payroll Disbursements (excluding card purchases/payments, travel reimbursements, and petty cash purchases)

10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction, and:

- a) Observe whether the disbursement matched the related original itemized invoice and supporting documentation indicates deliverables included on the invoice were received by the entity.

Per our testing, we noted 1 out of 5 disbursements tested was not supported by an original itemized receipt. We consider this an exception.

Management's Corrective Action Plan

Management will ensure that all expenditures are properly documented. Information identifying the documentation required for reimbursements and expenditures will be sent to employees and officials and a confirmation verifying receipt will be requested.

Credit Cards/Debit Cards/Fuel Cards/P-Cards

13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e., each card should have 10 transactions subject to testing). For each transaction, observe it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a “missing receipt statement” that is subject to increased scrutiny.

Examined 20 credit card transactions (10 from each statement tested above), noting 7 of 20 transactions were not supported by an original itemized receipt, 13 of 20 transactions were not supported by documentation of the business/public purpose, and 5 of 5 meal transactions examined were not supported by documentation of the individuals participating in the meal. We consider this an exception.

Management’s Corrective Action Plan

Management will follow our policies and procedures to ensure that all expenditures are properly documented. Information identifying the documentation required for reimbursements and expenditures will be sent to employees and officials and a confirmation verifying receipt will be requested.

Travel and Travel-Related Expense Reimbursements (excluding card transactions)

14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management’s representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:

- a) If reimbursed using a per diem, observe the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).

Examined 5 travel and travel-related expense reimbursements, noting 2 of the 5 transactions lacked proper supporting documentation and it could not be determined if a per diem was used for reimbursement. We consider this an exception.

- b) If reimbursed using actual costs, observe the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.

Examined 5 travel and travel-related expense reimbursements, noting 2 of the 5 transactions lacked proper supporting documentation and it could not be determined if actual costs were used for reimbursement. We consider this an exception.

- c) Observe each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).

Examined 5 travel and travel-related expense reimbursements, noting 2 of the 5 transactions were not supported by documentation of the business/public purpose. We consider this an exception.

- d) Observe each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Noted each reimbursement examined showed evidence of review and approval by appropriate personnel, without exception.

Management's Corrective Action Plan

Management will follow our policies and procedures to ensure that all expenditures are properly documented. Information identifying the documentation required for reimbursements and expenditures will be sent to employees and officials and a confirmation verifying receipt will be requested.

Payroll and Personnel

17. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:

- a) Observe all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory).

Examined payroll documentation for 5 employees, noting each documented their daily attendance and leave, without exception.

- b) Observe whether supervisors approved the attendance and leave of the selected employees or officials.

Examined payroll documentation for 5 employees, noting 3 of the 5 employees' attendance and leave records lacked proper supervisory review and approval. We consider this an exception.

- c) Observe any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

Noted all leave accrued or taken was properly reflected in the Town's cumulative records, without exception.

- d) Observe the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.

Noted authorized salary/pay rate for each individual tested agreed to their personnel file, without exception.

19. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums, etc.) have been paid, and any associated forms have been filed, by required deadlines.

Per discussion with management, all employer and employee portions of third-party payroll related amounts have been properly paid and forms filed; However, it was noted that several of these payments were not made timely. We consider this an exception.

Management's Corrective Action Plan

- 1) We will follow our policies and procedures to ensure that all payroll requests and timesheets are properly approved.
- 2) We will implement a checklist for submission of taxes and retirement contributions to ensure payments are made timely.

Sexual Harassment

27. Observe the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).

Per review of the Town's website and premises, there was no evidence of the Town's sexual harassment policies and complaint procedures noted at the time of fieldwork. We consider this an exception.

28. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe it includes the applicable requirements of R.S. 42:344:
- a. Number and percentage of public servants in the agency who have completed the training requirements;
 - b. Number of sexual harassment complaints received by the agency;
 - c. Number of complaints which resulted in a finding that sexual harassment occurred;
 - d. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
 - e. Amount of time it took to resolve each complaint.

Per discussion with management, the Town did not complete the annual sexual harassment report for the FY2022. We consider this an exception.

Management's Corrective Action Plan

- 1) We will develop a sexual harassment policy and complaint procedure and make it available to the employees and the public.
- 2) We have implemented a checklist to ensure these reports are completed in a timely manner in the future. The reports for 2021 and 2022 have been completed.