

Town of Franklinton

Annual Financial Statements

As of and for the Year Ended October 31, 2020
With Supplementary Information

Town of Franklinton
Annual Financial Statements
As of and for the Year Ended October 31, 2020
With Supplementary Information

TABLE OF CONTENTS

	Statement	Page
Independent Auditor’s Report		6
Required Supplementary Information (Part I):		
Management’s Discussion and Analysis.....		9
Basic Financial Statements:		
Government-Wide Financial Statements:		
Statement of Net Position.....	A	21
Statement of Activities	B	22
Fund Financial Statements:		
Governmental Funds Financial Statements:		
Balance Sheet, Governmental Funds	C	24
Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Financial Statement of Net Position.....	D	25
Statement of Revenues, Expenditures, and Changes in Fund Balances	E	26
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	F	28
Proprietary Fund Financial Statements:		
Statement of Net Position	G	29
Statement of Revenues, Expenses and Changes in Net Position	H	30
Statement of Cash Flows	I	31
Notes to the Financial Statements		33

Town of Franklinton
Annual Financial Statements
As of and for the Year Ended October 31, 2020
With Supplementary Information

TABLE OF CONTENTS

	Schedule	Page
Required Supplementary Information (Part II):		
Schedule of Revenues, Expenditures, and Changes in Fund Balances Budget and Actual - General Fund - Summary.....	1	80
Schedule of Revenues, Expenditures, and Changes in Fund Balances Budget and Actual - General Fund - Detail	2	82
Schedule of Changes in Net OPEB Liability and Related Ratios	3	86
Schedule of the Town’s Proportionate Share of the Net Pension Liability	4.1-4.3	87
Schedule of the Town of Franklinton’s Contributions.....	5.1-5.3	90
Other Supplementary Information:		
Non-Major Governmental Funds:		
Description of Nonmajor Funds		94
Combining Balance Sheet, Nonmajor Governmental Funds.....	6	95
Combining Balance Sheet, Nonmajor Special Revenue Funds.....	6.1	96
Combining Balance Sheet, Nonmajor Other Governmental Funds.....	6.2	97
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances, Nonmajor Governmental Funds	7	98
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances, Nonmajor Special Revenue Funds	7.1	99
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances, Nonmajor Other Governmental Funds	7.2	100
Schedule of Revenues, Expenditures, and Changes in Fund Balance Budget and Actual, Special Revenue Fund - Police Ad Valorem	8	101
Schedule of Revenues, Expenditures, and Changes in Fund Balance Budget and Actual, Special Revenue Fund - Streets and Drainage Ad Valorem.....	9	102

Town of Franklinton
Annual Financial Statements
As of and for the Year Ended October 31, 2020
With Supplementary Information

TABLE OF CONTENTS

	Schedule	Page
Schedule of Revenues, Expenditures, and Changes in Fund Balance Budget and Actual, Special Revenue Fund - Industrial Development Sales Tax Fund	10	103
Schedule of Revenues, Expenditures, and Changes in Fund Balance Budget and Actual, Special Revenue Fund - Rural Development Grant Fund	11	104
Schedule of Revenues, Expenditures, and Changes in Fund Balances Budget and Actual - Special Revenue Fund – Economic Development and Recreation Sales Tax Fund.....	12	105
Proprietary Funds - Utility Fund:		
Schedule of Net Position	13	106
Schedule of Revenues, Expenses and Changes in Net Position.....	14	107
Schedule of Cash Flows	15	108
Combining Schedule of Net Position by Department	16	110
Combining Schedule of Revenues, Expenses & Changes in Net Position by Dept.	17	111
Schedule of Revenues, Expenses and Changes in Net Position Budget (GAAP Basis) and Actual – Gas Utility System	18	112
Schedule of Revenues, Expenses and Changes in Net Position Budget (GAAP Basis) and Actual – Water Utility System.....	19	113
Schedule of Revenues, Expenses and Changes in Net Position Budget (GAAP Basis) and Actual – Sewer Utility System	20	114
Schedule of Gas, Water and Sewer Rates	21	115
Schedule of Number of Customers	21	115
Schedule of Insurance	22	116
Schedule of Compensation Paid to Board Members.....	23	117
Schedule of Compensation, Reimbursements, Benefits, and Other Payments to Agency Head.....	24	118

Town of Franklinton
Annual Financial Statements
As of and for the Year Ended October 31, 2020
With Supplementary Information Schedules

TABLE OF CONTENTS

	Schedule	Page
Independent Auditor’s Report on Internal Control Over Financial Reporting and On Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>		119
Schedule of Current Year Audit Findings and Questioned Costs		121
Schedule of Prior Year Audit Findings and Responses		122

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Member
AICPA

Member
LCPA

INDEPENDENT AUDITOR'S REPORT

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

I have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Town of Franklinton, Louisiana, as of and for the year ended October 31, 2020, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

My responsibility is to express opinions on these financial statements based on our audit. I conducted my 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. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinions

In my 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 of Franklinton, Louisiana, as of October 31, 2020, and the respective changes in financial position and, where applicable, cash flows thereof or the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As disclosed in Note 18 to the financial statements, the Town has recorded a prior period adjustment for the customer deposit liabilities. My opinion was not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (pages 9-19), the budgetary comparison information (pages 80-85), the Schedule of changes in Net OPEB Liability and Related Ratios (page 86), the Schedule of the Town's Proportionate Share of Net Pension Liability (pages 87-89) and Schedule of the Town's Contributions (pages 90-92) be presented to supplement the basic financial statements. Such information, 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. I 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 I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

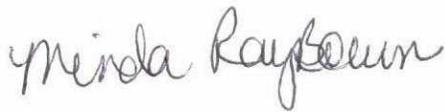
Other Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Franklinton's basic financial statements. The introductory section, combining and individual fund financial statements, statistical sections, schedule of insurance, schedule of compensation paid to board members, and schedule of compensation, benefits, and other payments to the agency head are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The introductory section, combining and individual fund financial statements, statistical sections, schedule of insurance, schedule of compensation paid to board members, and schedule of compensation, benefits, and other payments to the agency head, are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, I have also issued my report dated June 21, 2021 on my consideration of the Town of Franklinton's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Town of Franklinton's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Minda Raybourn".

Minda Raybourn CPA
Franklinton, Louisiana
June 21, 2021

Required Supplementary Information (Part I)
Management's Discussion and Analysis

Town of Franklinton
Management's Discussion and Analysis
As of and for the Year Ended October 31, 2020

Introduction

The Town of Franklinton, Louisiana (the Town) is pleased to present its Annual Financial Statements developed in compliance with Governmental Accounting Standards Board 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 Footnote 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, 2020, the Town's assets exceeded its liabilities by \$10,570,769 (net position). The Town reported a balance of \$1,762,274 in total unrestricted net position.
- The most significant on-going continuing revenue sources for governmental activities of the Town consisted of \$2,671,235 in sales tax revenues, \$516,228 in property taxes, \$199,511 in public utility franchise taxes, and \$332,498 for business licenses and permits. Charges for business-type activities of the utility fund were \$732,638 in gas charges, \$671,628 in water charges and \$886,452 in sewer charges.
- The Town's significant expenditures in the current year for governmental activities included \$541,601 for general governmental activities, \$2,787,073 for police and fire protection, and \$661,675 for public works, including streets and drainage maintenance. Expenses for business-type activities of the gas, water, and sewer departments totaled \$2,180,587.
- For the year ended October 31, 2020, the Town's bonds payable in long term debt decreased by principal payments of \$372,184, resulting in ending bonds payable of \$6,397,435.

Town of Franklinton
Management's Discussion and Analysis
As of and for the Year Ended October 31, 2020

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.

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 footnote. 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, fire insurance rebates, 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 of and for the Year Ended October 31, 2020**

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.

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.

Town of Franklinton
Management's Discussion and Analysis
As of and for the Year Ended October 31, 2020

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The following table provides a summary of the Town's net position for the current year as compared to the prior year.

Changes in Net Position
For the years ended October 31, 2020 and 2019

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues:						
Program Revenues:						
Charges for Services	\$ 687,023	\$ 712,695	\$ 2,290,718	\$ 2,442,543	\$ 2,977,741	\$ 3,155,238
Operating Grants and Contributions	87,638	105,249	14,819	16,048	102,457	121,297
Capital Grants and Contributions	1,557	80,882	176,312	844,624	177,869	925,506
General Revenues:						
Taxes	3,386,974	3,179,205	-	-	3,386,974	3,179,205
Intergovernmental	254,537	265,458	-	-	254,537	265,458
FEMA	-	169,774	-	-	-	169,774
Net Increase (Decrease) in Fair Value of Investments	-	-	(2,855)	26,074	(2,855)	26,074
Interest Income	5,417	7,897	31,044	18,799	36,461	26,696
Miscellaneous	107,428	158,584	48,367	94,907	155,795	253,491
Gain (Loss) on Sale of Assets	(841)	7,825	-	-	(841)	7,825
Total Revenues	<u>4,529,733</u>	<u>4,687,569</u>	<u>2,558,405</u>	<u>3,442,995</u>	<u>7,088,138</u>	<u>8,130,564</u>
Expenses:						
General Government	541,601	595,119	-	-	541,601	595,119
Public Safety	2,787,073	2,633,972	-	-	2,787,073	2,633,972
Public Works	661,675	685,173	-	-	661,675	685,173
Sanitation	278,308	269,708	-	-	278,308	269,708
Health and Welfare	35,098	30,020	-	-	35,098	30,020
Transportation	8,200	7,986	-	-	8,200	7,986
Recreation	17,484	43,614	-	-	17,484	43,614
Economic Development	37,778	36,300	-	-	37,778	36,300
Bond Interest Expense	11,512	16,951	-	-	11,512	16,951
Capital Lease Interest	2,099	-	-	-	2,099	-
Water, Gas, and Sewer Utility	-	-	2,180,587	2,179,777	2,180,587	2,179,777
Total Expenses	<u>4,380,828</u>	<u>4,318,843</u>	<u>2,180,587</u>	<u>2,179,777</u>	<u>6,561,415</u>	<u>6,498,620</u>
Change in Net Position Before Transfers	148,905	368,726	377,818	1,263,218	526,723	1,631,944
Transfers (Out) In	75,000	75,000	(75,000)	(75,000)	-	-
Transfers to Other Governments	(47,150)	(55,500)	-	-	(47,150)	(55,500)
Change in Net Position	<u>176,755</u>	<u>388,226</u>	<u>302,818</u>	<u>1,188,218</u>	<u>479,573</u>	<u>1,576,444</u>
Net Position, Beginning	4,995,110	4,606,884	5,209,433	4,021,215	10,091,196	8,628,099
Prior Period Adjustments	-	-	-	(113,347)	-	(113,347)
Net Position, Beginning	<u>4,995,110</u>	<u>4,606,884</u>	<u>5,096,086</u>	<u>3,907,868</u>	<u>10,091,196</u>	<u>8,514,752</u>
Net Position, Ending	<u>\$ 5,171,865</u>	<u>\$ 4,995,110</u>	<u>\$ 5,398,904</u>	<u>\$ 5,096,086</u>	<u>\$ 10,570,769</u>	<u>\$ 10,091,196</u>

**Town of Franklinton
Management's Discussion and Analysis
As of and for the Year Ended October 31, 2020**

Approximately sixty-three 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 twenty 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 in business-type activities net of corresponding liabilities. The Town's unrestricted net position was seventeen percent of the Town's net position.

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 \$1,606,663 due to the implementation of GASB 68 and 75. The Town's activities increased its total net position by \$479,573, with governmental activities increasing net position by \$176,755, and business-type activities increasing net position by \$302,818.

In order to further understand what makes up the changes in net position, the table on the following page 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.

**Town of Franklinton
Management's Discussion and Analysis
As of and for the Year Ended October 31, 2020**

**Changes in Net Position
For the years ended October 31, 2020 and 2019**

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues:						
Program Revenues:						
Charges for Services	\$ 687,023	\$ 712,695	\$ 2,290,718	\$ 2,442,543	\$ 2,977,741	\$ 3,155,238
Operating Grants and Contributions	87,638	105,249	14,819	16,048	102,457	121,297
Capital Grants and Contributions	1,557	80,882	176,312	844,624	177,869	925,506
General Revenues:						
Taxes	3,386,974	3,179,205	-	-	3,386,974	3,179,205
Intergovernmental	254,537	265,458	-	-	254,537	265,458
FEMA	-	169,774	-	-	-	169,774
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Gain (Loss) on Sale of Assets	(841)	7,825	-	-	(841)	7,825
Total Revenues	<u>4,529,733</u>	<u>4,687,569</u>	<u>2,558,405</u>	<u>3,442,995</u>	<u>7,088,138</u>	<u>8,130,564</u>
Expenses:						
General Government	541,601	595,119	-	-	541,601	595,119
Public Safety	2,787,073	2,633,972	-	-	2,787,073	2,633,972
Public Works	661,675	685,173	-	-	661,675	685,173
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Transportation	8,200	7,986	-	-	8,200	7,986
Recreation	17,484	43,614	-	-	17,484	43,614
Economic Development	37,778	36,300	-	-	37,778	36,300
Bond Interest Expense	11,512	16,951	-	-	11,512	16,951
Capital Lease Interest	2,099	-	-	-	2,099	-
Water, Gas, and Sewer Utility	-	-	2,180,587	2,179,777	2,180,587	2,179,777
Total Expenses	<u>4,380,828</u>	<u>4,318,843</u>	<u>2,180,587</u>	<u>2,179,777</u>	<u>6,561,415</u>	<u>6,498,620</u>
Change in Net Position Before Transfers	148,905	368,726	377,818	1,263,218	526,723	1,631,944
Transfers (Out) In	75,000	75,000	(75,000)	(75,000)	-	-
Transfers to Other Governments	(47,150)	(55,500)	-	-	(47,150)	(55,500)
Change in Net Position	<u>176,755</u>	<u>388,226</u>	<u>302,818</u>	<u>1,188,218</u>	<u>479,573</u>	<u>1,576,444</u>
Net Position, Beginning	4,995,110	4,606,884	5,096,086	3,907,868	10,091,196	8,514,752
Net Position, Ending	<u>\$ 5,171,865</u>	<u>\$ 4,995,110</u>	<u>\$ 5,398,904</u>	<u>\$ 5,096,086</u>	<u>\$ 10,570,769</u>	<u>\$ 10,091,196</u>

**Town of Franklinton
Management's Discussion and Analysis
As of and for the Year Ended October 31, 2020**

Governmental Activities

The Town's governmental net position increased by \$176,755 as compared to a prior fiscal year net position increase of \$388,226. The most significant factor in this change in net position is a decrease of revenue of three percent or \$157,836.

Charges for Services decreased by four percent or \$25,672. Capital grants decreased by \$79,325 to \$1,557. FEMA revenues decreased by one hundred percent or \$169,774. Intergovernmental revenues decreased by four percent or \$10,921. Property tax revenues increased by eight percent to \$36,313. Sales taxes increased by eight percent to \$2,671,235. Miscellaneous revenues decreased by thirty-two percent or by \$51,156.

General government expenses decreased nine percent or \$53,518 to \$541,601 after decreases in expenditures for employee benefits of \$30,099 and professional fees of \$15,153. Public Safety expenses increased six percent or \$153,101 to \$2,787,073. This was driven by an increase in other post-employment benefits of \$73,543, police retirement of \$26,833, police salaries of \$91,731 and decreases in schools and training of \$19,906 and insurance expense of \$29,957. Also, the fire department also had increases in salaries of \$11,544 and decreases in supplies of \$20,231.

Public works expenses decreased three percent or \$23,498 to \$661,675 after decreases in salaries of \$21,577. Sanitation expenses increased three percent or \$8,600 to \$278,308 after an \$8,455 increase in garbage contract expense. Recreation expenses decreased sixty percent or \$26,130 to \$17,484. This was driven by a decrease of \$26,689 in miscellaneous recreation expenses. Economic Development expenses increased \$1,478 or four percent due mainly to an increase of \$1,478 in miscellaneous economic development expenses. Transfers to Other Governments included transfers to the Franklinton Economic Development District of \$47,150 for disbursements related to the landfill.

Business-Type Activities

The Town's business-type net position increased by \$302,818 or six percent of prior year ending net position to \$5,096,086. Charges for services decreased by six percent or \$151,825 after a one percent increase in the prior year. Total expenses for the utility fund remained constant after a decrease of \$103,889 or five percent in the prior year. Gas sales decreased fourteen percent or \$120,916. Water sales decreased two percent or \$15,705 and sewer charges decreased by two percent or \$15,204. Employee benefits decreased \$30,057, supplies decreased \$4,448, and meter reading expense decreased \$4,045. Salaries increased \$25,003, professional fees increased \$13,785, repairs and maintenance increased \$9,359, insurance increased \$8,507, and depreciation increased \$84,523. The net effect for the utility fund was a change in net position \$25,858 for the Gas Utility System, a change of \$185,911 for the Water Utility System, and a change of \$91,049 for the Sewer Utility System.

**Town of Franklinton
Management's Discussion and Analysis
As of and for the Year Ended October 31, 2020**

Fund Financial 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 \$3,531,523. Fund balance was as follows: non-spendable \$98,359, restricted \$1,819,610, assigned \$420,821, and unassigned \$1,192,733. This represents an increase of \$230,719, for all governmental funds, from the prior year's ending fund balance. All funds had a positive ending fund balance.

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 \$1,711,913. The General Fund had \$1,192,733 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

There were no funds that had actual revenues and other sources under budgeted revenues and other sources or actual expenditures and other uses over budgeted amounts resulting in unfavorable variances greater than five percent in accordance with the Local Government Budget Act for the fiscal year ended October 31, 2020.

General Fund original budgeted revenues were increased \$190,316 mostly due to sales tax revenues. Actual Revenues were over the final budget by \$116,605 mostly due to sales tax revenue.

General Fund original budgeted expenditures were decreased \$24,400 with the largest decrease in general government expenditures. Actual expenditures in the General Fund were \$91,874 more than the final amended budget, primarily due to capital lease payments and capital outlays.

**Town of Franklinton
Management's Discussion and Analysis
As of and for the Year Ended October 31, 2020**

Capital Assets and Debt Administration

Capital Assets

The Town's capital assets for its governmental and business-type activities as of October 31, 2020 amounts to \$12,858,213 (net of depreciation). The total decrease in the Town's capital assets for the current fiscal year was \$479,493 (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)
2020 and 2019**

Capital Assets	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Land	\$ 481,801	\$ 481,801	\$ 3,300	\$ 3,300	\$ 485,101	\$ 485,101
Buildings and Improvements	5,006,671	5,003,023	-	-	5,006,671	5,003,023
Office Furniture and Equipment	289,075	281,893	-	-	289,075	281,893
Machinery and Equipment	2,209,755	2,157,743	-	-	2,209,755	2,157,743
Vehicles	2,213,117	1,934,458	-	-	2,213,117	1,934,458
Infrastructure	4,332,466	4,332,466	-	-	4,332,466	4,332,466
Construction in Progress	26,088	25,158	9,302	18,414	35,390	43,572
Gas Utility System	-	-	1,208,137	1,208,137	1,208,137	1,208,137
Water Utility System	-	-	2,947,225	2,933,688	2,947,225	2,933,688
Sewer Utility System	-	-	14,814,723	14,614,916	14,814,723	14,614,916
Subtotal Capital Assets	14,558,973	14,216,542	18,982,687	18,778,455	33,541,660	32,994,997
Less: Accumulated Depreciation	(9,323,286)	(8,765,174)	(11,360,161)	(10,892,117)	(20,683,447)	(19,657,291)
Capital Assets, Net	\$ 5,235,687	\$ 5,451,368	\$ 7,622,526	\$ 7,886,338	\$ 12,858,213	\$ 13,337,706

Significant capital additions for the fiscal year ending October 31, 2020, consisted of the following:

- For governmental funds, \$121,610 for three new vehicles and related equipment for the police department, \$168,450 for a new fire truck, \$10,486 for a new tractor for the street department, \$10,325 for fire equipment, \$3,171 for fire office equipment, \$806 for administrative printer, \$3,205 for office equipment for the police department, \$29,700 for police equipment, \$7,180 for a new AC unit for the police department, and \$1,501 for street equipment. The Town also sold a police vehicle with an original cost of \$11,400 that was fully depreciated for \$1,592. The Town replaced an AC unit with an original cost of \$3,532 that had \$1,099 in accumulated depreciation.
- For business-type funds, the major increases were for completion of Contract E of sewer improvements of \$194,726, sewer pumps in the amount of \$5,081, and water equipment for \$13,536.

**Town of Franklinton
Management's Discussion and Analysis
As of and for the Year Ended October 31, 2020**

Long-Term Debt

At October 31, 2020, the Town had total debt outstanding of \$6,444,204. Of this total, \$405,277 (including current bond and leases payable) is due within one year and \$6,038,927 is due within 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.

**Outstanding Debt
2020 and 2019**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Capital Leases	\$ 46,769	\$ -	\$ -	\$ -	\$ 46,769	\$ -
Revenue Bonds	230,000	455,000	6,167,435	6,314,619	6,397,435	6,769,619
Total Outstanding Debt	<u>\$ 276,769</u>	<u>\$ 455,000</u>	<u>\$ 6,167,435</u>	<u>\$ 6,314,619</u>	<u>\$ 6,444,204</u>	<u>\$ 6,769,619</u>

Other Factors Affecting the Town

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
As of October 31, 2020

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
Assets			
Current Assets:			
Cash and Cash Equivalents	\$ 1,236,919	\$ 1,217,538	\$ 2,454,457
Investments	160,706	2,475,622	2,636,328
Receivables, Net:			
Intergovernmental	308,953	-	308,953
Accounts and Other	357	351,869	352,226
Franchise Taxes	49,452	-	49,452
Due From Other Funds	46,247	6,196	52,443
Inventory	7,918	126,863	134,781
Prepaid Expenses	98,683	33,557	132,240
Total Current Assets	1,909,235	4,211,645	6,120,880
Restricted Assets:			
Restricted Cash and Cash Equivalents	1,717,702	922,807	2,640,509
Restricted Investments	93,662	61,715	155,377
Total Restricted Assets	1,811,364	984,522	2,795,886
Capital Assets:			
Land	481,801	3,300	485,101
Construction in Progress	26,088	9,302	35,390
Capital Assets, Net	4,727,798	7,609,924	12,337,722
Total Capital Assets	5,235,687	7,622,526	12,858,213
Total Assets	8,956,286	12,818,693	21,774,979
Deferred Outflows of Resources			
Pension Related	543,393	110,045	653,438
Total Deferred Outflows of Resources	543,393	110,045	653,438
Total Assets and Deferred Outflows of Resources	\$ 9,499,679	\$ 12,928,738	\$ 22,428,417
Liabilities			
Current Liabilities:			
Accounts Payable	\$ 11,402	\$ 26,588	\$ 37,990
Other Accrued Payables	128,794	15,992	144,786
Due To Other Funds	6,196	46,247	52,443
Customer Deposits	-	267,628	267,628
Bonds Payable	230,000	152,312	382,312
Capital Leases	22,965	-	22,965
Compensated Absences Payable	42,684	14,367	57,051
Total Current Liabilities	442,041	523,134	965,175
Long Term Liabilities:			
Bonds Payable	-	6,015,123	6,015,123
Capital Leases	23,804	-	23,804
Net Pension Liability	2,743,594	548,846	3,292,440
Other Post Employment Benefits Obligation	500,839	293,836	794,675
Compensated Absences Payable	271,713	68,007	339,720
Total Long Term Liabilities	3,539,950	6,925,812	10,465,762
Total Liabilities	3,981,991	7,448,946	11,430,937
Deferred Inflows of Resources			
Pension Related	345,823	80,888	426,711
Total Deferred Inflows of Resources	345,823	80,888	426,711
Net Position			
Net Investment in Capital Assets	4,958,918	1,729,588	6,688,506
Restricted for:			
General Facilities & Development-Sales Tax	340,921	-	340,921
Public Safety-Ad Valorem Tax	34,009	-	34,009
Public Works-Ad Valorem Tax	603,587	-	603,587
Economic Development & Recreation-Sales Tax	805,412	-	805,412
Rural Development Grant	35,508	-	35,508
Debt Service	173	300,379	300,552
Unrestricted	(1,606,663)	3,368,937	1,762,274
Total Net Position	5,171,865	5,398,904	10,570,769
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 9,499,679	\$ 12,928,738	\$ 22,428,417

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

Town of Franklinton
Statement of Activities
For the year ended October 31, 2020

	Program Revenues					Net (Expenses) Revenues and Changes of Primary Government		
	Expenses	Charges for Services	Operating Grants & Contri- butions	Capital Grants & Contri- butions	Net (Expenses) Revenues	Governmental Activities	Business- Type Activities	Total
Governmental Activities								
General Government	\$ 541,601	\$ 332,498	\$ 6,291	\$ 930	\$ (201,882)	\$ (201,882)	\$ -	\$ (201,882)
Public Safety	2,787,073	36,615	76,459	-	(2,673,999)	(2,673,999)	-	(2,673,999)
Public Works	661,675	-	4,888	-	(656,787)	(656,787)	-	(656,787)
Sanitation	278,308	317,885	-	-	39,577	39,577	-	39,577
Health and Welfare	35,098	25	-	-	(35,073)	(35,073)	-	(35,073)
Transportation	8,200	-	-	627	(7,573)	(7,573)	-	(7,573)
Recreation	17,484	-	-	-	(17,484)	(17,484)	-	(17,484)
Economic Development	37,778	-	-	-	(37,778)	(37,778)	-	(37,778)
Bond Interest Expense	11,512	-	-	-	(11,512)	(11,512)	-	(11,512)
Capital Lease Interest	2,099	-	-	-	(2,099)	(2,099)	-	(2,099)
Total Governmental Activities	<u>\$ 4,380,828</u>	<u>\$ 687,023</u>	<u>\$ 87,638</u>	<u>\$ 1,557</u>	<u>\$ (3,604,610)</u>	<u>(3,604,610)</u>	<u>-</u>	<u>(3,604,610)</u>
Business-type Activities								
Gas	\$ 703,770	\$ 732,638	\$ 6,080	\$ -	\$ 34,948	-	34,948	34,948
Water	501,473	671,628	4,408	-	174,563	-	174,563	174,563
Sewer	975,344	886,452	4,331	176,312	91,751	-	91,751	91,751
Total Business-type Activities	<u>\$ 2,180,587</u>	<u>\$ 2,290,718</u>	<u>\$ 14,819</u>	<u>\$ 176,312</u>	<u>\$ 301,262</u>	<u>-</u>	<u>301,262</u>	<u>301,262</u>
General Revenues:								
Taxes:								
Property Taxes						516,228	-	516,228
Sales Taxes						2,671,235	-	2,671,235
Franchise Taxes						199,511	-	199,511
Intergovernmental						254,537	-	254,537
Net Increase (Decrease) in Fair Value of Investments						-	(2,855)	(2,855)
Interest Income						5,417	31,044	36,461
Donations						-	-	-
Miscellaneous						107,428	48,367	155,795
Gain on Sale of Assets						(841)	-	(841)
Transfers to Other Governments						(47,150)	-	(47,150)
Transfers In (Out)						75,000	(75,000)	-
Total General Revenues and Transfers						<u>3,781,365</u>	<u>1,556</u>	<u>3,782,921</u>
Change in Net Position						176,755	302,818	479,573
Net Position - Beginning						4,995,110	5,209,433	10,204,543
Prior Period Adjustments (Note 18)						-	(113,347)	(113,347)
Net Position - Beginning (Restated)						4,995,110	5,096,086	10,091,196
Net Position - Ending						<u>\$ 5,171,865</u>	<u>\$ 5,398,904</u>	<u>\$ 10,570,769</u>

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

Basic Financial Statements
Fund Financial Statements

Town of Franklinton
Balance Sheet - Governmental Funds
As of October 31, 2020

	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets			
Cash	\$ 1,236,919	\$ -	\$ 1,236,919
Investments	160,706	-	160,706
Receivables, Net:			
Intergovernmental	297,365	11,556	308,921
Accounts and Other	357	32	389
Franchise Taxes	49,452	-	49,452
Due From Other Funds	46,429	20	46,449
Inventory	7,918	-	7,918
Prepaid Expenses	90,441	8,242	98,683
Restricted Cash	-	1,717,702	1,717,702
Restricted Investments	-	93,662	93,662
Total Assets	<u>\$ 1,889,587</u>	<u>\$ 1,831,214</u>	<u>\$ 3,720,801</u>
Liabilities and Fund Balances			
Liabilities:			
Accounts Payable	\$ -	\$ 11,402	\$ 11,402
Construction Payable	330	-	330
Compensated Absences	42,684	-	42,684
Other Accrued Expenses	128,464	-	128,464
Due to Other Funds	6,196	202	6,398
Total Liabilities	<u>177,674</u>	<u>11,604</u>	<u>189,278</u>
Fund Balances:			
Nonspendable	98,359	-	98,359
Restricted Fund Balances	-	1,819,610	1,819,610
Assigned	420,821	-	420,821
Unassigned Fund Balances	1,192,733	-	1,192,733
Total Fund Balances	<u>1,711,913</u>	<u>1,819,610</u>	<u>3,531,523</u>
Total Liabilities and Fund Balances	<u>\$ 1,889,587</u>	<u>\$ 1,831,214</u>	<u>\$ 3,720,801</u>

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

Town of Franklinton
Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Financial Statement of Net Position
As of October 31, 2020

Amounts reported for governmental activities in the Statement of Net Position are different because:

Fund Balances, Total Governmental Funds (Statement C)	\$	3,531,523
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Capital assets used in governmental activities are not financial resources and are therefore not reported in the governmental funds.

Governmental capital assets net of depreciation		5,235,687
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Long-term liabilities including bonds payable, loans payable, and compensated absences are not due and payable in the current period and, therefore, are not reported in the governmental funds. Current accrued interest on long term debt is also not reported in the governmental funds.

Bonds Payable		(230,000)
Capital Leases Payable		(46,769)
Net Pension Liability		(2,743,594)
Deferred Outflows of Resources		543,393
Deferred Inflows of Resources		(345,823)
Unfunded Net Other Post Employment Benefits Obligation for Health Insurance		(500,839)
Compensated Absences Payable		(271,713)

Net Position of Governmental Activities (Statement A)	\$	5,171,865
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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, 2020

	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues			
Taxes	\$ 2,930,247	\$ 456,727	\$ 3,386,974
Licenses and Permits	332,498	-	332,498
Intergovernmental	274,884	-	274,884
Charges for Services	317,910	-	317,910
Fines and Forfeitures	36,615	-	36,615
Interest	2,794	2,623	5,417
Donations	-	-	-
Other	101,828	5,600	107,428
Total Revenues	<u>3,996,776</u>	<u>464,950</u>	<u>4,461,726</u>
Expenditures			
General Government	470,482	1,341	471,823
Public Safety:			
Police	2,140,507	152,293	2,292,800
Fire	232,337	-	232,337
Public Works	350,501	25,043	375,544
Sanitation	264,155	-	264,155
Health and Welfare	35,098	-	35,098
Transportation	8,200	-	8,200
Recreation	-	13,977	13,977
Economic Development	-	17,310	17,310
Capital Outlays	194,404	162,959	357,363
Total Expenditures	<u>3,695,684</u>	<u>372,923</u>	<u>4,068,607</u>
Excess of Revenues Over (Under)			
Expenditures	<u>301,092</u>	<u>92,027</u>	<u>393,119</u>

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

(Continued)

Town of Franklinton
Statement of Revenues, Expenditures and
Changes in Fund Balances - Governmental Funds
For the year ended October 31, 2020

	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Other Financing Sources (Uses)			
Bond Principal	-	(225,000)	(225,000)
Bond Interest Expense	-	(11,512)	(11,512)
Operating Transfers In	165,000	236,511	401,511
Operating Transfers (Out)	(236,511)	(90,000)	(326,511)
Transfer to Other Governments	(47,150)	-	(47,150)
Proceeds from Sale of Capital Assets	1,592	-	1,592
Capital Lease Proceeds	69,345	-	69,345
Capital Lease Principal	(22,576)	-	(22,576)
Capital Lease Interest	(2,099)	-	(2,099)
Total Other Financing Sources (Uses)	<u>(72,399)</u>	<u>(90,001)</u>	<u>(162,400)</u>
Net Change in Fund Balances	<u>228,693</u>	<u>2,026</u>	<u>230,719</u>
Fund Balances, Beginning	<u>1,483,220</u>	<u>1,817,584</u>	<u>3,300,804</u>
Fund Balances, Ending	<u>\$ 1,711,913</u>	<u>\$ 1,819,610</u>	<u>\$ 3,531,523</u>

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

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, 2020

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

Net Change in Fund Balances, Total Governmental Funds, Statement E **\$ 230,719**

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of these assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.

Expenditures for capital assets		
Capital asset additions	\$ 356,433	
Construction in progress	930	
Less:		
Current year depreciation	<u>(570,611)</u>	(213,248)

Governmental funds report sales of assets based on funds received; whereas the statement of activities reports the gain or loss on the sale. Thus, the change in net position differs by the amounts reported as follows:

Proceeds from sale of assets reported in fund statements-Insurance Proceeds	(1,592)	
Gain on sales reported in statement of net position	<u>(841)</u>	(2,433)

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) (33,341)

Increases in unfunded post-employment benefit obligations for medical insurance expected in future periods are not recorded for governmental funds on the fund basis. (84,578)

Non-employer contributions to cost-sharing pension plan	68,848
Pension Expense	32,557

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

Proceeds - capital leases	(69,345)	
Principal payments - capital leases	22,576	
Principal payments - long term debt	<u>225,000</u>	<u>178,231</u>

Change in Net Position of Governmental Activities, Statement B **\$ 176,755**

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

Town of Franklinton
Statement of Net Position - Proprietary Funds
As of October 31, 2020

Statement G

Assets	<u>Enterprise Fund</u>
Current Assets:	
Cash and Cash Equivalents	\$ 1,217,538
Investments	2,475,622
Accounts Receivables, Net	351,869
Due From Other Funds	6,196
Inventory - Gas and Supplies	126,863
Prepaid Insurance	33,557
Total Current Assets	<u>4,211,645</u>
Restricted Assets:	
Restricted Cash and Cash Equivalents	922,807
Restricted Investments	61,715
Total Restricted Assets	<u>984,522</u>
Capital Assets	
Land	3,300
Capital Assets, Net	7,609,924
Construction in Progress	9,302
Total Capital Assets	<u>7,622,526</u>
Total Assets	<u>12,818,693</u>
Deferred Outflows of Resources	
Pension Related	110,045
Total Deferred Outflows of Resources	<u>110,045</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 12,928,738</u>
Liabilities	
Current Liabilities (Payable From Current Assets):	
Accounts Payable	\$ 26,588
Compensated Absences Payable	14,367
Other Accrued Payables	15,992
Due To Other Funds	46,247
Total Current Liabilities (Payable From Current Assets)	<u>103,194</u>
Current Liabilities (Payable From Restricted Assets):	
Customer Deposits	267,628
Revenue Bonds Payable	152,312
Total Current Liabilities (Payable From Restricted Assets)	<u>419,940</u>
Long Term Liabilities:	
Bonds Payable	6,015,123
Net Pension Liability	548,846
Other Post Employment Benefits Obligation	293,836
Compensated Absences Payable	68,007
Total Long Term Liabilities	<u>6,925,812</u>
Total Liabilities	<u>7,448,946</u>
Deferred Inflows of Resources	
Pension Related	80,888
Total Deferred Inflows of Resources	<u>80,888</u>
Net Position	
Net Investment in Capital Assets	1,729,588
Restricted for:	
Debt Service	300,379
Unrestricted	3,368,937
Total Net Position	<u>5,398,904</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 12,928,738</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, 2020

Statement H

	<u>Enterprise Fund</u>
Operating Revenues	
Gas Sales	S 732,638
Less Cost of Gas Sold	(254,080)
Gross Profit on Gas Sales	<u> 478,558</u>
Water Sales	671,628
Sewer Service Charges	886,452
Penalties	24,167
Intergovernmental	191,131
Other	24,200
Total Operating Revenues	<u> 2,276,136</u>
Operating Expenses	
Bad Debts	16,898
Depreciation	468,044
Employee Benefits	177,702
Insurance	105,712
Meter Reading	16,766
Repairs and Maintenance	61,277
Salaries and Wages	456,184
Supplies	76,316
Utilities	146,099
Other	224,216
Total Operating Expenses	<u> 1,749,214</u>
Operating Income (Loss)	<u> 526,922</u>
Nonoperating Revenues (Expenses)	
Net Increase (Decrease) in Fair Value of Investments	(2,855)
Interest Income	31,044
Interest Expense	<u> (177,293)</u>
Total Nonoperating Revenues (Expenses)	<u> (149,104)</u>
Income (Loss) Before Contributions and Transfers	<u> 377,818</u>
Transfers	
Operating Transfers Out	<u> (75,000)</u>
Change in Net Position	<u> 302,818</u>
Total Net Position, Beginning	5,096,086
Total Net Position, Ending	S <u><u> 5,398,904</u></u>

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

Statement I

Town of Franklinton
Statement of Cash Flows -
Proprietary Funds
For the year ended October 31, 2020

	<u>Enterprise Fund</u>
Cash Flows From Operating Activities	
Received From Customers	\$ 2,347,291
Paid for Meter Deposit Fees	14,585
Other Receipts	215,331
Receipt for Interfund Services	14,047
Payments for Operations	(866,368)
Payments to Employees	(669,278)
Net Cash Provided (Used) by Operating Activities	<u>1,055,608</u>
 Cash Flows From Noncapital Financing Activities	
Transfers From (To) Other Funds	<u>(75,000)</u>
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(75,000)</u>
 Cash Flows From Capital and Related Financing Activities	
Payments for Capital Acquisitions	(204,232)
(Payments for) Bond Issuance Costs	-
Principal Proceeds from (Repayments for) Long Term Debt	(147,184)
Interest Payments for Long Term Debt	(177,293)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(528,709)</u>
 Cash Flows From Investing Activities	
Receipt of Interest	31,044
Proceeds from sale (Payments) for Investments	<u>(29,039)</u>
Net Cash Provided (Used) by Investing Activities	<u>2,005</u>
 Net Increase in Cash and Cash Equivalents	453,904
Cash and Cash Equivalents, Beginning of Year	<u>1,686,441</u>
 Cash and Cash Equivalents, End of Year	<u>\$ 2,140,345</u>
 Reconciliation of Cash and Cash Equivalents to the Statement of Net Position:	
Cash and Cash Equivalents, Unrestricted	\$ 1,217,538
Cash and Cash Equivalents, Restricted	922,807
Total Cash and Cash Equivalents	<u>\$ 2,140,345</u>

(Continued)

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, 2020

Statement I

		<u>Enterprise Fund</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities		
Operating Income (Loss)	\$	526,922
Adjustments to Reconcile Operating Loss to Net Cash Provided by Operating Activities:		
Depreciation and amortization		468,044
(Increase) Decrease in Accounts Receivable		32,406
(Increase) Decrease in Other Receivable		-
(Increase) Decrease in Inventory		1,547
(Increase) Decrease in Prepaid Insurance		(4,146)
(Increase) Decrease in Deferred Outflows of Resources		23,011
Decrease in Due (to) and from Other Funds		14,047
(Decrease) Increase in Accounts Payable		1,882
(Decrease) Increase in Compensated Absences		4,515
(Decrease) Increase in Deferred Inflows of Resources		(11,102)
(Decrease) Increase in Accrued Expenses		(16,103)
(Decrease) Increase in Customer Deposits		<u>14,585</u>
Net Cash Provided by Operating Activities	\$	<u><u>1,055,608</u></u>

(Concluded)

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

Basic Financial Statements

Notes to the Financial Statements

Town of Franklinton
Notes to the Financial Statements
As of and for the Year Ended October 31, 2020

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-Board of Aldermen 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 3,857 by the U.S. Census Bureau, Census 2010. 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 890 gas customers, 1,553 water customers, and 1,567 sewer customers. The Town paid 61 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.

I. Summary of Significant Accounting Policies

A. Government-Wide and Fund Financial Statements

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 primary government and its component units. 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. Likewise, a primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

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 has also adopted the provisions of GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions* that require capital contributions to the Town to be presented as a change in net position.

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*

Town of Franklinton
Notes to the Financial Statements
As of and for the Year Ended October 31, 2020

Resources as an acquisition of net assets by the government that is applicable to a future reporting period, respectively. 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 is further described in *Footnote J – Net Position and Fund Equity*. As required by the Governmental Accounting Standards Board (GASB), the Town implemented GASB Statement No. 63 during the year ending October 31, 2012. The Town had deferred outflows and deferred inflows of resources related to pension of \$653,438 and \$426,711, respectively, at October 31, 2020.

The Town has also adopted GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. See *Footnote I – Long-Term Obligations*.

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.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are presented as separate columns in the fund financial statements.

B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

Town of Franklinton
Notes to the Financial Statements
As of and for the Year Ended October 31, 2020

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.

The Town reports the following 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 Town reports the following major proprietary funds:

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. For the current fiscal year, this included one major fund and several nonmajor funds.

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 and which is reported as nonmajor.

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.

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.

Town of Franklinton
Notes to the Financial Statements
As of and for the Year Ended October 31, 2020

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.

C. 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, 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.

D. 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 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:

	<u>Authorized Millage</u>		<u>Levied Millage</u>		<u>Collected Millage</u>
General Corporate Purposes	7.24 mills	\$	182,360	\$	192,328
Police ad valorem	5.18 mills		130,474		135,089
Street and drainage ad valorem	7.24 mills		182,360		188,811

Town of Franklinton
Notes to the Financial Statements
As of and for the Year Ended October 31, 2020

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.

The subsequent one percent sales and use tax was originally approved on July 21, 2001. On October 2, 2010, 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 2011 and will expire September 30, 2021. 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.

E. 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.

F. 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.

G. 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.

Town of Franklinton
Notes to the Financial Statements
As of and for the Year Ended October 31, 2020

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:

<u>Description</u>	<u>Estimated Lives</u>
Buildings & Improvements	20 - 40 Years
Machinery and Equipment	5 - 15 Years
Office Furniture and Equipment	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

H. 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 Board of Aldermen 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 Legislative 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.

I. 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 expended 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*

Town of Franklinton
Notes to the Financial Statements
As of and for the Year Ended October 31, 2020

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. The Town had no bond related costs for the year ending October 31, 2020.

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.

J. 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 Component of Net Position** - 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 Component of 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 Component of 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.

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:

- **Nonspendable.** 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.

Town of Franklinton
Notes to the Financial Statements
As of and for the Year Ended October 31, 2020

- **Restricted.** 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.
- **Committed.** These are amounts that can be used only for specific purposes determined by a formal vote of the Board, which is the highest level of decision-making authority for the Town.
- **Assigned.** 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 Board.
- **Unassigned.** 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.

K. 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, 2019, 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.

L. 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.

M. 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.

N. 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

Town of Franklinton
Notes to the Financial Statements
As of and for the Year Ended October 31, 2020

balances and the government-wide statement of activities is presented in Statement F of the basic financial statements.

2. Stewardship, Compliance and Accountability

The Town uses the following budget practices:

1. The Town Clerk prepares a proposed budget and submits same to the Mayor and Board of Aldermen 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 are 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).

The proposed budget for October 31, 2020 was made available for public inspection on October 8, 2019. The proposed budget, prepared on the modified accrual basis of accounting, was published on October 16, prior to the public hearing which was held at the Town of Franklinton's City Hall on October 22, 2019, for comments by taxpayers. The budget was legally adopted by the board of aldermen on October 22, 2019.

There were no funds, other than noted below, that had actual revenues and other sources under budgeted revenues and other sources or actual expenditures and other uses over budgeted amounts resulting in unfavorable variances greater than five percent in accordance with the Local Government Budget Act for the fiscal year ended October 31, 2020.

Town of Franklinton
Notes to the Financial Statements
As of and for the Year Ended October 31, 2020

3. Cash and Cash Equivalents

At October 31, 2020, the Town has cash and cash equivalents (book balances), as follows:

Demand Deposits	\$ <u>5,094,966</u>
	\$ <u>5,094,966</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, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the municipality that the fiscal agent has failed to pay deposited funds upon demand.

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, 2020, the Town has \$5,149,403 in deposits (collected bank balances), within one bank, consisting of \$5,149,403 in demand deposits. The demand deposits are secured from risk by \$250,000 of federal deposit insurance and \$4,899,403 of pledged securities. The \$4,899,403 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).

4. Investments

Investments are categorized into these three categories of credit risk:

1. Insured or registered, or securities held by the town or its agent in the Town's name
2. Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the Town's name
3. Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent but not in the Town's name

Except for the money market accounts, all investments are stated on the balance sheet at market value. Except for the deposits in LAMP, the Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

Town of Franklinton
Notes to the Financial Statements
As of and for the Year Ended October 31, 2020

At October 31, 2020, the Town's investment balances were as follows:

	Maturity Date	Fair Market Value
Government and Agency Bonds		
Government National Mortgage Association (GNMA) Rating - Aaa\AAA.	March 20, 2028	\$ 149
LPL Financial #2 - US Treasury Security Moody's Rating: AAA. S&P Rating: Not Rated.	March 31, 2021	906,228
LPL Financial #1 - US Treasury Security Moody's Rating: AAA. S&P Rating: Not Rated.	March 31, 2021	910,246
		1,816,623
Money Market - Rating Unavailable		
LPL Financial #1		11,453
LPL Financial #2		12,275
Stifel		27,553
		51,281
Louisiana Asset Management Pool (L.A.M.P.) - Rating AAAm.		923,801
		923,801
	Total \$	2,791,705

Interest Rate Risk: The Town does not have a formal investment policy that limits investments maturities as a means of managing its exposure to fair value arising from increasing interest rates.

The government and agency bonds are the only recurring fair value measurements as of October 31, 2020. These were valued using quoted market prices (Level 1 inputs).

All money market accounts are secured by federal deposit insurance. These are stated at cost, which approximates market value.

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 LA—R.S. 33:2955.

GASB 40, *Deposit and Investment Risk Disclosure*, requires disclosure of credit risk, custodial credit risk, concentration of credit risk interest rate risk, and foreign currency risk for all public entity investments.

Town of Franklinton
Notes to the Financial Statements
As of and for the Year Ended October 31, 2020

LAMP is an investment pool that, to the extent practical, invests in a manner consistent with GASB 79. The following facts are relevant for investment pools:

1. Credit risk: LAMP is rated AAAM by Standards and Poor's.
2. 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 public entity's investment is with the pool, not the securities that make up the pool; therefore, no disclosure is required.
3. Concentration of credit risk: Pooled investments are excluded from the five percent disclosure requirement.
4. 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 90 days, and consists of no securities with a maturity in excess of 397 days or 762 days for U.S. Government floating/variable rate investments. The WAM for LAMP's total investments is 54 days as of October 31, 2020.
5. Foreign currency risk: Not applicable.

The investments in LAMP are stated at fair value. The fair 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. LAMP, Inc., issues an annual publicly available financial report that includes financial statements and required supplementary information for LAMP, Inc. That report may be obtained by calling (800) 249-5267.

5. Receivables

Major receivables balances for the governmental activities include sales taxes, franchise taxes, occupational licenses, and fines. 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, fines, 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.

Town of Franklinton
Notes to the Financial Statements
As of and for the Year Ended October 31, 2020

The Governmental Fund receivables at October 31, 2020 consist of the following:

Government Receivables	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Total</u>
Accounts	\$ -	\$ 32	\$ 32
Taxes:			
Sales Tax Receivable	212,742	11,197	223,939
Franchise Tax	49,452	-	49,452
Due from Others	357	-	357
Intergovernmental:			
State of Louisiana	9,681	359	10,040
USDA Grant	74,942	-	74,942
Total Government Receivables	<u>\$ 347,174</u>	<u>\$ 11,588</u>	<u>\$ 358,762</u>

For financial statement presentation, sales tax receivable amounts are included within the category of intergovernmental revenues.

The Enterprise Fund accounts receivable at October 31, 2020 consist of the following:

	<u>Enterprise Fund</u>
Accounts Receivable	
Current	\$ 199,469
31 - 60 Days	19,521
61 - 90 Days	3,165
Over 90 Days	71,409
Subtotal	293,564
Less Allowance for Bad Debt	(67,692)
Accounts Receivables, Net	225,872
Other Receivables	(6,830)
Unbilled Receivables	132,827
Total Accounts Receivable	<u>\$ 351,869</u>

Town of Franklinton
Notes to the Financial Statements
As of and for the Year Ended October 31, 2020

6. Restricted Assets

The following is a listing of the restricted assets for the fund financial statements on October 31, 2020:

Restricted Assets	General Fund	Special Revenue Funds	Debt Service Fund	Enterprise Fund	Total
Cash and Cash Equivalents					
Customer Deposits	\$ -	\$ -	\$ -	\$ 209,383	\$ 209,383
Bond Reserve Account	-			185,765	185,765
Bond Contingency Account	-			93,092	93,092
Bond Sinking Account	-		173	18,052	18,225
Bond Short-Lived Assets Account	-			142,018	142,018
Construction Account	-			274,497	274,497
Ad Valorem Account	-	546,974			546,974
Sales Tax Account	-	1,135,047			1,135,047
Rural Development Grant	-	35,508			35,508
Investments - Customer Deposits	-			61,715	61,715
Investments - Ad Valorem	-	93,662			93,662
Total Restricted Assets	\$ -	\$ 1,811,191	\$ 173	\$ 984,522	\$ 2,795,886

7. Interfund Receivables/Payables

The following is a detailed list of interfund balances for fund financial statements on October 31, 2020:

Interfund Balances	Due From Other Funds	Due To Other Funds
General Fund		
Ad Valorem Police	\$ 202	\$ -
Ad Valorem Streets and Drainage	-	20
Enterprise Fund	46,247	6,196
Special Revenue Funds		
Ad Valorem Police		
General Fund	-	202
Ad Valorem Streets and Drainage		
General Fund	20	-
Enterprise Fund		
General Fund	6,196	46,247
Total Interfund Balances	\$ 52,665	\$ 52,665

The reason for the interfund receivables/payables balances is the General Fund pays expenses of other funds and is reimbursed as funds are available.

Town of Franklinton
Notes to the Financial Statements
As of and for the Year Ended October 31, 2020

8. Capital Assets

The following is a summary of the changes in capital assets for governmental activities for the fiscal year ended October 31, 2020:

Governmental Activities Capital Assets:	Beginning Balance	Increases	Decreases	Adjustments	Ending Balance
Capital Assets Not Being Depreciated:					
Land	\$ 481,801	\$ -	\$ -	\$ -	\$ 481,801
Construction in Progress	25,158	930	-	-	26,088
Total Capital Assets Not Being Depreciated	506,959	930	-	-	507,889
Capital Assets Being Depreciated:					
Buildings and Improvements	5,003,023	7,180	(3,532)	-	5,006,671
Machinery and Equipment	2,157,743	52,012	-	-	2,209,755
Office Furniture and Equipment	281,893	7,182	-	-	289,075
Vehicles	1,934,458	290,060	(11,400)	(1)	2,213,117
Infrastructure	4,332,466	-	-	-	4,332,466
Total Capital Assets Being Depreciated	13,709,583	356,434	(14,932)	(1)	14,051,084
Less Accumulated Depreciation for:					
Buildings and Improvements	(3,196,181)	(174,290)	1,099	-	(3,369,372)
Machinery and Equipment	(1,947,158)	(71,535)	-	-	(2,018,693)
Office Furniture and Equipment	(257,680)	(10,637)	-	-	(268,317)
Vehicles	(1,655,025)	(105,783)	11,400	-	(1,749,408)
Infrastructure	(1,709,130)	(208,366)	-	-	(1,917,496)
Total Accumulated Depreciation	(8,765,174)	(570,611)	12,499	-	(9,323,286)
Total Capital Assets Being Depreciated, Net	4,944,409	(214,177)	(2,433)	(1)	4,727,798
Total Governmental Activities Capital Assets, Net	\$ 5,451,368	\$ (213,247)	\$ (2,433)	\$ (1)	\$ 5,235,687

Depreciation was charged to governmental functions as follows:

General Government	\$ 73,958
Public Safety - Police	109,356
Public Safety - Fire	66,710
Public Works	296,612
Recreation	3,507
Economic Development	20,468
	\$ 570,611

Construction in progress at fiscal year-end of \$26,088 consists of \$15,788 for the Safe Routes to School sidewalk project and \$10,300 for the Airport Maintenance Project. The most significant expenditures were \$121,610 for three new vehicles and related equipment for the police department, \$168,450 for a new fire truck, \$10,486 for a new tractor for the street department, \$10,325 for fire equipment, \$3,171 for fire office equipment, \$806 for administrative printer, \$3,205 for office equipment for the police department, \$29,700 for police equipment, \$7,180 for a new AC unit for the police department, and \$1,501 for street equipment. The Town also sold a police vehicle with an original cost of \$11,400 that was fully depreciated for \$1,592. The Town replaced an AC unit with an original cost of \$3,532 that had \$1,099 in accumulated depreciation.

Included in vehicles is a fire truck that is financed under capital leases in the gross amount of \$168,150 with related accumulated depreciation of \$5,615.

Town of Franklinton
Notes to the Financial Statements
As of and for the Year Ended October 31, 2020

Capital assets and depreciation activity as of and for the year ended October 31, 2020 for business-type activities is as follows:

Business - Type Activities Capital Assets:	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets Not Being Depreciated:				
Land	\$ 3,300	\$ -	\$ -	\$ 3,300
Construction in Progress - Sewer System	18,414	185,614	(194,726)	9,302
Total Capital Assets Not Being Depreciated	<u>21,714</u>	<u>185,614</u>	<u>(194,726)</u>	<u>12,602</u>
Capital Assets Being Depreciated:				
Gas Utility System	1,208,137	-	-	1,208,137
Water Utility System	2,933,688	13,537	-	2,947,225
Sewer Utility System	14,614,916	199,807	-	14,814,723
Total Capital Assets Being Depreciated	<u>18,756,741</u>	<u>213,344</u>	<u>-</u>	<u>18,970,085</u>
Less Accumulated Depreciation for:				
Gas Utility System	(1,170,095)	(13,015)	-	(1,183,110)
Water Utility System	(2,774,385)	(35,307)	-	(2,809,692)
Sewer Utility System	(6,947,637)	(419,722)	-	(7,367,359)
Total Accumulated Depreciation	<u>(10,892,117)</u>	<u>(468,044)</u>	<u>-</u>	<u>(11,360,161)</u>
Total Capital Assets Being Depreciated, Net	<u>7,864,624</u>	<u>(254,700)</u>	<u>-</u>	<u>7,609,924</u>
Total Business - Type Activities Capital Assets, Net	<u>\$ 7,886,338</u>	<u>\$ (69,086)</u>	<u>\$ (194,726)</u>	<u>\$ 7,622,526</u>

Construction in progress at fiscal year-end consists of \$9,302 representing expenses for the Mason Street Well Emergency Generator. The most significant expenditures were for completion of Contract E of sewer improvements of \$194,726, sewer pumps in the amount of \$5,081, and water equipment for \$13,536.

Town of Franklinton
Notes to the Financial Statements
As of and for the Year Ended October 31, 2020

9. 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 being one dollar per year. Should the property cease to be used for military purposes 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. 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.

Capital Leases Payable as of October 31, 2020 is as follows:

	Capital Lease Payable End of Year	Due Within One Year
The Town entered into a lease purchase agreement to purchase a 2011 International Fire Truck for a lease amount of \$69,345. The lease is payable in three annual payments of \$24,675.46 due on the 28th day of August of each year. The fire truck is being depreciated over its estimated useful life of 10 years. This lease is recorded within the governmental funds as a capital lease in the General Fund.	\$ 46,769	\$ 22,965
	\$ 46,769	\$ 22,965

Town of Franklinton
Notes to the Financial Statements
As of and for the Year Ended October 31, 2020

10. Interfund Transfers

The following is a detailed list of interfund transfers reported in the fund financial statements on October 31, 2020:

Interfund Transfers	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund		
Ad Valorem Streets and Drainage	\$ 90,000	\$ -
Streets and Drainage Sinking Debt Service Fund	-	236,511
Enterprise Fund	75,000	-
Special Revenue Funds		
Ad Valorem Streets and Drainage		
General Fund	-	90,000
Streets and Drainage Sinking Debt Service Fund		
General Fund	236,511	-
Enterprise Fund		
General Fund	-	75,000
Total Interfund Transfers	<u>\$ 401,511</u>	<u>\$ 401,511</u>

The primary reason for the transfers between the General Fund and the Ad Valorem Streets and Drainage Fund was to transfer funds to cover the expenditures relating to improving and maintaining streets and drainage facilities and improvements paid by the General Fund. Funds were also transferred between the General Fund and Sinking Fund to comply with the bond requirements. Funds were transferred between the General Fund and Enterprise Fund to fund operating requirements per budget approvals.

11. Accounts, Salaries, and Other Payables

The Governmental Fund payables at October 31, 2020 are as follows:

Governmental Funds Payable	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Total</u>
Accounts	\$ -	\$ 11,402	\$ 11,402
Accrued Salaries	50,014	-	50,014
Insurance	31,539	-	31,539
Retirement Payable	34,877	-	34,877
Construction Payable	330	-	330
Compensated Absences	42,684	-	42,684
Other	12,034	-	12,034
Total Government Funds Payable	<u>\$ 171,478</u>	<u>\$ 11,402</u>	<u>\$ 182,880</u>

Town of Franklinton
Notes to the Financial Statements
As of and for the Year Ended October 31, 2020

The Enterprise Fund payables at October 31, 2020 are as follows:

Enterprise Funds Payable	Gas Utility	Water Utility	Sewer Utility	Total Enterprise Fund
Accounts	\$ 21,911	\$ 3,975	\$ 702	\$ 26,588
Accrued Salaries	5,783	3,069	3,025	11,877
Compensated Absences Payable	5,420	5,014	3,933	14,367
Department of Health and Hospitals Fees	-	3,475	-	3,475
Other	535	105	-	640
Total Enterprise Funds Payable	\$ 33,649	\$ 15,638	\$ 7,660	\$ 56,947

12. Short-Term Debt

The Town had no short-term debt outstanding at October 31, 2020, other than the current portions of revenue bonds payables described in Note 13 *Long-Term Obligations*.

13. Long-Term Obligations

The following is a summary of long-term obligation transactions for the year ended October 31, 2020:

	Governmental Activities		Business-Type Activities		Total Long-Term Obligations
	Capital Leases	Revenue Bonds	Capital Leases	Revenue Bonds	
	Beginning Balance	\$ -	\$ 455,000	\$ -	
Additions	69,345	-	-	-	69,345
Deletions	(22,576)	(225,000)	-	(147,184)	(394,760)
Ending Balance	<u>\$ 46,769</u>	<u>\$ 230,000</u>	<u>\$ -</u>	<u>\$ 6,167,435</u>	<u>\$ 6,444,204</u>

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						
Capital Leases	\$ 22,965	\$ 23,804	\$ 46,769	\$ -	\$ -	\$ -	\$ 46,769
Revenue Bonds	230,000	-	230,000	152,312	6,015,123	6,167,435	6,397,435
Compensated Absences Payable	42,684	271,713	314,397	14,367	68,007	82,374	396,771
Net Pension Liability	-	2,743,594	2,743,594	-	548,846	548,846	3,292,440
Other Post Employment Benefit Obligation	-	500,839	500,839	-	293,836	293,836	794,675
	<u>\$ 295,649</u>	<u>\$ 3,539,950</u>	<u>\$ 3,835,599</u>	<u>\$ 166,679</u>	<u>\$ 6,925,812</u>	<u>\$ 7,092,491</u>	<u>\$ 10,928,090</u>

Town of Franklinton
Notes to the Financial Statements
As of and for the Year Ended October 31, 2020

Bonds Payable as of October 31, 2020 is as follows:

	Bonds Payable End of Year	Due Within One Year
Business Type: \$ 560,000 of Sewer Revenue Bonds, Series 2002 Dated 06/03/02, due in monthly installments of principal and interest of \$2,923, through 06/03/2032, interest at 4.75%.	\$ 312,608	\$ 20,686
Business Type: \$ 1,250,000 of Water Revenue Bonds Dated 12/31/06, due in monthly installments of principal and interest of \$6,102, from 01/26/1997 to 12/26/2036, interest at 5.125%.	769,740	34,933
Business Type: \$ 1,461,000 of Sewer Revenue Bonds, Series 2008 Dated 01/23/09, due in annual installments of principal and interest ranging up to \$76,790, from 01/03/2010 to 01/03/2049, interest at 4.25%.	1,260,958	23,648
Business Type: \$ 3,937,000 of Sewer Revenue Bonds, Series 2018 Dated 03/22/18, due in monthly installments of principal and interest of \$11,615, from 03/22/19 to 03/22/58, interest at 1.75%.	3,824,129	73,045
Governmental: \$ 2,000,000 Sales Tax Bonds, Series 2011 Dated 11/01/11, due in annual installments of principal and interest ranging up to \$236,512, from 05/01/2012, interest at 2.53%.	230,000	230,000
	\$ 6,397,435	\$ 382,312

The annual requirements to amortize all debt outstanding at October 31, 2020, including interest payments of \$2,736,368 are as follows:

Year Ending	Sewer Revenue Bonds			Water Revenue Bonds			Gov't Sales Tax Bonds Series 2011			Totals		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2021	\$ 117,388	\$ 133,870	\$ 251,258	\$ 34,933	\$ 38,285	\$ 73,218	\$ -	\$ 8,665	\$ 8,665	\$ 152,321	\$ 180,820	\$ 333,141
2022	120,706	130,552	251,258	36,750	36,468	73,218	230,000	2,910	232,910	387,456	169,930	557,386
2023	124,140	127,118	251,258	38,662	34,556	73,218	-	-	-	162,802	161,674	324,476
2024	127,695	123,564	251,259	40,673	32,545	73,218	-	-	-	168,368	156,109	324,477
2025	131,375	119,883	251,258	42,789	30,429	73,218	-	-	-	174,164	150,312	324,476
2026 to 2030	716,839	539,451	1,256,290	249,744	116,345	366,089	-	-	-	966,583	655,796	1,622,379
2031 to 2035	701,979	423,868	1,125,847	301,901	44,439	346,340	-	-	-	1,003,880	468,307	1,472,187
2036 to 2040	735,259	356,681	1,091,940	24,288	640	24,928	-	-	-	759,547	357,321	1,116,868
2041 to 2045	838,093	242,757	1,080,850	-	-	-	-	-	-	838,093	242,757	1,080,850
2046 to 2050	816,064	128,563	944,627	-	-	-	-	-	-	816,064	128,563	944,627
2051 to 2055	639,326	57,574	696,900	-	-	-	-	-	-	639,326	57,574	696,900
2056 to 2060	328,831	7,205	336,036	-	-	-	-	-	-	328,831	7,205	336,036
	\$ 5,397,695	\$ 2,391,086	\$ 7,788,781	\$ 769,740	\$ 333,707	\$ 1,103,447	\$ 230,000	\$ 11,575	\$ 241,575	\$ 6,397,435	\$ 2,736,368	\$ 9,133,803

Town of Franklinton
Notes to the Financial Statements
As of and for the Year Ended October 31, 2020

Year Ending	Capital Lease - Fire Truck		
	Principal	Interest	Total
2021	\$ 22,965	\$ 1,711	\$ 24,676
2022	23,804	871	24,675
	\$ 46,769	\$ 2,582	\$ 49,351

Total interest expense for the year ending October 31, 2020 totaled \$190,904.

14. 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.

Principal payments of \$19,728 and interest payments of \$15,360 were made and incurred as interest expense on the sewer bonds. The gross sewer utility revenue recognized during the current period was \$1,085,028.

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 footnote.

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.

Principal payments of \$33,206 and interest payments of \$40,012 were made and incurred as interest expense on the water bonds. The gross water utility revenue recognized during the current period was \$705,908.

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 amount transferred to the Water Bond Sinking Fund during the fiscal year 2020 was \$73,218.

Town of Franklinton
Notes to the Financial Statements
As of and for the Year Ended October 31, 2020

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. This fund is fully funded as of October 31, 2020, with a balance maintained of \$96,141. The total amount transferred to the Water Reserve Fund during the fiscal year 2020 was \$3,672.

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. This Fund is fully funded at October 31, 2020, with a balance maintained of \$44,304. The total amount transferred to the Water Contingency Fund during the fiscal year 2020 was \$3,852.

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 footnote.

Principal payments of \$22,674 and interest payments of \$54,116 were made and incurred as interest expense on the sewer bonds. The gross sewer utility revenue recognized during the current period was \$1,085,028.

Series 2011 - Sales Tax Bonds

On November 1, 2011, the Town of Franklinton issued \$2,000,000 of Certificates of Indebtedness, Series 2011, for the purpose of constructing, improving and maintaining streets and drainage facilities in the Town.

On October 2, 2010, the voters of the Town of Franklinton renewed the one percent sales tax for a period of ten years. This 2010 one percent sales tax was dedicated as follows:

- 1) Forty percent for constructing, improving and maintaining streets and drainage facilities and improvements. Collections for 2020, including State P&M sales tax collections, were \$531,309.
- 2) Thirty percent for supporting the police department of the Town and providing public safety. Collections for 2020, including State P&M sales tax collections, were \$398,480.

Town of Franklinton
Notes to the Financial Statements
As of and for the Year Ended October 31, 2020

- 3) Twenty percent for supporting the fire department of the Town. Collections for 2020, including State P&M sales tax collections, were \$265,655.
- 4) Ten Percent for promoting and encouraging the location and development of commerce and industry, and supporting recreation in the Town. Collections for 2020, including State P&M sales tax collections, were \$132,827.

The Series 2011 bonds are payable from and secured by the forty percent of the sales and use tax dedicated for constructing, improving and maintaining streets and drainage facilities and improvements.

Principal payments of \$225,000 and interest payments of \$11,512 were made and incurred as interest expense on the sales tax bonds.

The town is required to deposit, a sum equal to the pro rata amount of interest and principal falling due on the next interest and principal payment date for the period, together with such additional proportionate sum as may be required to pay said principal and interest as the same fall due. The Town made these payments through the end of the year.

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, including 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 as shown in the following schedule.

Town of Franklinton
Notes to the Financial Statements
As of and for the Year Ended October 31, 2020

Monthly Deposits			
Time Period	Sinking Fund Contribution	Reserve Fund Contribution	Contingency Fund Contribution
4/20/2018 to 3/20/2019	\$ 15,072.84	\$753.64 until project funded is completed, then sum increases to \$1,048	\$753.64 until project funded is completed, then sum increases to \$1,048
4/20/2019 to 5/20/2032	\$ 20,947.00	\$1,048 monthly until \$251,356.56 is in Reserve Fund.	\$1,048 monthly until \$251,356.56 is in Reserve Fund, then monthly payments increase to \$1,802
6/20/2032 to 12/20/2049	\$ 18,015.00	In June 2032 reserve fund deposit to be reduced to \$216,170.16	In June 2032 the monthly payments decrease to \$1,802
1/20/2050 to 3/20/2058	\$ 11,615.00	In June 2049 reserve fund deposit to be reduced to \$139,380	In November 2042 the monthly payments decrease to \$1,162

The Series 2018 Sewer Revenue Bonds also require the creation of a Short-Lived Asset Reserve Fund. Based on preliminary engineering report, 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.

Principal payments of \$71,576 and interest payments of \$67,804 were made and incurred as interest expense on the sewer bonds. The gross sewer utility revenue recognized during the current period was \$1,085,028. 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 2020.

15. Retirement Systems

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

The Town implemented Governmental Accounting Standards Board (GASB) Statement 68 on *Accounting and Financial Reporting for Pensions* and Statement 71 on *Pension Transition for Contributions Made Subsequent to the Measurement Date* –an amendment of GASB 68. These standards require the Town to record its proportional share of each of the pension plans’ net pension liability and report the following disclosures:

A. Municipal Employee Retirement System of Louisiana (System)

Plan Description. The System was established and provided for by R.S. 11:1731 of the Louisiana Revised Statutes (LRS). The System provides retirement benefits to employees of all incorporated villages, towns, and cities within the State which do not have their own retirement system and which elect to become members of the system.

Town of Franklinton
Notes to the Financial Statements
As of and for the Year Ended October 31, 2020

Membership is mandatory as a condition of employment beginning on the date employed if the employee is on a permanent basis working at least thirty-five hours per week. Those individuals paid jointly by a participating employer and the parish are not eligible for membership in the System with exceptions as outlined in the statutes.

Any person eligible for membership whose first employment making him eligible for membership in the System occurred on or after January 1, 2013 shall become a member of the MERS Plan A Tier 2 or MERS Plan B Tier 2 of the System as a condition of employment.

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

Retirement Benefits:

Benefit provisions are authorized within Act 356 of the 1954 regular session and amended by LRS 11:1756-11:1785. The following brief description is of the plan and its benefits and is provided for general information purposes only. Participants should refer to the appropriate statutes for more complete information.

Any member of Plan B who commenced participation in the System prior to January 1, 2013 can retire providing he meets one of the following criteria:

1. Any age with thirty (30) years of creditable service.
2. Age 60 with a minimum of ten (10) or more years of creditable service.

Generally, the monthly amount of the retirement allowance for any member of Plan B shall consist of an amount equal to two percent of the member's monthly average final compensation multiplied by his years of creditable service. Final average compensation is the average monthly earnings during the highest sixty consecutive months, or joined months if service was interrupted. However, under certain conditions as outlined in the statutes, the benefits are limited to specified amounts.

Any member of Plan B Tier 2 shall be eligible for retirement if he meets one of the following requirements:

1. Age 67 with seven (7) years of creditable service.
2. Age 62 with ten (10) years of creditable service.
3. Age 55 with thirty (30) years of creditable service.
4. Any age with twenty-five (25) years of service credit, exclusive of military service and unused annual sick leave.

The monthly amount of the retirement allowance for any member of Plan B Tier 2 shall consist of an amount equal to two percent of the member's final compensation multiplied by his years of creditable service. Final average compensation is the average monthly earnings during the highest sixty consecutive months, or joined months if service was interrupted. However, under certain conditions as outlined in the statutes, the benefits are limited to specified amounts.

Survivor Benefits:

Upon death of any member of Plan B with five (5) or more years of creditable service, not eligible for normal retirement, the plan provides for benefits for the surviving spouse as outlined in the statutes.

Town of Franklinton
Notes to the Financial Statements
As of and for the Year Ended October 31, 2020

Any member of Plan B who is eligible for normal retirement at time of death and who leaves a surviving spouse will be deemed to have retired and selected Option 2 benefits on behalf of the surviving spouse on the date of death. Such benefits will begin only upon proper application and are paid in lieu of any other survivor benefits.

DROP Benefits:

In lieu of terminating employment and accepting a service retirement allowance, any member of Plan A or B who is eligible to retire may elect to participate in the deferred retirement option plan (DROP) for up to three years and defer the receipt of benefits. During participation in the plan, employer contributions are payable but employee contributions cease. The monthly retirement benefits that would be payable, had the person elected to cease employment and receive a service retirement allowance, are paid into the DROP Fund. Interest is earned when the member has completed DROP participation. Interest earnings are based upon the actual rate of return on the investments identified as DROP funds for the period. In addition, no cost-of-living increases are payable to participants until employment which made them eligible to become members of the System has been terminated for at least one full year.

Upon termination of employment prior to or at the end of the specified period of participation, a participant in the DROP may receive, at his option, a lump sum from the account equal to the payments into the account, a true annuity based upon his account balance in that fund, or any other method of payment if approved by the board of trustees. If a participant dies during the participation in the DROP, a lump sum equal to the balance in his account shall be paid to his named beneficiary or, if none, to his estate. If employment is not terminated at the end of the three years, payments into the DROP fund cease and the person resumes active contributing membership in the System.

Disability Benefits:

For Plan B, a member shall be eligible to retire and receive a disability benefit if he has at least ten years of creditable service, is not eligible for normal retirement, and has been officially certified as disabled by the State Medical Disability Board. Upon retirement caused by disability, a member of Plan B shall be paid a disability benefit equal to the lesser of (1) an amount equal to two percent of his final compensation multiplied by his years of creditable service, but no less than thirty percent of his final compensation, or (2) an amount equal to what the member's normal retirement benefit would be based on the member's current final compensation, but assuming the member remained in continuous service until his earliest normal retirement age and using those retirement benefit computation factors which would be applicable to the member's normal retirement.

Cost of Living Increases:

The System is authorized under state law to grant a cost of living increase to members who have been retired for at least one year. The adjustment cannot exceed 2% of the retiree's original benefit for each full calendar year since retirement and may only be granted if sufficient funds are available from investment income in excess of normal requirements. State law allows the System to grant an additional cost of living increase to all retirees and beneficiaries who are age sixty-five and above equal to 2% of the benefit being received on October 1, 1977, or the original benefit, if retirement commenced after that date.

Deferred Benefits:

Both plans provide for deferred benefits for members who terminate before being eligible for retirement. Once the member reaches the appropriate age for retirement; benefits become payable. Benefits are based on statutes in effect at time of withdrawal.

Town of Franklinton
Notes to the Financial Statements
As of and for the Year Ended October 31, 2020

The System issues an annual publicly available financial report that includes financial statements and required supplemental information for the System. That report may be obtained by writing to the Municipal Employees Retirement System of Louisiana, 7937 Office Park Boulevard, Baton Rouge, Louisiana 70809, or calling (225) 925-4810 or at www.mersla.com.

Funding Policy. Under Plan B, members are required by state statute to contribute five percent of their annual covered salary and the Town of Franklinton is required to contribute at an actuarially determined rate. The current rate is 15.5 percent of annual covered payroll. The Town of Franklinton's management has decided to pay two percent of the employee's part, thus increasing the Town of Franklinton's pension percentage to 17.5 percent. Contributions to the System also include one-fourth of one percent (except Orleans) of the taxes shown to be collectible by the tax rolls of each parish. Tax monies are apportioned between Plan A and Plan B in proportion to salaries of plan participants. Tax monies received from East Baton Rouge Parish are apportioned between the Municipal Employees' Retirement System and the Employees' Retirement System of the City of Baton Rouge. The System also receives revenue sharing funds each year as appropriated by the Legislature. These additional sources of income are used as additional employer contributions and considered support from non-employer contributing entities, but are not considered special funding situations. Non-employer contributions are recognized as revenue and excluded from pension expense for the year ended June 30, 2020. During the year ending October 31, 2020, the Town recognized revenue as a result of support received from non-employer contributing entities of \$25,998 for its participation in MERS-Plan B.

The Town of Franklinton contributions to the System under Plan B for the years ending October 31, 2020 and 2019 were \$103,994, and \$107,647, respectively, equal to the required contributions for each year.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: At October 31, 2020, the Town reported a liability of \$847,206 for its proportionate share of the net pension liability of the System. The net pension liability was measured as of June 30, 2020 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 long-term share of contributions to the pension plan relative to the projected contribution of all participating, actuarially determined. At June 30, 2020, the Town's proportion was 0.934873%, which was a decrease of 0.132961% from its proportion measured as of June 30, 2019.

For the year ended October 31, 2020, the Town recognized pension expense for the MERS System of \$70,680 representing its proportionate share of the System's net expense, including amortization of deferred amounts.

Town of Franklinton
Notes to the Financial Statements
As of and for the Year Ended October 31, 2020

At October 31, 2020, the Town reported deferred outflows of resources and deferred inflows of resources related to the MERS pension system from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ (14,255)
Changes of Assumptions	26,257	-
Net difference between projected and actual earnings on pension plan investments	91,977	-
Changes in proportion and differences between Employer contributions and proportionate share of contributions	7,779	(122,433)
Employer contributions subsequent to the measurement date	39,994	-
Total	<u>\$ 166,007</u>	<u>\$ (136,688)</u>

The Town reported a total of \$39,994 as deferred outflow of resources related to pension contributions made subsequent to the measurement period of June 30, 2020 which will be recognized as a reduction in net pension liability in the year ended October 31, 2021.

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

<u>Year</u>	
2021	\$ (40,009)
2022	(5,094)
2023	20,955
2024	13,472
	<u>\$ (10,676)</u>

Actuarial Assumptions. A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2020 is as follows:

Valuation Date	June 30, 2020
Actuarial Cost Method	Entry Age Normal

Actuarial Assumptions:

Expected Remaining Service Lives	3 years (Plan B)
Investment Rate of Return	6.95%, net of investment expense
Inflation Rate	2.5%
Projected Salary Increases:	
1 to 4 years of service	7.4%
More than 4 years of service	4.9%
Annuitant and beneficiary mortality	PubG-2010(B) Healthy Retiree Table set equal to 120% for males and females, each adjusted using their respective male and female MP2018 scales.

Town of Franklinton
Notes to the Financial Statements
As of and for the Year Ended October 31, 2020

Employee mortality	PubG-2010(B) Employee Table set equal to 120% for males and females, each adjusted using their respective male and female MP 2018 scales.
Disabled lives mortality	PubNS-2010(B) Disabled Retiree Table set equal to 120% for males and females with the full generational MP2018 scale.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates 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 and an adjustment for the effect of rebalancing/diversification.

Best estimates of arithmetic real rates of return for each major asset class included in the System's target asset allocation as of June 30, 2020 are summarized in the following table:

Asset Class	Target Asset Allocation	Long-Term Expected Portfolio Real Rate of Return
Public Equity	53%	2.33%
Public Fixed Income	38%	1.67%
Alternatives	9%	0.40%
Totals	<u>100%</u>	<u>4.40%</u>
Inflation		<u>2.60%</u>
Expected Arithmetic Nominal Rate		<u>7.00%</u>

The discount rate used to measure the total pension liability was 6.95%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates which are calculated in accordance with relevant statutes and approved by the Board of Trustees and the Public Retirement Systems' Actuarial Committee. 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.

The effects of certain other changes in the net pension liability are required to be included in pension expense over the current future periods. The effects on the total pension liability of (1) changes of economic and demographic assumptions or of other inputs and (2) differences between expected and actual experience are required to be included in pension expense in a systematic and rational manner over a closed period equal to the average of the expected remaining service lives of all employees that are proved with benefits through the pension plan (active employees and inactive employees), determined as

Town of Franklinton
Notes to the Financial Statements
As of and for the Year Ended October 31, 2020

of the beginning of the measurement period. The effect on net pension liability of differences between the projected earning on pension plan investments and actual experience with regard to those earnings is required to be included in pension expense in a systematic and rational manner over a closed period of five years, beginning with the current period.

Sensitivity of the Employer's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the net pension liability of the participating employers calculated using the discount rate of 6.95%, as well as what the employers' net pension liability would be if it were calculated using a discount rate that is one percentage point lower, or one percentage point higher than the current rate as of June 30, 2020:

	1% Decrease	Current Discount Rate	1% Increase
Rates	5.95%	6.95%	7.95%
Town of Franklinton Share of NPL	\$ 1,127,790	\$ 847,206	\$ 609,794

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

Plan Description. The Municipal Police Employees' Retirement System (System) is a cost-sharing multiple-employer defined benefit pension plan established by Act 189 of 1973 to provide retirement, disability, and survivor benefits to municipal police officers in Louisiana.

Membership is mandatory for any full-time police officer employed by a municipality of the State of Louisiana and engaged in law enforcement, empowered to make arrest, providing he does not have to pay social security and providing he meets the statutory criteria.

Retirement Benefits:

Benefit provisions are authorized within Act 189 of 1973 and amended by LRS 11:2211-11:2233. The following is a brief description of the plan and its benefits and is provided for general information purposes only. Participants should refer to the appropriate statutes for more complete information.

Membership Prior to January 1, 2013: A member is eligible for regular retirement after he has been a member of the System and has 25 years of creditable service at any age or has 20 years of creditable service and is age 50 or has 12 years creditable service and is age 55. A member is eligible for early retirement after he has been a member of the System for 20 years of creditable service at any age with an actuarially reduced benefit.

Benefit rates are three and one-third percent of average final compensation (average monthly earnings during the highest 36 consecutive months or joined months if service was interrupted) per number of years of creditable service not to exceed 100% of final salary.

Upon the death of an active contributing member, or disability retiree, the plan provides for surviving spouses and minor children. Under certain conditions outlined in the statutes, the benefits range from forty to sixty percent of the member's average final compensation for the surviving spouse. In addition, each child under age eighteen receives benefits equal to ten percent of the member's average final compensation or \$200 per month, whichever is greater.

Town of Franklinton
Notes to the Financial Statements
As of and for the Year Ended October 31, 2020

Membership Commencing January 1, 2013: Member eligibility for regular retirement, early retirement, disability and survivor benefits are based on Hazardous Duty and Non Hazardous Duty sub plans. Under the Hazardous Duty sub plan, a member is eligible for regular retirement after he has been a member of the 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 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 System for 20 years of creditable service at any age, with an actuarially reduced benefit from age 55.

Under the Hazardous and Non Hazardous Duty sub plans, the benefit rates are three percent and two and a half percent, respectively, of average final compensation (average monthly earnings during the highest 60 consecutive months or joined months if service was interrupted) per number of years of creditable service not to exceed 100% of final salary.

Upon death of an active contributing member, or disability retiree, the plan provides for surviving spouses and minor children. Under certain conditions outlined in the statutes, the benefits range from twenty-five to fifty-five percent of the member's average final compensation for the surviving spouse. In addition, each child under age eighteen receives ten percent of average final compensation or \$200 per month whichever is greater. If deceased member had less than ten years of service, beneficiary will receive a refund of employee contributions only.

Cost of Living Adjustments:

The Board of Trustees is authorized to provide annual cost-of-living adjustments computed on the amount of the current regular retirement, disability, beneficiary or survivor's benefit, not to exceed 3% in any given year. The Board is authorized to provide an additional 2% COLA, computed on the member's original benefit, to all regular retirees, disability, survivors and beneficiaries who are 65 years of age or older on the cut-off date which determines eligibility.

No regular retiree, survivor or beneficiary shall be eligible to receive a cost-of-living adjustment until benefits have been received at least one full fiscal year and the payment of such COLA, when authorized, shall not be effective until the lapse of at least one-half of the fiscal year. Members who elect early retirement are not eligible for a cost of living adjustment until they reach regular retirement age. A COLA may only be granted if funds are available from interest earnings in excess of normal requirements, as determined by the actuary.

Deferred Retirement Option Plan:

A member is eligible to elect to enter the deferred retirement option plan (DROP) when he is eligible for regular retirement based on the members' sub plan participation. Upon filing the application for the program, the employee's active membership in the System is terminated. At the entry date into the DROP, the employee and employer contributions cease. The amount to be deposited into the DROP account is equal to the benefit computed under the retirement plan elected by the participant at date of application. The duration of participation in the DROP is thirty-six months or less. If employment is terminated after the three-year period the participant may receive his benefits by lump sum payment or a true annuity. If employment is not terminated, active contributing membership into the System shall resume and upon later termination, he shall receive additional retirement benefit based on the additional service. For those eligible to enter DROP prior to January 1, 2004, DROP accounts shall earn interest subsequent to the

Town of Franklinton
Notes to the Financial Statements
As of and for the Year Ended October 31, 2020

termination of DROP participation at a rate of half of one percentage point below the percentage rate of return of the System's investment portfolio as certified by the actuary on an annual basis but will never lose money. For those eligible to enter DROP subsequent to January 1, 2004, an irrevocable election is made to earn interest based on the System's investment portfolio return or a money market investment return. This could result in a negative earnings rate being applied to the account. If the member elects a money market investment return, the funds are transferred to a government money market account.

Initial Benefit Option Plan:

In 1999, the State Legislature authorized the System to establish an Initial Benefit Option program. Initial Benefit Option is available to members who are eligible for regular retirement and have not participated in DROP. The Initial Benefit Option program provides both a one-time single sum payment of up to 36 months of regular monthly retirement benefit, plus a reduced monthly retirement benefit for life. Interest is computed on the balance based on same criteria as DROP.

The System issues an annual publicly available financial report that includes financial statements and required supplemental information for the System. That report may be obtained by writing to the Municipal Police Employees Retirement System of Louisiana, 8401 United Plaza Boulevard, Baton Rouge, Louisiana 70809-2250, or by calling (225) 929-7411 or at www.lampers.org.

Funding Policy. According to state statute, the Town of Franklinton is required to contribute at an actuarially determined rate but cannot be less than 9% of the employee's earnable compensation excluding overtime but including state supplemental pay. For the year ended June 30, 2020, total contributions due for employers and employees were 43.75%. The employer and employee contribution rates for members hired prior to January 1, 2013 and Hazardous Duty members hired after January 1, 2013 were 32.25% and 10%, respectively. The employer and employee contribution rates for all Non Hazardous Duty members hired after January 1, 2013 were 32.25% and 8%, respectively. The employer and employee contribution rates for members whose earnable compensation is less than or equal to poverty guidelines issued by the U.S. Department of Health and Human Services were 34.25% and 7.5%, respectively.

The System also receives insurance premium tax monies as additional employer contributions and considered support from a non-contributing entity. This tax is appropriated by the legislature each year based on an actuarial study. This additional source of income is used as additional employer contributions and considered support from non-employer contributing entities, but is not considered a special funding situation. Non-employer contributions are recognized as revenue and excluded from pension expense for the year ended June 30, 2020. During the year ending October 31, 2020, the Town recognized revenue as a result of support received from non-employer contributing entities of \$57,669 for its participation in MPERS.

The Town of Franklinton contributions to the System for the years ending October 31, 2020 and 2019 were \$286,883 and \$269,883 respectively, equal to the required contributions for each year.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: At October 31, 2020, the Town reported a liability of \$2,445,234 for its proportionate share of the net pension liability of the System. The net pension liability was measured as of June 30, 2020 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 long-term share of contributions to the pension plan relative to the projected

Town of Franklinton
Notes to the Financial Statements
As of and for the Year Ended October 31, 2020

contribution of all participating, actuarially determined. At June 30, 2020, the Town's proportion was 0.264569%, which was an increase of 0.001434% from its proportion measured as of June 30, 2019.

For the year ended October 31, 2020, the Town recognized pension expense for the MPERS System of \$293,410 representing its proportionate share of the System's net expense, including amortization of deferred amounts.

At October 31, 2020, the Town reported deferred outflows of resources and deferred inflows of resources related to the MPERS pension system from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ (96,316)
Changes of Assumptions	58,104	(60,345)
Net difference between projected and actual earnings on pension plan investments	293,355	-
Changes in proportion and differences between Employer contributions and proportionate share of contributions	19,019	(75,702)
Employer contributions subsequent to the measurement date	106,296	-
Total	\$ 476,774	\$ (232,363)

The Town reported a total of \$106,296 as deferred outflow of resources related to pension contributions made subsequent to the measurement period of June 30, 2020 which will be recognized as a reduction in net pension liability in the year ended October 31, 2021.

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

<u>Year</u>	
2021	\$ (38,771)
2022	62,336
2023	58,839
2024	55,711
	\$ 138,115

Actuarial Assumptions. A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2020 is as follows:

Valuation Date	June 30, 2020
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Investment Rate of Return	6.95%, net of investment expense
Expected Remaining Service Lives	4 years
Inflation Rate	2.50%

Town of Franklinton
Notes to the Financial Statements
As of and for the Year Ended October 31, 2020

Salary increases, including inflation & merit	<u>Years of Service</u> 1-2 Above 2	<u>Salary Growth Rate</u> 12.30% 4.70%
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Mortality

For annuitants and beneficiaries, the 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 MP2019 sale was used.

For disabled lives, the Pub-2010 Public Retirement Plan Mortality Table for Safety Below-Median Healthy Retirees multiplied by 105% for males and 115% for females, each with full generational projection using the MP2019 sale was used.

For employees, the 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 MP2019 sale was used.

Cost of Living Adjustments

The present value of future retirement benefits is based on benefits currently being paid by 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 produce current levels of mortality.

Town of Franklinton
Notes to the Financial Statements
As of and for the Year Ended October 31, 2020

The best estimates of arithmetic nominal rates of return for each major asset class included in the System's target asset allocation as of June 30, 2020 are summarized in the following table:

Asset Class	Target Asset Allocation	Long-Term Expected Portfolio Real Rate of Return
Equity	48.50%	3.08%
Fixed Income	33.50%	0.54%
Alternatives	18.00%	1.02%
Other	0.00%	0.00%
Totals	100.00%	4.64%
Inflation		2.55%
Expected Arithmetic Nominal Rate		7.19%

The discount rate used to measure the total pension liability was 6.950%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates approved by 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.

Sensitivity of the Employer's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the net pension liability of the participating employers calculated using the discount rate of 6.950%, as well as what the employers' net pension liability would be if it were calculated using a discount rate that is one percentage point lower, or one percentage point higher than the current rate as of June 30, 2020:

	1% Decrease	Current Discount Rate	1% Increase
Rates	5.950%	6.950%	7.950%
Town of Franklinton Share of NPL	\$ 3,435,293	\$ 2,445,234	\$ 1,617,586

C. Firefighters Retirement System of Louisiana (System)

Plan Description. The Firefighters' Retirement System (System) is a cost-sharing multiple-employer defined benefit pension plan established by Act 434 of 1979 to provide retirement, disability, and survivor benefits to firefighters in Louisiana. Membership in the Louisiana Firefighters Retirement System is mandatory for all full-time firefighters who earn at least \$375 per month and are employed by a municipality, parish, or fire protection district of the State in addition to employees of the Firefighters' Retirement System.

Retirement Benefits:

Benefit provisions are authorized within Act 434 of 1979 and amended by LRS 11:2251-11:2272. The following is a brief description of the plan and its benefits and is provided for general information purposes only. Participants should refer to the appropriate statutes for more complete information.

Town of Franklinton
Notes to the Financial Statements
As of and for the Year Ended October 31, 2020

Employees with 20 or more years of service who have attained age 50, or employees who have 12 years of service who have attained age 55, or 25 years of service at any age are entitled to annual pension benefits equal to 3 1/3% of their average final compensation based on the 36 consecutive months of highest pay multiplied by their total years of service, not to exceed 100%. Employees may elect to receive their pension benefits in the form of a joint and survivor annuity.

If employees terminate before rendering 12 years of service, they forfeit the right to receive the portion of their accumulated plan benefits attributable to their employer's contributions. Benefits are payable over the employees' lives in the form of a monthly annuity. An employee may elect an unreduced benefit or any of seven options at retirement. See R.S. 11:2256(A) for additional details on retirement benefits.

Disability Benefits:

A member who acquires a disability, and who files for disability benefits while in service, and who upon medical examination and certification as provided for in Title 11, is found to have a total disability solely as the result of injuries sustained in the performance of his official duties, or for any cause, provided the member has at least five years of creditable service and provided that the disability was incurred while the member was an active contributing member in active service, shall be entitled to disability benefits under the provisions of R.S. 11:2258(B).

Death Benefits:

Benefits shall be payable to the surviving eligible spouse or designated beneficiary of a deceased member as specified in R.S. 11:2256(B) & (C).

Deferred Retirement Option Plan:

After completing 20 years of creditable service and age 50 or 25 years at any age, a member may elect to participate in the deferred retirement option plan (DROP) for up to 36 months.

Upon commencement of participation in the deferred retirement option plan, employer and employee contributions to ERS cease. The monthly retirement benefit that would have been payable is paid into the member's DROP account. Upon termination of employment, a participant in the program has several options to receive their DROP benefit. A member may (1) elect to roll over all or a portion of their DROP balance into another eligible qualified plan, (2) receive a lump-sum payment from the account, (3) receive single withdrawals at the discretion of the member, (4) receive monthly or annual withdrawals, or (5) receive an annuity based on the DROP account balance. These withdrawals are in addition to his regular monthly benefit.

If employment is not terminated at the end of the 36 months, the participant resumes regular contributions to the System. No withdrawals may be made from the DROP account until the participant retires.

Initial Benefit Option:

Effective June 16, 1999, members eligible to retire and who do not choose to participate in DROP may elect to receive, at the time of retirement, an initial benefit option (IBO) in an amount up to 36 months of benefits, with an actuarial reduction of their future benefits. Such amounts may be withdrawn or remain in the IBO account earning interest at the same rate as the DROP account.

Cost of Living Adjustments (COLAs):

Under the provisions of R.S. 11:246 and 11:2260(A)(7), the board of trustees is authorized to grant retired members and widows of members who have retired an annual cost of living increase of up to 3% of their

Town of Franklinton
Notes to the Financial Statements
As of and for the Year Ended October 31, 2020

current benefit, and all retired members and widows who are 65 years of age and older a 2% increase in their original benefit. In order for the board to grant either of these increases, the System must meet certain criteria detailed in the statute related to funding status and interest earnings (R.S. 11:243). In lieu of these COLAs, pursuant to R.S. 11:241, the board may also grant an increase based on a formula equal to up to \$1 times the total number of years of credited service accrued at retirement or at death of the member of retiree plus the number of years since retirement or since death of the member or retiree to June 30th of the initial year of such increase. If there are not sufficient funds to fund the benefit at the rate of one dollar per year for such total number of years, then the rate shall be reduced in proportion to the amount of funds that are available to fund the cost-of-living adjustment.

The System issues an annual publicly available financial report that includes financial statements and required supplemental information for the System. That report may be obtained by writing to the Firefighters' Retirement System Post Office Box 94095, Baton Rouge, Louisiana 70804, or by calling (225) 925-4060 or at www.lafirefightersret.com.

Funding Policy. Plan members are required by state statute to contribute ten percent of their annual covered salary and the Town is required to contribute at an actuarially determined rate. The employer contribution rates were 27.75 percent of annual covered salary for the plan years ending in 2020. The contribution requirements of plan members and the Town are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior year.

According to state statute, the System receives insurance premium tax funds from the State of Louisiana. The tax is considered support from a non-employer contribution but is not considered a special funding situation. Non-employer contributions are recognized as revenue and excluded from pension expense for the year ended June 30, 2020. During the year ending October 31, 2020, the Town had no recognized revenue as a result of support received from non-employer contributing entities for its participation in FRS.

The Town had no contributions in the fiscal years ending October 31, 2020 and 2019.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: At October 31, 2020, 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, 2020 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 long-term share of contributions to the pension plan relative to the projected contribution of all participating, actuarially determined. At June 30, 2020, the Town's proportion was 0.0%, which was the same as its proportion measured as of June 30, 2019.

For the year ended October 31, 2020, the Town recognized pension expense for the FRS System of \$(21,549) representing its proportionate share of the System's net expense, including amortization of deferred amounts.

Town of Franklinton
Notes to the Financial Statements
As of and for the Year Ended October 31, 2020

At October 31, 2020, the Town reported deferred outflows of resources and deferred inflows of resources related to the FRS pension system from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -
Changes of Assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	-
Changes in proportion and differences between Employer contributions and proportionate share of contributions	10,657	(57,660)
Employer contributions subsequent to the measurement date	-	-
Total	\$ 10,657	\$ (57,660)

The Town reported no deferred outflow of resources related to pension contributions made subsequent to the measurement period of June 30, 2020 which will be recognized as a reduction in net pension liability in the year ended October 31, 2021.

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

<u>Year</u>	
2021	\$ (12,441)
2022	(15,340)
2023	(19,222)
2024	-
2025	-
2026	-
	\$ (47,003)

Actuarial Assumptions. A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2020 is as follows:

Valuation Date June 30, 2020
Actuarial Cost Method Entry Age Normal

Actuarial Assumptions:

Expected Remaining Service Lives	7 years
Investment Rate of Return	7.00%
Inflation Rate	2.50%
Salary Increases	14.10% in the first two years of service and 5.20% with 3 or more years of service; includes inflation and merit increases

Town of Franklinton
Notes to the Financial Statements
As of and for the Year Ended October 31, 2020

Cost of Living Adjustments

For the purpose of determining the present value of benefits, COLAs were deemed not to be substantively automatic and only those previously granted were included.

The mortality rate assumptions were updated in the fiscal year 2020 to reflect changes from the recent experience study and rates set in the Pub-2010 Public Retirement Plans mortality tables, as compared to the RP-2000 Combined Healthy and Disabled Lives tables that were used for the previous valuation. For the June 30, 2020 valuation, assumptions for mortality rates were based on the following:

- For active members, mortality was set equal to the Pub-2010 Public Retirement Plans Mortality Table for Safety Below-Median Employees.
- For annuitants and beneficiaries, mortality was set equal to the Pub-2010 Public Retirement Plans Mortality Table for Safety Below-Median Healthy Retirees.
- For disabled retirees, mortality was set equal to the Pub-2010 Public Retirement Plans Mortality Table for Safety Disabled Retirees.
- In all cases the base table was multiplied by 105% for males and 115% for females, each with full generational projection using the appropriate MP2019 scale.

The estimated long-term expected rate of return on pension plan investments was determined by the System's actuary using the System's target asset allocation and the G.S. Curran & Company Consultant Average study for 2020. The consultants' average study included projected nominal rates of return, standard deviations of returns, and correlations of returns for a list of common asset classes collected from a number of investment consultants and investment management firms. Each consultant's response included nominal expected long term rates of return. In order to arrive at long term expected arithmetic real rates of return, the actuary normalized the data received from the consultant's responses in the following ways. Where nominal returns received were arithmetic, the actuary simply reduced the return assumption by the long-term inflation assumption. Where nominal returns are geometric, the actuary converted the return to arithmetic by adjusting for the long-term standard deviation and then reduced the assumption by the long-term inflation assumption. 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 System's long-term assumed rate of inflation of 2.5% was used in this process for the fiscal year ended June 30, 2020.

Town of Franklinton
Notes to the Financial Statements
As of and for the Year Ended October 31, 2020

Best estimates of real rates of return for each major asset class included in FRS' target asset allocation as of June 30, 2020 are summarized in the following table:

Asset Type		Target Asset Allocation	Long-Term Expected Portfolio Real Rate of Return
Equity	U.S. Equity	26.00%	5.72%
	Non-U.S. Equity	12.00%	6.24%
	Global Equity	10.00%	6.23%
	Emerging Market Equity	6.00%	8.61%
Fixed Income	Fixed Income	26.00%	1.00%
	Emerging Market Debt	5.00%	3.40%
Multi-Asset Strategies	Global Tactical Asset Allocation	0.00%	4.22%
	Risk Parity	0.00%	4.22%
Alternatives	Real Estate	6.00%	4.20%
	Private Equity	9.00%	10.29%
		<u>100.00%</u>	

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers and non-employer contributing entities will be made at the actuarially determined rates approved by the Board of Trustees and by the Public Retirement Systems' Actuarial Committee 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.

Sensitivity of the Employer's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the net pension liability of the participating employers calculated using the discount rate of 7.00%, as well as what the employers' net pension liability would be if it were calculated using a discount rate that is one percentage point lower, or one percentage point higher than the current rate as of June 30, 2020:

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

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Rates	6.00%	7.00%	8.00%
Town of Franklinton Share of NPL	\$ -	\$ -	\$ -

Town of Franklinton
Notes to the Financial Statements
As of and for the Year Ended October 31, 2020

16. 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 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.

Employees Covered by Benefit Terms. As of October 31, 2020, the following employees were covered by the benefit terms:

Inactive employees currently receiving benefits	-
Inactive employees entitled to but not yet receiving benefits	-
Active employees	47
Total	<u>47</u>

Total OPEB Liability

The Town’s total OPEB liability of \$794,674 was measured as of November 1, 2019, 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, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	3.0%
Salary Increases	3.0%
Discount Rate	2.79%
Healthcare Cost Trend Rates	4.9% decreasing to 4.7% for 2025

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.

Town of Franklinton
Notes to the Financial Statements
As of and for the Year Ended October 31, 2020

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.

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

Balance at October 31, 2019	\$ <u>679,601</u>
Changes for the year:	
Service Cost	45,869
Interest	21,570
Changes of Benefit Terms	-
Difference between Expected and Actual Experience	(64,135)
Changes of Assumptions	111,769
Benefit Payments	<u>-</u>
Net Changes	115,073
Balance at October 31, 2020	\$ <u><u>794,674</u></u>

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 1-percentage-point lower (1.79%) or 1-percentage-point higher (3.79%) than the current discount rate:

	1% Decrease (1.79%)	Current Discount Rate (2.79%)	1% Increase (3.79%)
Total OPEB Liability	\$ <u>603,347</u>	\$ <u>794,674</u>	\$ <u>533,298</u>

Town of Franklinton
Notes to the Financial Statements
As of and for the Year Ended October 31, 2020

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 1-percentage-point lower (3.8% decreasing to 3.7%) or 1-percentage-point higher (5.8% decreasing to 5.7%) than the current healthcare cost trend rates:

		Current Healthcare Cost Trend Rate		
	1% Decrease (3.8% decreasing to 3.7%)	(4.8% decreasing to 4.7%)	1% Increase (5.8% decreasing to 5.7%)	
Total OPEB Liability	\$ 529,946	\$ 794,674	\$ 614,076	

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

For the year ended October 31, 2020, the Town recognized OPEB expense of \$115,073. At October 31, 2020, 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
Differences between expected and actual experience	\$ N/A*	\$ N/A*
Changes of assumptions	N/A*	N/A*
Net difference between projected and actual earnings	-	-
Contributions made subsequent to measurement date	-	-
Total	<u>\$ -</u>	<u>\$ -</u>

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:

Years Ending October 31:	
2019	N/A*
2020	N/A*
2021	N/A*
2022	N/A*
2023	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.

17. Fund Balances and Net Position

At October 31, 2020, the General Fund had nonspendable fund balances of \$98,359 created from \$90,441 of prepaid expenses and \$7,918 in inventory for the streets and drainage department. Restricted fund balances for all governmental funds equaled \$1,819,610. Of this amount, \$1,819,437 is restricted due to

Town of Franklinton
Notes to the Financial Statements
As of and for the Year Ended October 31, 2020

legislation from sales taxes or ad valorem taxes and \$173 is restricted for debt service. Assigned fund balances of \$420,821 consisted of \$85,470 for insurance, \$26,556 for match for a grant, \$289,254 for fire activities, \$3,602 for police reserve, and \$15,939 for the airport. At October 31, 2020, the Enterprise Fund had restricted net position of \$300,379, representing the Town's funds restricted by revenue bond debt covenants and contracts with customers for meter deposits, net of any related liability.

18. Prior Period Adjustment

The net position of the Business-Type Activities as been restated due to the adjustment of customer deposit liabilities. The net effect of the net position is as follows:

Business-Type Activities

Enterprise Fund:

Beginning Net Position Before Prior Period Adjustments	\$	5,209,433
Effect of Customer Deposit Liability Adjustment		(113,347)
Beginning Net Position After Prior Period Adjustments	\$	5,096,086

19. 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 of Franklinton 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. As of October 31, 2020, a total of \$55,762 has been transferred to a separate insurance account designated for funding the deductible, and additional funds will be transferred to this account as funds become available.

20. Contingent Liabilities

At October 31, 2020, 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.

21. On-Behalf Payments by the State of Louisiana

For the fiscal year ended October 31, 2020, the State of Louisiana made on behalf payments in the form of supplemental pay to the Town's policemen. In accordance with GASB 24, the Town recorded \$108,999 of on behalf payments as revenue and as an expenditure in the General Fund.

Town of Franklinton
Notes to the Financial Statements
As of and for the Year Ended October 31, 2020

22. Other Commitments

In the fiscal year ended October 31, 2020, the Town approved a contract with Spangler Engineer for \$13,288 in costs for engineering for the Mason Street Generator project. The Town has incurred \$9,302 in costs related to engineering. There is approximately \$3,986 remaining for engineering for the project. The bid for construction for the Mason Street Generator project was awarded on October 27, 2020 to M&R Resources for \$111,384.

23. COVID-19 Pandemic

In December 2019, COVID-19 emerged and has subsequently spread worldwide. The World Health Organization has declared COVID-19 a pandemic, and this pandemic has resulted in federal, state, and local governments and private entities mandating various restrictions, including travel restrictions, restrictions on public gatherings, stay at home orders, and quarantining of people that may have been exposed to the virus.

COVID-19 and actions taken to mitigate it have and are expected to continue to have adverse effects on the economy. As the COVID-19 pandemic is complex and rapidly evolving, we cannot reasonably estimate the duration or severity of this pandemic nor its full impact on the entity, its financial position, change in financial position, or cash flows.

24. Subsequent Events

On November 10, 2020, the Town passed a resolution for a \$1,700,000 bond for the Bene Street Water Well Improvements project.

On March 11, 2021, as a result of COVID-19, the American Rescue Plan was signed into law. This Plan will provide financial assistance to local municipalities, including the Town, for certain allowable expenditures as stated in the Plan. The Town may be eligible for up to approximately \$1,380,000 in financial assistance from the Plan.

On March 23, 2021, the Town accepted the low bid of \$1,558,500 from Griner Drilling for the Bene Street Water Well Improvements.

As stated in summary of significant accounting policies, the Town's dedicated one-percent sales tax will expire September 30, 2021. On March 20, 2021 the voters of the Town approved the continuation and rededication of this tax for a third ten-year period. The tax will continue through September 30, 2031. There were no changes in the allocations dedicated.

Subsequent events have been evaluated by management through June 21, 2021, the date the financial statements were available to be issued and these financial statements considered subsequent events through such date. No other events were noted that require recording or disclosure in the financial statements for the fiscal year ending October 31, 2020.

Required Supplementary Information (Part II)

Town of Franklinton
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
General Fund - Summary
For the year ended October 31, 2020

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> GAAP Basis	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		<u>Favorable</u> <u>(Unfavorable)</u>
Revenues				
Taxes	\$ 2,641,800	\$ 2,889,637	\$ 2,930,247	\$ 40,610
Licenses and Permits	332,200	322,590	332,498	9,908
Intergovernmental	298,900	292,580	274,884	(17,696)
Charges for Services	301,000	317,177	317,910	733
Fines and Forfeitures	55,000	35,900	36,615	715
Interest	4,000	2,750	2,794	44
Miscellaneous	126,300	88,882	101,828	12,946
Total Revenues	<u>3,759,200</u>	<u>3,949,516</u>	<u>3,996,776</u>	<u>47,260</u>
Expenditures				
General Government	547,050	482,048	470,482	11,566
Public Safety:				
Police	2,032,000	2,102,416	2,140,507	(38,091)
Fire	234,450	238,830	232,337	6,493
Public Works	380,175	343,765	350,501	(6,736)
Sanitation	256,450	264,155	264,155	-
Health and Welfare	29,360	37,858	35,098	2,760
Transportation	8,400	8,210	8,200	10
Economic Development	-	-	-	-
Capital Outlays	165,000	151,203	194,404	(43,201)
Total Expenditures	<u>3,652,885</u>	<u>3,628,485</u>	<u>3,695,684</u>	<u>(67,199)</u>
Excess Revenues (Expenditures)	<u>106,315</u>	<u>321,031</u>	<u>301,092</u>	<u>(19,939)</u>

(Continued)

See independent auditor's report.

Town of Franklinton
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
General Fund - Summary
For the year ended October 31, 2020

	Budgeted Amounts		Actual Amounts GAAP Basis	Variance
	Original	Final		Favorable (Unfavorable)
Other Financing Sources (Uses)				
Operating Transfers In	165,000	165,000	165,000	-
Operating Transfers (Out)	(232,265)	(236,512)	(236,511)	1
Transfers to Other Governments	(56,000)	(47,150)	(47,150)	-
Sale of Capital Assets	4,500	2,592	1,592	(1,000)
Capital Lease Proceeds	-	-	69,345	69,345
Capital Lease Principal	-	-	(22,576)	(22,576)
Capital Lease Interest	-	-	(2,099)	(2,099)
Total Other Financing Sources (Uses)	(118,765)	(116,070)	(72,399)	43,671
Net Change in Fund Balances	(12,450)	204,961	228,693	23,732
Fund Balances, Beginning	1,483,220	1,483,220	1,483,220	-
Fund Balances, Ending	\$ 1,470,770	\$ 1,688,181	\$ 1,711,913	\$ 23,732

(Concluded)

See independent auditor's report.

Town of Franklinton
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
General Fund - Detail
For the year ended October 31, 2020

	Budgeted Amounts		Actual Amounts GAAP Basis	Variance Favorable (Unfavorable)
	Original	Final		
Taxes				
Ad Valorem	\$ 177,000	\$ 192,320	\$ 192,328	\$ 8
Sales Taxes	2,250,600	2,487,517	2,538,408	50,891
Franchise Taxes	214,200	209,800	199,511	(10,289)
Total Taxes	2,641,800	2,889,637	2,930,247	40,610
Intergovernmental				
Federal Grants	25,000	38,050	18,790	(19,260)
State Grants	14,700	8,700	10,257	1,557
Other	259,200	245,830	245,837	7
Total Intergovernmental	298,900	292,580	274,884	(17,696)
Other Revenues				
Licenses and Permits	332,200	322,590	332,498	9,908
Charges for Services	301,000	317,177	317,910	733
Fines and Forfeitures	55,000	35,900	36,615	715
Interest	4,000	2,750	2,794	44
Miscellaneous	126,300	88,882	101,828	12,946
Total Other Revenues	818,500	767,299	791,645	24,346
Total Revenues	3,759,200	3,949,516	3,996,776	47,260

(Continued)

See independent auditor's report.

Town of Franklinton
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
General Fund - Detail
For the year ended October 31, 2020

	<u>Budgeted Amounts</u>		<u>Actual Amounts GAAP Basis</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
General Government				
Salaries	247,000	243,870	251,234	(7,364)
Benefits	82,050	41,622	52,112	(10,490)
Payroll Taxes	38,800	40,738	11,383	29,355
General and Administrative	3,200	525	1,025	(500)
Insurance	20,000	21,427	20,136	1,291
Vehicle Expenses	2,600	1,644	1,591	53
Other operating	37,150	25,031	25,534	(503)
Professional Fees	58,200	41,291	41,989	(698)
Repairs and Maintenance	15,200	18,200	16,945	1,255
Supplies	18,850	18,600	19,184	(584)
Utilities	24,000	29,100	29,349	(249)
Total General Government	<u>547,050</u>	<u>482,048</u>	<u>470,482</u>	<u>11,566</u>
Public Safety:				
Police				
Salaries	1,167,600	1,177,291	1,216,525	(39,234)
Benefits	439,800	452,878	453,687	(809)
Payroll Taxes	80,600	92,885	94,043	(1,158)
General and Administrative	20,800	16,195	16,001	194
Insurance	195,000	225,530	223,018	2,512
Vehicle Expenses	45,000	40,378	40,527	(149)
Other operating	3,200	4,804	4,750	54
Repairs and Maintenance	24,000	37,265	36,870	395
Supplies	14,000	12,540	12,464	76
Telephone	17,000	14,090	14,068	22
Utilities	25,000	28,560	28,554	6
Total Police	<u>2,032,000</u>	<u>2,102,416</u>	<u>2,140,507</u>	<u>(38,091)</u>
Fire				
Salaries	75,500	82,361	85,246	(2,885)
Benefits	14,750	16,853	16,854	(1)
Payroll Taxes	5,100	6,413	6,457	(44)
General and Administrative	1,400	470	468	2
Insurance	43,000	33,241	31,949	1,292
Vehicle Expenses	5,000	3,825	3,723	102
Other operating	11,900	2,582	3,473	(891)
Repairs and Maintenance	26,000	33,990	34,153	(163)
Supplies	32,000	35,805	26,976	8,829
Telephone	1,600	900	899	1
Utilities	18,200	22,390	22,139	251
Total Fire	<u>234,450</u>	<u>238,830</u>	<u>232,337</u>	<u>6,493</u>
Total Public Safety	<u>2,266,450</u>	<u>2,341,246</u>	<u>2,372,844</u>	<u>(31,598)</u>

(Continued)

See independent auditor's report.

Town of Franklinton
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
General Fund - Detail
For the year ended October 31, 2020

	<u>Budgeted Amounts</u>		<u>Actual Amounts GAAP Basis</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		<u>Favorable (Unfavorable)</u>
Public Works				
Salaries	161,650	132,863	134,688	(1,825)
Benefits	70,600	62,361	62,319	42
Payroll Taxes	11,700	10,126	10,107	19
General and Administrative	500	-	2,433	(2,433)
Insurance	44,000	42,026	44,509	(2,483)
Vehicle Expenses	11,000	9,700	9,917	(217)
Other operating	5,725	5,125	5,238	(113)
Repairs and Maintenance	15,000	14,200	14,153	47
Supplies	10,000	13,341	13,059	282
Utilities	50,000	54,023	54,078	(55)
Total Public Works	<u>380,175</u>	<u>343,765</u>	<u>350,501</u>	<u>(6,736)</u>
Sanitation				
Insurance	4,750	4,942	4,942	-
Other operating	251,700	259,213	259,213	-
Total Sanitation	<u>256,450</u>	<u>264,155</u>	<u>264,155</u>	<u>-</u>
Health and Welfare				
Salaries	19,000	21,190	21,630	(440)
Benefits	-	711	-	711
Payroll Taxes	1,360	2,055	1,963	92
Insurance	400	417	417	-
Other operating	8,600	13,485	11,088	2,397
Total Health and Welfare	<u>29,360</u>	<u>37,858</u>	<u>35,098</u>	<u>2,760</u>
Transportation				
General and Administrative	2,400	2,400	2,400	-
Repairs and Maintenance	2,000	1,290	1,284	6
Utilities	4,000	4,520	4,516	4
Total Transportation	<u>8,400</u>	<u>8,210</u>	<u>8,200</u>	<u>10</u>
Capital Outlays	<u>165,000</u>	<u>151,203</u>	<u>194,404</u>	<u>(43,201)</u>
Total Expenditures	<u>3,652,885</u>	<u>3,628,485</u>	<u>3,695,684</u>	<u>(67,199)</u>
Excess Revenues (Expenditures)	<u>106,315</u>	<u>321,031</u>	<u>301,092</u>	<u>(19,939)</u>

(Continued)

See independent auditor's report.

Town of Franklinton
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
General Fund - Detail
For the year ended October 31, 2020

	Budgeted Amounts		Actual Amounts GAAP Basis	Variance Favorable (Unfavorable)
	Original	Final		
Other Financing Sources (Uses)				
Operating Transfers In	165,000	165,000	165,000	-
Operating Transfers (Out)	(232,265)	(236,512)	(236,511)	1
Transfers to Other Governments	(56,000)	(47,150)	(47,150)	-
Sale of Capital Assets	4,500	2,592	1,592	(1,000)
Capital Lease Proceeds	-	-	69,345	69,345
Capital Lease Principal	-	-	(22,576)	(22,576)
Capital Lease Interest	-	-	(2,099)	(2,099)
Total Other Financing Sources (Uses)	(118,765)	(116,070)	(72,399)	43,671
Net Change in Fund Balances	(12,450)	204,961	228,693	23,732
Fund Balances, Beginning	1,483,220	1,483,220	1,483,220	-
Fund Balances, Ending	\$ 1,470,770	\$ 1,688,181	\$ 1,711,913	\$ 23,732

(Concluded)

See independent auditor's report.

Town of Franklinton
Schedule of Changes in Net OPEB Liability and Related Ratios
Last 10 Fiscal Years

Total OPEB Liability	2018	2019	2020
Service Cost	\$ 30,493	\$ 31,408	\$ 45,869
Interest	27,145	28,571	21,570
Changes of Benefit Terms	-	-	-
Differences between Expected and Actual Experience	(224,368)	(12,902)	(64,135)
Changes of Assumptions	19,035	(4,727)	111,769
Benefit Payments	-	-	-
Net Change in Total OPEB Liability	(147,695)	42,350	115,073
Beginning OPEB Liability	784,946	637,251	679,601
Ending OPEB Liability	637,251	679,601	794,674
Covered-Employee Payroll	2,017,559	2,078,086	1,935,813
Total OPEB Liability as a Percentage of the Covered-Employee Payroll	31.59%	32.70%	41.05%

Notes to Required Supplementary Information (Schedule 3)

Benefit Changes: There were no changes of benefit terms for the year ended October 31, 2020.

Changes of Assumptions: The discount rate decreased to 2.79% for the year ended October 31, 2020 as compared to 4.33% for the year ended October 31, 2019.

No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

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

See independent auditor's report.

Town of Franklinton
Schedule of the Town's Proportionate Share of the Net Pension Liability - MERS Plan B
Last 10 Fiscal Years*

Municipal Employees' Retirement System:

	Employer's Proportion of the Net Pension Liability (Asset)	Employer's Proportionate Share of the Net Pension Liability (Asset)	Employer's Covered- Employee Payroll	Employer's Proportionate Share of the Net Position Liability (Asset) as a Percentage of its Covered-Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2015	1.337769%	\$ 909,211	\$ 891.965	101.933484%	68.713552%
2016	1.316773%	\$ 1,091,484	\$ 924.187	118.102072%	63.337630%
2017	1.324145%	\$ 1,145,694	\$ 947.803	120.878917%	63.490937%
2018	1.296643%	\$ 1,096,742	\$ 960.916	114.135054%	65.598132%
2019	1.067834%	\$ 934,155	\$ 805.597	115.958169%	66.138762%
2020	0.934873%	\$ 847,206	\$ 724.501	116.936485%	66.260712%

* The amounts presented for each fiscal year were determined as of 6/30 within the fiscal year.

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

See independent auditor's report.

Town of Franklinton
Schedule of the Town's Proportionate Share of the Net Pension Liability - MPERS
Last 10 Fiscal Years*

Municipal Police Employees' Retirement System:

	Employer's Proportion of the Net Pension Liability (Asset)	Employer's Proportionate Share of the Net Pension Liability (Asset)	Employer's Covered- Employee Payroll	Employer's Proportionate Share of the Net Position Liability (Asset) as a Percentage of its Covered-Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2015	0.336217%	\$ 2,633,909	\$ 942,844	279.357879%	70.7303%
2016	0.320693%	\$ 3,005,797	\$ 974,304	308.507098%	66.0422%
2017	0.292655%	\$ 2,555,002	\$ 969,385	263.569376%	70.0815%
2018	0.272386%	\$ 2,302,768	\$ 894,845	257.337081%	71.8871%
2019	0.263135%	\$ 2,389,706	\$ 768,086	311.124796%	71.0078%
2020	0.264569%	\$ 2,445,234	\$ 789,292	309.800936%	70.9450%

* The amounts presented for each fiscal year were determined as of 6/30 within the fiscal year.

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

See independent auditor's report.

Town of Franklinton
Schedule of the Town's Proportionate Share of the Net Pension Liability - FRS
Last 10 Fiscal Years*

State of Louisiana Firefighters' Retirement System:

	Employer's Proportion of the Net Pension Liability (Asset)	Employer's Proportionate Share of the Net Pension Liability (Asset)	Employer's Covered- Employee Payroll	Employer's Proportionate Share of the Net Position Liability (Asset) as a Percentage of its Covered-Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2015	0.020710%	\$ 111,774	\$ 53,510	208.884321%	72.45%
2016	0.026006%	\$ 170,103	\$ 63,253	268.924794%	68.16%
2017	-	\$ -	\$ -	-	73.58%
2018	-	\$ -	\$ -	-	74.76%
2019	-	\$ -	\$ -	-	73.96%
2020	-	\$ -	\$ -	-	72.61%

* The amounts presented for each fiscal year were determined as of 6/30 within the fiscal year.

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

See independent auditor's report.

Town of Franklinton
Schedule of the Town's Contributions - MERS Plan B
For the year ended October 31, 2020

Municipal Employees' Retirement System:

	Contractually Required Contribution	Contributions in Relation to Contractually Required Contributions	Contribution Deficiency (Excess)	Employer's Covered Employee Payroll	Contributions as a % of Covered Employee Payroll
2015	\$ 121,528	\$ 121,528	\$ -	\$ 891,965	13.6247%
2016	110,223	110,223	-	854,390	12.9008%
2017	123,831	123,831	-	923,637	13.4069%
2018	132,828	132,828	-	919,895	14.4395%
2019	107,647	107,647	-	768,906	14.0000%
2020	103,994	103,994	-	717,352	14.4969%

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

See independent auditor's report.

Town of Franklinton
Schedule of the Town's Contributions - MPERS
For the year ended October 31, 2020

Municipal Police Employees' Retirement System:

	Contractually Required Contribution	Contributions in Relation to Contractually Required Contributions	Contribution Deficiency (Excess)	Employer's Covered Employee Payroll	Contributions as a % of Covered Employee Payroll
2015	\$ 279,265	\$ 279,265	\$ -	\$ 906,885	30.7939%
2016	275,625	275,625	-	967,897	28.4767%
2017	280,721	280,721	-	955,783	29.3708%
2018	260,601	260,601	-	888,452	29.3320%
2019	269,883	269,883	-	747,742	36.0931%
2020	286,883	286,883	-	861,918	33.2843%

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

See independent auditor's report.

Town of Franklinton
Schedule of the Town's Contributions - FRS
For the year ended October 31, 2020

State of Louisiana Firefighters' Retirement System:

	Contractually Required Contribution	Contributions in Relation to Contractually Required Contributions	Contribution Deficiency (Excess)	Employer's Covered Employee Payroll	Contributions as a % of Covered Employee Payroll
2015	\$ 15,489	\$ 15,489	\$ -	\$ 60,597	25.5607%
2016	10,701	10,701	-	63,075	16.9655%
2017	-	-	-	-	-
2018	-	-	-	-	-
2019	-	-	-	-	-
2020	-	-	-	-	-

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

See independent auditor's report.

Other Supplementary Information

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.

Streets and Drainage Ad Valorem - To account for the receipt and disbursement of a seven mill ad valorem tax dedicated for maintaining and improving streets and drainage.

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 2011 Sales Tax Bonds

See independent auditor's report.

Schedule 6

Town of Franklinton
Combining Balance Sheet -
Nonmajor Governmental Funds
As of October 31, 2020

	<u>Special Revenue Funds</u>	<u>Debt Service Fund</u>	<u>Total Nonmajor Governmental Funds</u>
Assets			
Cash	\$ -	\$ -	\$ -
Receivables, Net:			-
Intergovernmental	11,556	-	11,556
Accounts and Other	32	-	32
Due From Other Funds	20	-	20
Prepaid Insurance	8,242	-	8,242
Restricted Cash	1,717,529	173	1,717,702
Restricted Investmetns	93,662	-	93,662
Total Assets	<u>\$ 1,831,041</u>	<u>\$ 173</u>	<u>\$ 1,831,214</u>
Liabilities and Fund Balances			
Liabilities:			
Accounts Payable	\$ 11,402	\$ -	\$ 11,402
Retainage Payable	-	-	-
Constuction Payable	-	-	-
Due to Other Funds	202	-	202
Total Liabilities	<u>11,604</u>	<u>-</u>	<u>11,604</u>
Fund Balances:			
Restricted Fund Balances	1,819,437	173	1,819,610
Unassigned Fund Balances	-	-	-
Total Fund Balances	<u>1,819,437</u>	<u>173</u>	<u>1,819,610</u>
Total Liabilities and Fund Balances	<u>\$ 1,831,041</u>	<u>\$ 173</u>	<u>\$ 1,831,214</u>

See independent auditor's report.

Town of Franklinton
Combining Balance Sheet -
Nonmajor Special Revenue Funds
As of October 31, 2020

	Special Revenue Funds					Total Nonmajor Special Revenue Funds
	Police Ad Valorem	Streets and Drainage Ad Valorem	Industrial Development Sales Tax	Rural Development Grant	Economic Development and Recreation Sales Tax	
Assets						
Cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Receivables, Net:						
Intergovernmental	-	-	-	-	11,556	11,556
Accounts and Other	32	-	-	-	-	32
Due From Other Funds	-	20	-	-	-	20
Prepaid Insurance	8,242	-	-	-	-	8,242
Restricted Cash	36,310	510,664	340,964	35,508	794,083	1,717,529
Restricted Investments	-	93,662	-	-	-	93,662
Total Assets	\$ 44,584	\$ 604,346	\$ 340,964	\$ 35,508	\$ 805,639	\$ 1,831,041
Liabilities and Fund Balances						
Liabilities:						
Accounts Payable	\$ 10,373	\$ 759	\$ 43	\$ -	\$ 227	\$ 11,402
Due to Other Funds	202	-	-	-	-	202
Total Liabilities	10,575	759	43	-	227	11,604
Fund Balances:						
Restricted Fund Balances	34,009	603,587	340,921	35,508	805,412	1,819,437
Unassigned Fund Balances	-	-	-	-	-	-
Total Fund Balances	34,009	603,587	340,921	35,508	805,412	1,819,437
Total Liabilities and Fund Balances	\$ 44,584	\$ 604,346	\$ 340,964	\$ 35,508	\$ 805,639	\$ 1,831,041

See independent auditor's report.

Schedule 6.2

Town of Franklinton
Combining Balance Sheet -
Nonmajor Other Governmental Funds
As of October 31, 2020

	<u>Debt Service Fund</u>			Total Nonmajor Other Governmental Funds	
	Streets and Drainage Sinking				
Assets					
Cash	\$	-	\$	-	
Receivables, Net:				-	
Intergovernmental		-		-	
Accounts and Other		-		-	
Restricted Cash		173		173	
Restricted Investments		-		-	
Total Assets	\$	173	\$	173	
Liabilities and Fund Balances					
Liabilities:					
Accounts Payable	\$	-	\$	-	
Retainage Payable		-		-	
Construction Payable		-		-	
Due to Other Funds		-		-	
Total Liabilities		-		-	
Fund Balances:					
Restricted Fund Balances		173		173	
Unassigned Fund Balances		-		-	
Total Fund Balances		173		173	
Total Liabilities and Fund Balances	\$	173	\$	173	

See independent auditor's report.

Town of Franklinton
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Nonmajor Governmental Funds
For the year ended October 31, 2020

	Special Revenue Funds	Debt Service Fund	Total Nonmajor Governmental Funds
Revenues			
Ad Valorem Taxes	\$ 323,900	\$ -	\$ 323,900
Sales Tax	132,827	-	132,827
Grants	-	-	-
Interest	2,511	112	2,623
Other	5,600	-	5,600
Unrealized Gain (Loss) on Investments	-	-	-
Total Revenues	<u>464,838</u>	<u>112</u>	<u>464,950</u>
Expenditures			
General Government	1,341	-	1,341
Public Safety			
Police	152,293	-	152,293
Fire	-	-	-
Public Works	25,043	-	25,043
Health and Welfare	-	-	-
Transportation	-	-	-
Recreation	13,977	-	13,977
Economic Development	17,310	-	17,310
Capital Outlays	162,959	-	162,959
Total Expenditures	<u>372,923</u>	<u>-</u>	<u>372,923</u>
Excess of Revenues Over (Under) Expenditures	<u>91,915</u>	<u>112</u>	<u>92,027</u>
Other Financing Sources (Uses)			
Bond Principal Payments	-	(225,000)	(225,000)
Interest Expense	-	(11,512)	(11,512)
Sale of Fixed Assets	-	-	-
Operating Transfers In	-	236,511	236,511
Operating Transfers Out	(90,000)	-	(90,000)
Total Other Financing Sources (Uses)	<u>(90,000)</u>	<u>(1)</u>	<u>(90,001)</u>
Net Change in Fund Balances	<u>1,915</u>	<u>111</u>	<u>2,026</u>
Fund Balances, Beginning	1,817,522	62	1,817,584
Fund Balances, Ending	<u>\$ 1,819,437</u>	<u>\$ 173</u>	<u>\$ 1,819,610</u>

See independent auditor's report.

Town of Franklinton
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Nonmajor Special Revenue Funds
For the year ended October 31, 2020

	Special Revenue Funds					Total Nonmajor Special Revenue Funds
	Police Ad Valorem	Streets and Drainage Ad Valorem	Industrial Development Sales Tax	Rural Development Grant	Economic Development and Recreation Sales Tax	
Revenues						
Ad Valorem Taxes	\$ 135,089	\$ 188,811	\$ -	\$ -	\$ -	\$ 323,900
Sales Tax	-	-	-	-	132,827	132,827
Grants	-	-	-	-	-	-
Interest	216	1,185	342	36	732	2,511
Other	5,600	-	-	-	-	5,600
Unrealized Gain (Loss) on Investments	-	-	-	-	-	-
Total Revenues	<u>140,905</u>	<u>189,996</u>	<u>342</u>	<u>36</u>	<u>133,559</u>	<u>464,838</u>
Expenditures						
General Government	-	-	1,341	-	-	1,341
Public Safety						
Police	152,293	-	-	-	-	152,293
Fire	-	-	-	-	-	-
Public Works	-	25,043	-	-	-	25,043
Health and Welfare	-	-	-	-	-	-
Transportation	-	-	-	-	-	-
Recreation	-	-	-	-	13,977	13,977
Economic Development	-	-	-	-	17,310	17,310
Capital Outlays	150,972	11,987	-	-	-	162,959
Total Expenditures	<u>303,265</u>	<u>37,030</u>	<u>1,341</u>	<u>-</u>	<u>31,287</u>	<u>372,923</u>
Excess of Revenues Over (Under)						
Expenditures	<u>(162,360)</u>	<u>152,966</u>	<u>(999)</u>	<u>36</u>	<u>102,272</u>	<u>91,915</u>
Other Financing Sources (Uses)						
Bond Principal Payments	-	-	-	-	-	-
Interest Expense	-	-	-	-	-	-
Sale of Fixed Assets	-	-	-	-	-	-
Operating Transfers In	-	-	-	-	-	-
Operating Transfers Out	-	(90,000)	-	-	-	(90,000)
Total Other Financing Sources (Uses)	<u>-</u>	<u>(90,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(90,000)</u>
Net Change in Fund Balances	<u>(162,360)</u>	<u>62,966</u>	<u>(999)</u>	<u>36</u>	<u>102,272</u>	<u>1,915</u>
Fund Balances, Beginning	196,369	540,621	341,920	35,472	703,140	1,817,522
Fund Balances, Ending	<u>\$ 34,009</u>	<u>\$ 603,587</u>	<u>\$ 340,921</u>	<u>\$ 35,508</u>	<u>\$ 805,412</u>	<u>\$ 1,819,437</u>

See independent auditor's report.

Schedule 7.2

Town of Franklinton
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Nonmajor Other Governmental Funds
For the year ended October 31, 2020

	<u>Debt Service Fund</u>	
	<u>Streets and Drainage Sinking</u>	<u>Total Nonmajor Other Governmental Funds</u>
Revenues		
Ad Valorem Taxes	\$ -	\$ -
Sales Tax	-	-
Grants	-	-
Interest	112	112
Other	-	-
Unrealized Gain (Loss) on Investments	-	-
Total Revenues	<u>112</u>	<u>112</u>
Expenditures		
General Government	-	-
Public Safety	-	-
Police	-	-
Fire	-	-
Public Works	-	-
Health and Welfare	-	-
Transportation	-	-
Recreation	-	-
Economic Development	-	-
Capital Outlays	-	-
Total Expenditures	<u>-</u>	<u>-</u>
Excess of Revenues Over (Under) Expenditures	<u>112</u>	<u>112</u>
Other Financing Sources (Uses)		
Bond Principal Payments	(225,000)	(225,000)
Interest Expense	(11,512)	(11,512)
Sale of Fixed Asset	-	-
Operating Transfers In	236,511	236,511
Operating Transfers Out	-	-
Total Other Financing Sources (Uses)	<u>(1)</u>	<u>(1)</u>
Net Change in Fund Balances	<u>111</u>	<u>111</u>
Fund Balances, Beginning	62	62
Fund Balances, Ending	<u>\$ 173</u>	<u>\$ 173</u>

See independent auditor's report.

Town of Franklinton
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Special Revenue Fund - Police Ad Valorem
For the year ended October 31, 2020

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> GAAP Basis	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		<u>Favorable</u> <u>(Unfavorable)</u>
Revenues				
Ad Valorem Taxes	\$ 127,000	\$ 135,689	\$ 135,089	\$ (600)
Interest	150	650	216	(434)
Miscellaneous	8,800	5,656	5,600	(56)
Total Revenues	<u>135,950</u>	<u>141,995</u>	<u>140,905</u>	<u>(1,090)</u>
Expenditures				
Public Safety:				
Police				
Insurance	900	1,025	1,025	-
Other operating	66,100	76,341	80,250	(3,909)
Repairs and Maintenance	33,250	87,303	65,252	22,051
Supplies	5,700	6,312	5,766	546
Capital Outlays	30,000	124,259	150,972	(26,713)
Total Expenditures	<u>135,950</u>	<u>295,240</u>	<u>303,265</u>	<u>(8,025)</u>
Excess Revenues (Expenditures)	<u>-</u>	<u>(153,245)</u>	<u>(162,360)</u>	<u>(9,115)</u>
Other Financing Sources (Uses)				
Operating Transfers In	-	-	-	-
Operating Transfers (Out)	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	<u>-</u>	<u>(153,245)</u>	<u>(162,360)</u>	<u>(9,115)</u>
Fund Balances, Beginning	<u>196,369</u>	<u>196,369</u>	<u>196,369</u>	<u>-</u>
Fund Balances, Ending	<u>\$ 196,369</u>	<u>\$ 43,124</u>	<u>\$ 34,009</u>	<u>\$ (9,115)</u>

See independent auditor's report.

Town of Franklinton
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Special Revenue Fund - Streets and Drainage Ad Valorem
For the year ended October 31, 2020

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>GAAP Basis</u>	<u>Favorable (Unfavorable)</u>
Revenues				
Ad Valorem Taxes	\$ 176,000	\$ 188,810	\$ 188,811	\$ 1
Interest	1,805	1,226	1,185	(41)
Total Revenues	<u>177,805</u>	<u>190,036</u>	<u>189,996</u>	<u>(40)</u>
Expenditures				
Public Works	30,600	25,488	25,043	445
Capital Outlays	30,000	13,081	11,987	1,094
Total Expenditures	<u>60,600</u>	<u>38,569</u>	<u>37,030</u>	<u>1,539</u>
Excess Revenues (Expenditures)	<u>117,205</u>	<u>151,467</u>	<u>152,966</u>	<u>1,499</u>
Other Financing Sources (Uses)				
Operating Transfers In	-	-	-	-
Operating Transfers (Out)	(90,000)	(90,000)	(90,000)	-
Total Other Financing Sources (Uses)	<u>(90,000)</u>	<u>(90,000)</u>	<u>(90,000)</u>	<u>-</u>
Net Change in Fund Balances	<u>27,205</u>	<u>61,467</u>	<u>62,966</u>	<u>1,499</u>
Fund Balances, Beginning	<u>540,621</u>	<u>540,621</u>	<u>540,621</u>	<u>-</u>
Fund Balances, Ending	<u>\$ 567,826</u>	<u>\$ 602,088</u>	<u>\$ 603,587</u>	<u>\$ 1,499</u>

See independent auditor's report.

Town of Franklinton
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Special Revenue Fund - Industrial Development Sales Tax Fund
For the year ended October 31, 2020

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>GAAP Basis</u>	<u>Favorable (Unfavorable)</u>
Revenues				
Interest	\$ 265	\$ 343	\$ 342	\$ (1)
Miscellaneous	-	-	-	-
Total Revenues	<u>265</u>	<u>343</u>	<u>342</u>	<u>(1)</u>
Expenditures				
General Government	3,176	1,297	1,341	(44)
Economic Development	-	-	-	-
Capital Outlays	-	-	-	-
Total Expenditures	<u>3,176</u>	<u>1,297</u>	<u>1,341</u>	<u>(44)</u>
Net Change in Fund Balances	<u>(2,911)</u>	<u>(954)</u>	<u>(999)</u>	<u>(45)</u>
Fund Balances, Beginning	<u>341,920</u>	<u>341,920</u>	<u>341,920</u>	-
Fund Balances, Ending	<u>\$ 339,009</u>	<u>\$ 340,966</u>	<u>\$ 340,921</u>	<u>\$ (45)</u>

See independent auditor's report.

Town of Franklinton
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Special Revenue Fund - Rural Development Grant Fund
For the year ended October 31, 2020

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> GAAP Basis	<u>Variance</u> Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>		
Revenues				
Interest	\$ 29	\$ 36	\$ 36	\$ -
Miscellaneous	-	-	-	-
Total Revenues	<u>29</u>	<u>36</u>	<u>36</u>	<u>-</u>
Expenditures				
Capital Outlays	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	<u>29</u>	<u>36</u>	<u>36</u>	<u>-</u>
Fund Balances, Beginning	<u>35,472</u>	<u>35,472</u>	<u>35,472</u>	<u>-</u>
Fund Balances, Ending	<u>\$ 35,501</u>	<u>\$ 35,508</u>	<u>\$ 35,508</u>	<u>\$ -</u>

See independent auditor's report.

Town of Franklinton
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Special Revenue Fund - Economic Development and Recreation Sales Tax Fund
For the year ended October 31, 2020

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>GAAP Basis</u>	<u>Favorable (Unfavorable)</u>
Revenues				
Sales Taxes	\$ 120,000	\$ 129,118	\$ 132,827	\$ 3,709
Interest	650	724	732	8
Miscellaneous	500	-	-	-
Total Revenues	<u>121,150</u>	<u>129,842</u>	<u>133,559</u>	<u>3,717</u>
Expenditures				
Recreation	30,000	13,349	13,977	(628)
Economic Development	10,000	17,310	17,310	-
Capital Outlays	5,000	-	-	-
Total Expenditures	<u>45,000</u>	<u>30,659</u>	<u>31,287</u>	<u>(628)</u>
Net Change in Fund Balances	<u>76,150</u>	<u>99,183</u>	<u>102,272</u>	<u>3,089</u>
Fund Balances, Beginning	<u>703,140</u>	<u>703,140</u>	<u>703,140</u>	<u>-</u>
Fund Balances, Ending	<u>\$ 779,290</u>	<u>\$ 802,323</u>	<u>\$ 805,412</u>	<u>\$ 3,089</u>

See independent auditor's report.

Town of Franklinton
Schedule of Net Position - Proprietary Fund Type
As of October 31, 2020
(With Comparative Totals as of October 31, 2019)

	Enterprise Funds	
	2020	2019
Assets		
Current Assets:		
Cash and Cash Equivalents	\$ 1,217,538	\$ 863,442
Investments	2,475,622	2,450,004
Receivables, Net		
Accounts	351,869	384,275
Due From Other Funds	6,196	-
Inventory - Gas and Supplies	126,863	128,410
Prepaid Insurance	33,557	29,411
Total Current Assets	4,211,645	3,855,542
Restricted Assets:		
Restricted Cash and Cash Equivalents	922,807	822,999
Restricted Investments - Customer Deposits	61,715	61,149
Total Restricted Assets	984,522	884,148
Property, Plant, and Equipment		
Land	3,300	3,300
Property, Plant and Equipment, Net	7,609,924	7,864,624
Construction in Progress	9,302	18,414
Total Property, Plant, and Equipment	7,622,526	7,886,338
Total Assets	12,818,693	12,626,028
Deferred Outflows of Resources		
Pension Related	110,045	133,056
Total Deferred Outflows of Resources	110,045	133,056
Total Assets and Deferred Outflows of Resources	\$ 12,928,738	\$ 12,759,084
Liabilities		
Current Liabilities (Payable From Current Assets):		
Accounts Payable	\$ 26,588	\$ 24,706
Compensated Absences Payable	14,367	12,365
Other Accrued Payables	15,992	13,029
Due To Other Funds	46,247	26,004
Total Current Liabilities (Payable From Current Assets)	103,194	76,104
Current Liabilities (Payable From Restricted Assets):		
Customer Deposits	267,628	253,043
Revenue Bonds Payable	152,312	147,378
Total Current Liabilities (Payable From Restricted Assets)	419,940	400,421
Long Term Liabilities:		
Bonds Payable	6,015,123	6,167,241
Net Pension Liability	548,846	598,407
Other Post Employment Benefits Obligation	293,836	263,341
Compensated Absences Payable	68,007	65,494
Total Long Term Liabilities	6,925,812	7,094,483
Total Liabilities	7,448,946	7,571,008
Deferred Inflows of Resources		
Pension Related	80,888	91,990
Total Deferred Inflows of Resources	80,888	91,990
Net Position		
Net Investment in Capital Assets	1,729,588	1,827,529
Restricted for:		
Debt Service	300,379	266,889
Unrestricted	3,368,937	3,001,668
Total Net Position	5,398,904	5,096,086
Total Liabilities, Deferred Outflows of Resources, and Net Position	\$ 12,847,850	\$ 12,759,084

See independent auditor's report.

Town of Franklinton
Schedule of Revenues, Expenses and Changes in Net Position
Proprietary Fund Type
As of October 31, 2020
(With Comparative Totals as of October 31, 2019)

	Enterprise Funds	
	2020	2019
Operating Revenues		
Gas Sales	\$ 732,638	\$ 853,554
Less Cost of Gas Sold	(254,080)	(348,490)
Gross Profit on Gas Sales	478,558	505,064
Water Sales	671,628	687,333
Sewer Service Charges	886,452	901,656
Penalties	24,167	31,028
Intergovernmental	191,131	860,672
Other	24,200	63,879
Total Operating Revenues	2,276,136	3,049,632
Operating Expenses		
Bad Debts	16,898	18,297
Depreciation	468,044	383,521
Employee Benefits	211,866	241,923
Insurance	105,712	97,205
Meter Reading	16,766	20,811
Repairs and Maintenance	61,277	51,918
Professional Fees	92,493	78,708
Salaries and Wages	456,184	431,181
Supplies	76,316	80,764
Utilities	146,099	149,402
Other	97,559	95,856
Total Operating Expenses	1,749,214	1,649,586
Operating Income (Loss)	526,922	1,400,046
Nonoperating Revenues (Expenses)		
Unrealized Gain (Loss) on Investments	-	1,026
Realized Gain (Loss) on Investments	(2,855)	25,048
Interest Income	31,044	18,799
Interest Expense	(177,293)	(181,701)
Total Nonoperating Revenues (Expenses)	(149,104)	(136,828)
Income (Loss) Before Contributions and Transfers	377,818	1,263,218
Contributions and Transfers		
Capital Contributions	-	-
Operating Transfers In	-	-
Operating Transfers Out	(75,000)	(75,000)
Change in Net Position	302,818	1,188,218
Total Net Position, Beginning	5,096,086	3,907,868
Total Net Position, Ending	\$ 5,398,904	\$ 5,096,086

See independent auditor's report.

Town of Franklinton
Schedule of Cash Flows
Proprietary Fund Type
As of October 31, 2020
(With Comparative Totals as of October 31, 2019)

	Enterprise Funds	
	2020	2019
Cash Flows From Operating Activities		
Received From Customers	\$ 2,347,291	\$ 2,406,934
Paid for Meter Deposit Fees	14,585	3,987
Other Receipts	215,331	1,058,819
Receipt (Paid) for Interfund Services	14,047	(380)
Payments for Operations	(866,368)	(1,017,949)
Payments to Employees	(669,278)	(708,285)
Net Cash Provided (Used) by Operating Activities	<u>1,055,608</u>	<u>1,743,126</u>
Cash Flows From Noncapital Financing Activities		
Transfers From (To) Other Funds	<u>(75,000)</u>	<u>(75,000)</u>
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(75,000)</u>	<u>(75,000)</u>
Cash Flows From Capital and Related Financing Activities		
Payments for Capital Acquisitions	(204,232)	(1,017,445)
(Payments for) Bond Issuance Costs	-	-
Principal Proceeds from (Repayments for) Long Term Debt	(147,184)	(113,408)
Interest Payments for Long Term Debt	<u>(177,293)</u>	<u>(221,891)</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(528,709)</u>	<u>(1,352,744)</u>
Cash Flows From Investing Activities		
Receipt of Interest	31,044	18,799
Proceeds from sale (Payments) for Investments	<u>(29,039)</u>	<u>(17,245)</u>
Net Cash Provided by Investing Activities	<u>2,005</u>	<u>1,554</u>
Net Increase (Decrease) in Cash and Cash Equivalents	453,904	316,936
Cash and Cash Equivalents, Beginning of Year	<u>1,686,441</u>	<u>1,369,505</u>
Cash and Cash Equivalents, End of Year	<u>\$ 2,140,345</u>	<u>\$ 1,686,441</u>
Reconciliation of Cash and Cash Equivalents to the Statement of Net Position:		
Cash and Cash Equivalents, Unrestricted	\$ 1,217,538	\$ 863,442
Cash and Cash Equivalents, Restricted	922,807	822,999
Total Cash and Cash Equivalents	<u>\$ 2,140,345</u>	<u>\$ 1,686,441</u>

(Continued)

See independent auditor's report.

Town of Franklinton
Schedule of Cash Flows
Proprietary Fund Type
As of October 31, 2020
(With Comparative Totals as of October 31, 2019)

	<u>Enterprise Funds</u>	
	<u>2020</u>	<u>2019</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities		
Operating Income (Loss)	\$ 526,922	\$ 1,400,046
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:		
Depreciation	468,044	383,521
(Increase) Decrease in Accounts Receivable	32,406	(66,637)
(Increase) Decrease in Other Receivable	-	134,268
(Increase) Decrease in Inventory	1,547	(30,279)
(Increase) Decrease in Prepaid Insurance	(4,146)	(5,056)
(Increase) Decrease in Deferred Outflows of Resources	23,011	44,188
(Increase) Decrease in Due (to) and from Other Funds	14,047	(380)
Increase (Decrease) in Accounts Payable	1,882	(16,910)
Increase (Decrease) in Compensated Absences	4,515	(51,985)
Increase (Decrease) in Deferred Inflows of Resources	(11,102)	52,369
Increase (Decrease) in Accrued Expenses	(16,103)	(104,006)
Increase (Decrease) in Customer Deposits	14,585	3,987
Net Cash Provided by Operating Activities	<u>\$ 1,055,608</u>	<u>\$ 1,743,126</u>

See independent auditor's report.
(Concluded)

Town of Franklinton
Combining Schedule of Net Position - Proprietary Fund Type - By Department
For the year ended October 31, 2020

	<u>Gas</u>	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Assets				
Current Assets:				
Cash and Cash Equivalents	\$ -	\$ 1,217,538	\$ -	\$ 1,217,538
Investments	1,485,175	448,037	542,410	2,475,622
Accounts Receivables, Net	30,689	279,797	41,383	351,869
Due From Other Funds	54	6,142	-	6,196
Inventory	43,418	60,702	22,743	126,863
Prepaid Insurance	9,574	11,426	12,557	33,557
Total Current Assets	<u>1,568,910</u>	<u>2,023,642</u>	<u>619,093</u>	<u>4,211,645</u>
Restricted Assets:				
Restricted Cash and Cash Equivalents	27,398	250,036	645,373	922,807
Restricted Investments - Customer Deposits	34,920	26,795	-	61,715
Total Restricted Assets	<u>62,318</u>	<u>276,831</u>	<u>645,373</u>	<u>984,522</u>
Property, Plant, and Equipment				
Land	-	3,300	-	3,300
Property, Plant and Equipment, Net	25,027	137,533	7,447,364	7,609,924
Construction in Progress	-	9,302	-	9,302
Total Property, Plant, and Equipment	<u>25,027</u>	<u>150,135</u>	<u>7,447,364</u>	<u>7,622,526</u>
Total Assets	<u>1,656,255</u>	<u>2,450,608</u>	<u>8,711,830</u>	<u>12,818,693</u>
Deferred Outflows of Resources				
Pension Related	36,682	36,682	36,682	110,045
Total Deferred Outflows of Resources	<u>36,682</u>	<u>36,682</u>	<u>36,682</u>	<u>110,045</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 1,692,937</u>	<u>\$ 2,487,290</u>	<u>\$ 8,748,512</u>	<u>\$ 12,928,738</u>
Liabilities				
Current Liabilities (Payable From Current Assets):				
Accounts Payable	\$ 21,911	\$ 3,975	\$ 702	\$ 26,588
Compensated Absences Payable	5,420	5,014	3,933	14,367
Other Accrued Payables	6,318	6,649	3,025	15,992
Due To Other Funds	10,971	1,684	33,592	46,247
Total Current Liabilities (Payable From Current Assets)	<u>44,620</u>	<u>17,322</u>	<u>41,252</u>	<u>103,194</u>
Current Liabilities (Payable From Restricted Assets):				
Customer Deposits	60,415	131,613	75,600	267,628
Revenue Bonds Payable	-	34,933	117,379	152,312
Total Current Liabilities (Payable From Restricted Assets)	<u>60,415</u>	<u>166,546</u>	<u>192,979</u>	<u>419,940</u>
Long Term Liabilities:				
Bonds Payable	-	734,807	5,280,316	6,015,123
Net Pension Liability	182,949	182,949	182,949	548,846
Other Post Employment Benefits Obligation	97,945	97,945	97,945	293,836
Compensated Absences Payable	28,835	38,160	1,012	68,007
Total Long Term Liabilities	<u>309,729</u>	<u>1,053,861</u>	<u>5,562,222</u>	<u>6,925,812</u>
Total Liabilities	<u>414,764</u>	<u>1,237,729</u>	<u>5,796,453</u>	<u>7,448,946</u>
Deferred Inflows of Resources				
Pension Related	26,963	26,963	26,963	80,888
Total Deferred Inflows of Resources	<u>26,963</u>	<u>26,963</u>	<u>26,963</u>	<u>80,888</u>
Net Position				
Net Investment in Capital Assets				1,729,588
Restricted for:				
Capital Projects and Debt Service				300,379
Unrestricted				3,368,937
Total Net Position				<u>5,398,904</u>
Total Liabilities, Deferred Outflows of Resources, and Net Position				<u>\$ 7,529,834</u>

See independent auditor's report.

Town of Franklinton
Combining Schedule of Revenues, Expenses and Changes in Net Position
Proprietary Fund Type - By Department
For the year ended October 31, 2020

	<u>Gas</u>	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Operating Revenues				
Gas Sales	\$ 732,638	\$ -	\$ -	\$ 732,638
Less Cost of Gas Sold	<u>(254,080)</u>	<u>-</u>	<u>-</u>	<u>(254,080)</u>
Gross Profit on Gas Sales	478,558	-	-	478,558
Water Sales	-	671,628	-	671,628
Sewer Service Charges	-	-	886,452	886,452
Penalties	262	12,009	11,896	24,167
Intergovernmental	6,080	4,408	180,643	191,131
Other	<u>300</u>	<u>17,863</u>	<u>6,037</u>	<u>24,200</u>
Total Operating Revenues	<u>485,200</u>	<u>705,908</u>	<u>1,085,028</u>	<u>2,276,136</u>
Operating Expenses				
Bad Debts	2,981	6,266	7,651	16,898
Depreciation	13,015	35,307	419,722	468,044
Employee Benefits	88,138	67,171	56,557	211,866
Insurance	37,953	34,933	32,826	105,712
Meter Reading	-	9,133	7,633	16,766
Repairs and Maintenance	12,823	35,322	13,132	61,277
Professional Fees	14,331	28,931	49,231	92,493
Salaries and Wages	199,796	140,214	116,174	456,184
Supplies	27,695	32,129	16,492	76,316
Utilities	-	40,218	105,881	146,099
Other	<u>52,958</u>	<u>31,836</u>	<u>12,765</u>	<u>97,559</u>
Total Operating Expenses	<u>449,690</u>	<u>461,460</u>	<u>838,064</u>	<u>1,749,214</u>
Operating Income (Loss)	<u>35,510</u>	<u>244,448</u>	<u>246,964</u>	<u>526,922</u>
Nonoperating Revenues (Expenses)				
Realized Gain (Loss) on Investments	(1,375)	(692)	(788)	(2,855)
Interest Income	16,723	7,168	7,153	31,044
Interest Expense	<u>-</u>	<u>(40,013)</u>	<u>(137,280)</u>	<u>(177,293)</u>
Total Nonoperating Revenues (Expenses)	<u>15,348</u>	<u>(33,537)</u>	<u>(130,915)</u>	<u>(149,104)</u>
Income (Loss) Before Transfers	<u>50,858</u>	<u>210,911</u>	<u>116,049</u>	<u>377,818</u>
Transfers				
Operating Transfers In	-	-	-	-
Operating Transfers Out	<u>(25,000)</u>	<u>(25,000)</u>	<u>(25,000)</u>	<u>(75,000)</u>
Change in Net Position	<u>\$ 25,858</u>	<u>\$ 185,911</u>	<u>\$ 91,049</u>	<u>302,818</u>
Total Net Position, Beginning				<u>5,096,086</u>
Total Net Position, Ending				<u>\$ 5,398,904</u>

See independent auditor's report.

Town of Franklinton
Schedule of Revenues, Expenses and Changes in Net Position
Budget (GAAP Basis) and Actual, Proprietary Fund Type, Gas Utility System
For the year ended October 31, 2020

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Operating Revenues			
Gas Sales	\$ 713,917	\$ 732,638	\$ 18,721
Less Cost of Gas Sold	(251,597)	(254,080)	(2,483)
Gross Profit on Gas Sales	462,320	478,558	16,238
Penalties	176	262	86
Intergovernmental	-	6,080	6,080
Other	300	300	-
Total Operating Revenues	<u>462,796</u>	<u>485,200</u>	<u>22,404</u>
Operating Expenses			
Bad Debts	-	2,981	(2,981)
Depreciation	13,015	13,015	-
Employee Benefits	84,561	88,138	(3,577)
Insurance	39,183	37,953	1,230
Meter Reading	7,645	-	7,645
Repairs and Maintenance	5,586	12,823	(7,237)
Professional Fees	14,331	14,331	-
Salaries and Wages	200,133	199,796	337
Supplies	22,450	27,695	(5,245)
Other	57,443	52,958	4,485
Total Operating Expenses	<u>444,347</u>	<u>449,690</u>	<u>(5,343)</u>
Operating Income (Loss)	<u>18,449</u>	<u>35,510</u>	<u>17,061</u>
Nonoperating Revenues (Expenses)			
Realized Gain (Loss) on Investments	-	(1,375)	(1,375)
Interest Income	6,890	16,723	9,833
Total Nonoperating Revenues (Expenses)	<u>6,890</u>	<u>15,348</u>	<u>8,458</u>
Income (Loss) Before Transfers	<u>25,339</u>	<u>50,858</u>	<u>25,519</u>
Transfers			
Operating Transfers In	-	-	-
Operating Transfers Out	(25,000)	(25,000)	-
Change in Net Position	<u>\$ 339</u>	<u>\$ 25,858</u>	<u>\$ 25,519</u>

See independent auditor's report.

Town of Franklinton
Schedule of Revenues, Expenses and Changes in Net Position
Budget (GAAP Basis) and Actual, Proprietary Fund Type, Water Utility System
For the year ended October 31, 2020

	Budget	Actual	Variance Favorable (Unfavorable)
Operating Revenues			
Water Sales	\$ 670,591	\$ 671,628	\$ 1,037
Penalties	10,649	12,009	1,360
Intergovernmental	-	4,408	4,408
Other	15,699	17,863	2,164
Total Operating Revenues	<u>696,939</u>	<u>705,908</u>	<u>8,969</u>
Operating Expenses			
Bad Debts	-	6,266	(6,266)
Depreciation	34,718	35,307	(589)
Employee Benefits	64,546	67,171	(2,625)
Insurance	36,164	34,933	1,231
Meter Reading	9,155	9,133	22
Repairs and Maintenance	35,482	35,322	160
Professional Fees	29,135	28,931	204
Salaries and Wages	139,658	140,214	(556)
Supplies	31,573	32,129	(556)
Utilities	39,752	40,218	(466)
Other	63,425	31,836	31,589
Total Operating Expenses	<u>483,608</u>	<u>461,460</u>	<u>22,148</u>
Operating Income (Loss)	<u>213,331</u>	<u>244,448</u>	<u>31,117</u>
Nonoperating Revenues (Expenses)			
Realized Gain (Loss) on Investments	-	(692)	(692)
Interest Income	1,685	7,168	5,483
Interest Expense	(38,950)	(40,013)	(1,063)
Total Nonoperating Revenues (Expenses)	<u>(37,265)</u>	<u>(33,537)</u>	<u>3,728</u>
Income (Loss) Before Transfers	<u>176,066</u>	<u>210,911</u>	<u>34,845</u>
Transfers			
Operating Transfers In	-	-	-
Operating Transfers Out	(25,000)	(25,000)	-
Change in Net Position	<u>\$ 151,066</u>	<u>\$ 185,911</u>	<u>\$ 34,845</u>

See independent auditor's report.

Town of Franklinton
Schedule of Revenues, Expenses and Changes in Net Position
Budget (GAAP Basis) and Actual, Proprietary Fund Type, Sewer Utility System
For the year ended October 31, 2020

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Operating Revenues			
Sewer Charges	\$ 894,550	\$ 886,452	\$ (8,098)
Penalties	10,729	11,896	1,167
Intergovernmental	-	180,643	180,643
Other	6,537	6,037	(500)
Total Operating Revenues	<u>911,816</u>	<u>1,085,028</u>	<u>173,212</u>
Operating Expenses			
Bad Debts	-	7,651	(7,651)
Depreciation	282,408	419,722	(137,314)
Employee Benefits	61,784	56,557	5,227
Insurance	34,512	32,826	1,686
Meter Reading	7,613	7,633	(20)
Repairs and Maintenance	14,164	13,132	1,032
Professional Fees	52,011	49,231	2,780
Salaries and Wages	116,062	116,174	(112)
Supplies	17,384	16,492	892
Utilities	105,100	105,881	(781)
Other	18,470	12,765	5,705
Total Operating Expenses	<u>709,508</u>	<u>838,064</u>	<u>(128,556)</u>
Operating Income (Loss)	<u>202,308</u>	<u>246,964</u>	<u>44,656</u>
Nonoperating Revenues (Expenses)			
Realized Gain (Loss) on Investments	-	(788)	(788)
Interest Income	923	7,153	6,230
Interest Expense	(137,217)	(137,280)	(63)
Total Nonoperating Revenues (Expenses)	<u>(136,294)</u>	<u>(130,915)</u>	<u>5,379</u>
Income (Loss) Before Transfers	<u>66,014</u>	<u>116,049</u>	<u>50,035</u>
Transfers and Capital Contributions			
Operating Transfers In	-	-	-
Operating Transfers Out	(25,000)	(25,000)	-
Change in Net Position	<u>\$ 41,014</u>	<u>\$ 91,049</u>	<u>\$ 50,035</u>

See independent auditor's report.

Town of Franklinton
Schedule of Gas, Water and Sewer Rates
Proprietary Fund Type
For the year ended October 31, 2020

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

See independent auditor's report.

Schedule of Number of Customers
Proprietary Fund Type
For the year ended October 31, 2020

	Residential	Commercial	Industrial	Total
Gas	690	197	3	890
Water	1,163	401	3	1,567
Sewer	1,178	372	3	1,553
Total	3,031	970	9	4,010

See independent auditor's report.

Town of Franklinton
Schedule of Insurance
For the year ended October 31, 2020

Insurance Company / Policy Number	Coverage	Amount	Period	
Palomar Specialty CPARP-20-1042660-00	Commercial Property	\$ 4,007,690	4/4/2020 to	4/4/2021
Liberty Mutual BMW570043599	Inland Marine (Scheduled)	696,398	4/4/2020 to	4/4/2021
CNA 68486705	Fidelity Bond: Mayor	100,000	4/9/2020 to	4/9/2021
68486705	Fidelity Bond: Clerk	100,000	4/9/2020 to	4/9/2021
01166022A	Fidelity Bond: Limit each of two Assistant Clerks	15,000	9/14/2020 to	9/14/2021
Atlantic Speciality Insurance 791-00-15-19-0003	Commercial Automobile-Large Fleet	1,000,000	4/4/2020 to	4/4/2021
Atlantic Speciality Insurance 791-00-15-21-0003	Commercial Automobile-Small Fleet	1,000,000	4/4/2020 to	4/4/2021
Atlantic Speciality Insurance 791-00-15-19-0003	Commerical General Liability	1 mil/2mil	4/4/2020 to	4/4/2021
Louisiana Workers Comp Corporation LWCC 72437	Workers Compensation at Statutory Limitations: Employers Liability (each accident) Employees Liability (each accident) Disease, Policy Limit	100,000 100,000	11/15/2019 to	11/15/2021
Old Republic PR-00149121	Airport Liability	1,000,000	2/19/2020 to	2/19/2021
Atlantic Speciality Insurance 791-00-15-19-0003	Law Enforcement Liability	1 mil/ 2 mil	4/4/2020 to	4/4/2021
791-00-15-19-0003	Public Officials Errors & Omissions	1 mil/ 2 mil	4/4/2020 to	4/4/2021

See independent auditor's report.

Town of Franklinton
Schedule of Compensation Paid to Board Members
For the year ended October 31, 2020

<u>Name and Title / Contact Number</u>	<u>Address</u>	<u>Compensation Received</u>	<u>Term Expiration</u>
Richard Dillon, Mayor (985) 515-9877	1102 Lynnwood Drive Franklinton, LA 70438	\$ 29,500	12/31/2020
John L. Daniel, Alderman (985) 839-2382	309 10th Avenue Franklinton, LA 70438	9,600	12/31/2020
T.J. Butler, Alderman (985) 839-3436	727 18th Avenue Franklinton, LA 70438	9,600	12/31/2020
Darwin Sharp, Alderman (985) 515-1331	631 Williams Street Franklinton, LA 70438	9,600	12/31/2020
Heath Spears, Alderman (985) 515-7411	1041 Bickham Street Franklinton, LA 70438	9,600	12/31/2020
Patrice Crain, Alderman (225) 936-0914	P.O. Box 146 Franklinton, LA 70438	9,600	12/31/2020
		<u>\$ 77,500</u>	

See independent auditor's report.

Town of Franklinton
Schedule of Compensation, Reimbursements, Benefits, and Other Payments to Agency Head
For the year ended October 31, 2020

Agency Head Name: Richard Dillon, Mayor

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 29,500
Benefits-Insurance	68
Benefits-Retirement	4,867
Employer Paid Medicare & Social Security	2,257
Travel/Lodging	109
Registration Fees	100
Fuel Expense	1,232
Business Meals	71
	<u>\$ 38,204</u>

See independent auditor's report.

Minda B. Raybourn

*Certified Public Accountant
Limited Liability Company*

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wrcpa@huntbrothers.com

Member
AICPA

Member
LCPA

INDEPENDENT AUDITOR'S 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*

To the Honorable Mayor Gregory Route
And Board of Aldermen
Town of Franklinton, LA

I 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 Louisiana, Franklinton, as of and for the year ended October 31, 2020 and the related notes to the financial statements, which collectively comprise the Town of Franklinton, Louisiana's basic financial statements and have issued I report thereon dated June 21, 2021

Internal Control over Financial Reporting

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

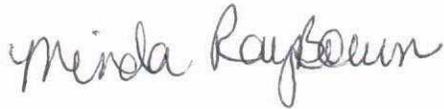
My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Franklinton's financial statements are free from material misstatement, I 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of my 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.

A handwritten signature in cursive script that reads "Minda Raybourn".

Minda Raybourn CPA

Franklinton, LA

June 21, 2021

**TOWN OF FRANKLINTON, LOUISIANA
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
YEAR ENDED OCTOBER 31, 2019**

Section 1 – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued on whether the financial statements were prepared in accordance with Generally Accepted Accounting Principles (GAAP): Unmodified

Internal control and compliance material over financial reporting:

Material Weaknesses Identified? Yes No

Significant deficiencies identified that are not considered to be material weaknesses? Yes No

Noncompliance material to the financial statements? Yes No

Management Letter Issued? Yes No

Section 2: Federal Awards

1. The auditor’s report expresses an unmodified opinion on whether the financial statements of Town of Franklinton, Louisiana were prepared in accordance with generally accepted accounting principles.
2. No material weaknesses or significant deficiencies were disclosed during the audit of the financial statements.
3. No instances of noncompliance material to the financial statements of Town of Franklinton, Louisiana which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed.
4. No significant deficiencies or material weaknesses were identified during the audit of the major federal award program.
5. The auditor’s report on compliance for the major federal award programs for Town of Franklinton expresses an unmodified opinion on all major federal award programs.
6. The program tested as a major program was the United States Department of Agriculture Water and Waste Disposal Systems for Rural Communities (10.760).

TOWN OF FRANKLINTON, LOUISIANA
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
YEAR ENDED OCTOBER 31, 2019

7. The threshold for the distinguishing Types A and B programs is as follows:
Type A- \$750,000 or more of federal awards expended
Type B- Any program that does not meet the threshold of Type A programs.

8. For the period ending October 31, 2019, Town of Franklinton, Louisiana was determined not to be a low-risk auditee.