

**TOWN OF FRANKLINTON**

Annual Financial Statements

For the Year Ended October 31, 2025

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*INDEPENDENT AUDITORS' REPORT*

To the Honorable Darwin Sharp, Mayor  
and Board of Aldermen  
Town of Franklinton, Louisiana

**Report on the Audit of the Financial Statements**

***Opinions***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Franklinton (the Town), as of and for the year ended October 31, 2025, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town, as of October 31, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Basis for Opinions***

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

## ***Responsibilities of Management for the Financial Statements***

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

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

## ***Auditors' Responsibilities for the Audit of the Financial Statements***

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for a reasonable period of time.

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

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Budgetary Comparison Schedules – Governmental Funds, Schedule of Changes in Net OPEB Liability and Related Ratios, Schedule of the Town's Proportionate Share of the Net Pension Liability, and Schedule of the Town's Contributions to Defined Benefit Pension Plans found on pages 6-13 and pages 76-78, 79, 80-81 and 82-83, respectfully, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the *Governmental Accounting Standards Board*, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The accompanying Non-Major Governmental Fund Schedules, Proprietary Funds - Enterprise Fund Schedules, Schedule of Compensation Paid to Elected Officials, Schedule of Compensation, Benefits, and Other Payments to Agency Head and the Justice System Funding Schedule (the Supplementary Schedules), are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements.

The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Supplementary Schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### **Other Information**

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

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

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated April 28, 2026, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

*Kushner LaGraize, L.L.C.*

Metairie, Louisiana  
April 28, 2026

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

# TOWN OF FRANKLINTON

## Management's Discussion and Analysis

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### INTRODUCTION

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

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

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

### Financial Highlights

- At October 31, 2025, the Town's assets exceeded its liabilities by \$12,161,423 (net position).
- The most significant on-going revenue sources for governmental activities of the Town consisted of \$3,490,238 in sales tax revenues, \$584,265 in property taxes, \$245,883 in public utility franchise taxes, and \$323,687 for business licenses and permits. Charges for business-type activities of the utility fund were \$840,520 in gas charges, \$665,799 in water charges, and \$881,048 in sewer charges.
- The Town's significant expenses in the current year for governmental activities included \$1,088,950 for general governmental activities, \$3,667,313 for police and fire protection, and \$725,384 for public works, including streets, drainage maintenance, and hurricane recovery. Expenses for business-type activities of the gas, water, and sewer departments totaled \$2,913,169.
- For the year ended October 31, 2025, the Town's bonds payable in long-term debt decreased by principal payments of \$466,337 resulting in ending bonds payable of \$8,438,788.

### 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 financial statements then proceed to provide an increasingly detailed look at specific financial activities.

# TOWN OF FRANKLINTON

## Management's Discussion and Analysis

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

### Government-Wide Financial Statements

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

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

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

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

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

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

# TOWN OF FRANKLINTON

## Management's Discussion and Analysis

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

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
<b>Assets</b>						
Current Assets	\$ 5,666,310	\$ 5,988,551	\$ 3,961,859	\$ 4,897,502	\$ 9,628,169	\$ 10,886,053
Capital Assets	6,760,201	7,233,288	8,583,867	8,229,761	15,344,068	15,463,049
<b>Total Assets</b>	<b>12,426,511</b>	<b>13,221,839</b>	<b>12,545,726</b>	<b>13,127,263</b>	<b>24,972,237</b>	<b>26,349,102</b>
<b>Deferred Outflows of Resources</b>	<b>855,294</b>	<b>414,193</b>	<b>38,020</b>	<b>41,889</b>	<b>893,314</b>	<b>456,082</b>
<b>Liabilities</b>						
Current and Other Liabilities	443,019	596,087	722,918	736,291	1,165,937	1,332,378
Long-Term Liabilities	4,672,890	4,810,325	7,192,456	7,547,385	11,865,346	12,357,710
<b>Total Liabilities</b>	<b>5,115,909</b>	<b>5,406,412</b>	<b>7,915,374</b>	<b>8,283,676</b>	<b>13,031,283</b>	<b>13,690,088</b>
<b>Deferred Inflows of Resources</b>	<b>644,645</b>	<b>913,896</b>	<b>28,200</b>	<b>30,957</b>	<b>672,845</b>	<b>944,853</b>
<b>Net Position</b>						
Net Investment in Capital Assets						
Assets	5,225,201	5,498,288	1,680,079	1,059,636	6,905,280	6,557,924
Restricted	2,534,523	2,177,954	2,450,691	2,437,173	4,985,214	4,615,127
Unrestricted	(238,473)	(360,518)	509,402	1,357,710	270,929	997,192
<b>Total Net Position</b>	<b>\$ 7,521,251</b>	<b>\$ 7,315,724</b>	<b>\$ 4,640,172</b>	<b>\$ 4,854,519</b>	<b>\$ 12,161,423</b>	<b>\$ 12,170,243</b>

Approximately 57% 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 40% of the Town's net position represents resources that are subject to external restriction on how they may be used. The Town's restricted net position primarily consists of fund balances restricted by legislation, capital projects funds, grants, and other specified purposes in governmental activities and cash reserves required for customer deposits, revenue bonds and construction in business-type activities net of corresponding liabilities.

At the end of the current fiscal year, the Town was able to report positive balances in all three categories of net position for business-type activities. The unrestricted net position for governmental activities had a deficit of \$238,473 due to the implementation of GASB 68 and 75. The Town's activities decreased its total net position by \$319,472, with governmental activities decreasing net position by \$105,125, and business-type activities decreasing net position by \$214,347.

# TOWN OF FRANKLINTON

## Management's Discussion and Analysis

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

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
<b>Revenues</b>						
Program Revenues						
Charges for Services	\$ 339,020	\$ 335,240	\$ 2,387,367	\$ 2,320,665	\$ 2,726,387	\$ 2,655,905
Operating Grants and Contributions	115,635	44,565	24,216	21,312	139,851	65,877
Capital Grants and Contributions	-	-	261,682	-	261,682	-
General Revenues						
Taxes	4,320,386	4,286,661	-	-	4,320,386	4,286,661
Licenses and Permits	323,687	370,921	-	-	323,687	370,921
Fines and Forfeitures	51,829	29,569	-	-	51,829	29,569
Intergovernmental	352,882	349,935	-	-	352,882	349,935
Interest Income	29,432	33,498	78,557	58,505	107,989	92,003
Miscellaneous	252,249	236,919	-	-	252,249	236,919
Gain on Sale of Assets	-	55,583	-	-	-	55,583
<b>Total Revenues</b>	<b>5,785,120</b>	<b>5,742,891</b>	<b>2,751,822</b>	<b>2,400,482</b>	<b>8,536,942</b>	<b>8,143,373</b>
<b>Expenses</b>						
General Government	1,088,950	1,034,167	-	-	1,088,950	1,034,167
Public Safety	3,667,313	3,317,601	-	-	3,667,313	3,317,601
Public Works	725,384	788,613	-	-	725,384	788,613
Sanitation	317,280	309,782	-	-	317,280	309,782
Health and Welfare	10,277	11,890	-	-	10,277	11,890
Transportation	13,366	15,172	-	-	13,366	15,172
Recreation	25,302	13,189	-	-	25,302	13,189
Economic Development	54,849	47,691	-	-	54,849	47,691
Interest Expense	32,372	36,333	-	-	32,372	36,333
Water, Gas, and Sewer Utility	-	-	2,913,169	2,650,322	2,913,169	2,650,322
<b>Total Expenses</b>	<b>5,935,093</b>	<b>5,574,438</b>	<b>2,913,169</b>	<b>2,650,322</b>	<b>8,848,262</b>	<b>8,224,760</b>
<b>Change in Net Position Before Transfers</b>	<b>(149,973)</b>	<b>168,453</b>	<b>(161,347)</b>	<b>(249,840)</b>	<b>(311,320)</b>	<b>(81,387)</b>
Transfers In (Out)	53,000	-	(53,000)	-	-	-
Transfers to Other Governments	(8,152)	(6,813)	-	-	(8,152)	(6,813)
<b>Change in Net Position</b>	<b>(105,125)</b>	<b>161,640</b>	<b>(214,347)</b>	<b>(249,840)</b>	<b>(319,472)</b>	<b>(88,200)</b>
<b>Net Position, Beginning of Year (Originally Stated)</b>	<b>7,315,724</b>	<b>7,174,084</b>	<b>4,854,519</b>	<b>5,104,359</b>	<b>12,170,243</b>	<b>12,278,443</b>
Error Correction	310,652	(20,000)	-	-	310,652	(20,000)
<b>Net Position, Beginning of Year (Restated)</b>	<b>7,626,376</b>	<b>7,154,084</b>	<b>4,854,519</b>	<b>5,104,359</b>	<b>12,480,895</b>	<b>12,258,443</b>
<b>Net Position, End of Year</b>	<b>\$ 7,521,251</b>	<b>\$ 7,315,724</b>	<b>\$ 4,640,172</b>	<b>\$ 4,854,519</b>	<b>\$ 12,161,423</b>	<b>\$ 12,170,243</b>

## **TOWN OF FRANKLINTON**

### **Management's Discussion and Analysis**

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#### **Fund Financial Statements**

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

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

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

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

#### **Notes to the Financial Statements**

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

The Town's governmental net position decreased by \$105,125 as compared to a prior fiscal year net position increase of \$161,640. Total revenue increased by 1%, or \$42,229. Total expenses increased by 6%, or \$351,340.

The Town's business-type net position decreased by \$214,347. Charges for services increased by 3%, or \$66,702. Total expenses for the utility fund increased by 10%, or \$262,847.

## **TOWN OF FRANKLINTON**

### **Management's Discussion and Analysis**

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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 \$5,406,183. Fund balance was as follows: non-spendable \$143,818, restricted \$2,534,523, assigned \$531,755, and unassigned \$2,196,087. This represents a decrease of \$170,640, for all governmental funds, from the prior year's ending fund balance. All funds had positive ending fund balances at October 31, 2025.

The General Fund is the chief operating fund of the Town. At the end of the current year, the total fund balance for the General Fund was \$2,871,660. The General Fund had \$2,196,087 in unassigned fund balance. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. The general fund unassigned fund balance represents 41% of total general fund expenditures.

#### **Proprietary Funds**

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

#### **Governmental Fund Budgetary Highlights**

General Fund original budgeted revenues were not amended during the year ended October 31, 2025. Actual revenues were over the final budget by \$50,525.

General Fund original budgeted expenditures were increased \$326,100 mostly due to general government and public safety expenditures. Actual expenditures in the General Fund were \$16,234 more than the final amended budget.

# TOWN OF FRANKLINTON

## Management's Discussion and Analysis

### CAPITAL ASSETS AND DEBT ADMINISTRATION

#### Capital Assets

The Town's capital assets for its governmental and business-type activities as of October 31, 2025 amounts to \$15,344,068 (net of depreciation). The total decrease in the Town's capital assets for the current fiscal year was \$118,981 (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) 2025 and 2024

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
<b>Capital Assets</b>						
Land	\$ 481,801	\$ 481,801	\$ 3,300	\$ 3,300	\$ 485,101	\$ 485,101
Buildings and Improvements	5,175,906	5,175,906	-	-	5,175,906	5,175,906
Office Furniture and Equipment	293,834	293,834	-	-	293,834	293,834
Machinery and Equipment	2,753,368	2,753,368	-	-	2,753,368	2,753,368
Vehicles	3,253,322	3,080,009	-	-	3,253,322	3,080,009
Infrastructure	7,010,857	7,010,857	-	-	7,010,857	7,010,857
Construction in Progress	65,798	65,798	707,672	-	773,470	65,798
Gas Utility System	-	-	1,303,484	1,303,484	1,303,484	1,303,484
Water Utility System	-	-	5,144,432	5,060,223	5,144,432	5,060,223
Sewer Utility System	-	-	14,838,164	14,838,164	14,838,164	14,838,164
 Subtotal Capital Assets	 19,034,886	 18,861,573	 21,997,052	 21,205,171	 41,031,938	 40,066,744
Less Accumulated Depreciation	(12,274,685)	(11,628,285)	(13,413,185)	(12,975,410)	(25,687,870)	(24,603,695)
 Capital Assets, Net	 \$ 6,760,201	 \$ 7,233,288	 \$ 8,583,867	 \$ 8,229,761	 \$ 15,344,068	 \$ 15,463,049

#### Long-Term Debt

At October 31, 2025, the Town had total debt outstanding of \$8,438,788. Of this total, \$479,720 is due within one year and \$7,964,068 is due in greater than one year.

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

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Revenue Bonds	\$ 1,535,000	\$ 1,735,000	\$ 6,903,788	\$ 7,170,125	\$ 8,438,788	\$ 8,905,125
 <b>Total Outstanding Debt</b>	 <b>\$ 1,535,000</b>	 <b>\$ 1,735,000</b>	 <b>\$ 6,903,788</b>	 <b>\$ 7,170,125</b>	 <b>\$ 8,438,788</b>	 <b>\$ 8,905,125</b>

## **TOWN OF FRANKLINTON**

### **Management's Discussion and Analysis**

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

#### **Contacting the Town's Financial Management**

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

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

**TOWN OF FRANKLINTON**  
**Statement of Net Position**  
**October 31, 2025**

**Statement A**

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>Assets</b>			
Cash and Cash Equivalents	\$ 845,205	\$ 164,992	\$ 1,010,197
Investments	187,813	1,332,779	1,520,592
Receivables, Net			
Intergovernmental	342,019	-	342,019
Accounts and Other	3,849	243,865	247,714
Franchise Taxes	74,947	-	74,947
Inventory	7,678	126,379	134,057
Prepaid Expenses	136,140	52,587	188,727
Restricted Cash and Cash Equivalents	2,998,435	2,415,497	5,413,932
Restricted Investments	341,605	354,379	695,984
Internal Balances	728,619	(728,619)	-
Capital Assets, Not Being Depreciated	547,599	710,972	1,258,571
Capital Assets Being Depreciated, Net of Accumulated Depreciation	6,212,602	7,872,895	14,085,497
<b>Total Assets</b>	<b>12,426,511</b>	<b>12,545,726</b>	<b>24,972,237</b>
<b>Deferred Outflows of Resources</b>			
Pension Related	855,294	38,020	893,314
<b>Total Deferred Outflows of Resources</b>	<b>855,294</b>	<b>38,020</b>	<b>893,314</b>

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

**TOWN OF FRANKLINTON**  
**Statement of Net Position (Continued)**  
**October 31, 2025**

**Statement A**

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>Liabilities</b>			
Accounts Payable	\$ 62,357	\$ 108,959	\$ 171,316
Other Accrued Expenses	125,142	50,526	175,668
Customer Deposits	-	272,818	272,818
Compensated Absences Payable - Current Portion	50,520	15,895	66,415
Bonds Payable - Current Portion	205,000	274,720	479,720
<b>Noncurrent Liabilities</b>			
Compensated Absences Payable	264,479	65,574	330,053
Bonds Payable	1,330,000	6,629,068	7,959,068
Net Pension Liability	2,514,156	276,534	2,790,690
Other Post Employment Benefits Obligation	564,255	221,280	785,535
<b>Total Liabilities</b>	<b>5,115,909</b>	<b>7,915,374</b>	<b>13,031,283</b>
<b>Deferred Inflows of Resources</b>			
Pension Related	644,645	28,200	672,845
<b>Total Deferred Inflows of Resources</b>	<b>644,645</b>	<b>28,200</b>	<b>672,845</b>
<b>Net Position</b>			
Net Investment in Capital Assets	5,225,201	1,680,079	6,905,280
<b>Restricted for:</b>			
Dedicated Sales Taxes	2,133,796	-	2,133,796
Dedicated Millages	351,303	-	351,303
Rural Development Grant	35,856	-	35,856
Debt Service	13,568	2,160,570	2,174,138
Construction	-	290,121	290,121
Unrestricted	(238,473)	509,402	270,929
<b>Total Net Position</b>	<b>\$ 7,521,251</b>	<b>\$ 4,640,172</b>	<b>\$ 12,161,423</b>

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

**TOWN OF FRANKLINTON**  
**Statement of Activities**  
**For the Year Ended October 31, 2025**

**Statement B**

Functions / Programs	Expenses	Program Revenues			Net Revenue (Expense) and Change in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Governmental Activities</b>							
General Government	\$ 1,086,950	\$ 335,763	\$ 26,419	\$ -	\$ (726,748)	\$ -	\$ (726,748)
Public Safety - Police	2,979,788	51,829	271,355	69,327	(2,587,277)	-	(2,587,277)
Public Safety - Fire	687,525	-	69,864	19,456	(598,205)	-	(598,205)
Public Works	725,384	-	-	-	(725,384)	-	(725,384)
Sanitation	317,280	333,458	-	-	16,178	-	16,178
Health and Welfare	10,277	-	-	-	(10,277)	-	(10,277)
Transportation	13,366	3,750	-	-	(9,616)	-	(9,616)
Recreation	25,302	1,812	-	-	(23,490)	-	(23,490)
Economic Development	54,949	-	-	-	(54,949)	-	(54,949)
Interest Expense	32,372	-	-	-	(32,372)	-	(32,372)
<b>Total Governmental Activities</b>	<b>5,935,093</b>	<b>726,632</b>	<b>367,638</b>	<b>89,783</b>	<b>(4,752,040)</b>	<b>-</b>	<b>(4,752,040)</b>
<b>Business-Type Activities</b>							
Gas	842,060	840,520	8,072	-	-	6,532	6,532
Water	869,134	865,799	8,072	261,682	-	66,419	66,419
Sewer	1,201,975	881,048	8,072	-	-	(312,855)	(312,855)
<b>Total Business-Type Activities</b>	<b>\$ 2,913,169</b>	<b>\$ 2,387,367</b>	<b>\$ 24,216</b>	<b>\$ 261,682</b>	<b>-</b>	<b>(239,904)</b>	<b>(239,904)</b>
<b>General Revenues and Transfers</b>							
Taxes							
Property Taxes					584,265	-	584,265
Sales and Use Taxes					3,490,239	-	3,490,239
Franchise Taxes					245,893	-	245,893
Interest Income					29,432	78,557	107,989
Miscellaneous					252,249	-	252,249
Transfers					53,000	(53,000)	-
Transfers to Other Governments					(8,152)	-	(8,152)
<b>Total General Revenues and Transfers</b>					<b>4,646,915</b>	<b>25,557</b>	<b>4,672,472</b>
<b>Change in Net Position</b>					<b>(105,125)</b>	<b>(214,347)</b>	<b>(319,472)</b>
<b>Net Position, Beginning of Year (Originally Stated)</b>					<b>7,315,724</b>	<b>4,854,519</b>	<b>12,170,243</b>
<b>Prior Period Adjustment</b>					<b>310,652</b>	<b>-</b>	<b>310,652</b>
<b>Net Position, Beginning of Year (Restated)</b>					<b>7,626,376</b>	<b>4,854,519</b>	<b>12,480,895</b>
<b>Net Position, End of Year</b>					<b>\$ 7,521,251</b>	<b>\$ 4,640,172</b>	<b>\$ 12,161,423</b>

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

**BASIC FINANCIAL STATEMENTS  
FUND FINANCIAL STATEMENTS**

**TOWN OF FRANKLINTON**  
**Balance Sheet**  
**Governmental Funds**  
**October 31, 2025**

**Statement C**

	General Fund	Streets and Drainage Ad Valorem	Economic Development and Recreation Sales Tax	Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets</b>					
Cash and Cash Equivalents	\$ 845,205	\$ -	\$ -	\$ -	\$ 845,205
Investments	187,813	-	-	-	187,813
Receivables, Net					
Intergovernmental	315,803	10,566	8,096	7,586	342,051
Accounts and Other	3,817	-	-	-	3,817
Franchise Taxes	74,947	-	-	-	74,947
Due from Other Funds	1,940,658	-	-	120,000	2,060,658
Inventory	7,678	-	-	-	7,678
Prepaid Expenses	136,140	-	-	-	136,140
Restricted Cash and Cash Equivalents	-	405,822	1,796,322	796,291	2,998,435
Restricted Investments	-	104,918	-	236,687	341,605
<b>Total Assets</b>	<b>\$ 3,512,061</b>	<b>\$ 521,306</b>	<b>\$ 1,804,418</b>	<b>\$ 1,160,564</b>	<b>\$ 6,998,349</b>
<b>Liabilities and Fund Balances</b>					
<b>Liabilities</b>					
Accounts Payable	\$ 59,677	\$ -	\$ -	\$ 2,680	\$ 62,357
Other Accrued Expenses	125,142	-	-	-	125,142
Due to Other Funds	382,954	323,084	14,861	611,140	1,332,039
<b>Total Liabilities</b>	<b>567,773</b>	<b>323,084</b>	<b>14,861</b>	<b>613,820</b>	<b>1,519,538</b>
<b>Deferred Inflows of Resources</b>					
Unavailable Revenues	72,628	-	-	-	72,628
<b>Fund Balances</b>					
Nonspendable	143,818	-	-	-	143,818
Restricted	-	198,222	1,789,557	546,744	2,534,523
Assigned	531,755	-	-	-	531,755
Unassigned	2,196,087	-	-	-	2,196,087
<b>Total Fund Balances</b>	<b>2,871,660</b>	<b>198,222</b>	<b>1,789,557</b>	<b>546,744</b>	<b>5,406,183</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 3,512,061</b>	<b>\$ 521,306</b>	<b>\$ 1,804,418</b>	<b>\$ 1,160,564</b>	<b>\$ 6,998,349</b>

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

**TOWN OF FRANKLINTON**  
**Reconciliation of the Governmental Funds**  
**Balance Sheet to the Statement of Net Position**  
**October 31, 2025**

**Statement D**

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<b>Fund Balances - Total Governmental Funds</b>	<b>\$ 5,406,183</b>
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Amounts reported for governmental activities in the statement of net position are different because:

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

Governmental Capital Assets	19,034,886
Less: Accumulated Depreciation	(12,274,685)

Some revenues were collected more than sixty days after year-end, and therefore, are not available to pay for current period expenditures:

Franchise Taxes	72,628
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Deferred inflows of resources - pension used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.

	(644,645)
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Deferred outflows of resources - pension used in governmental activities are not due and payable in the current period and, therefore, are not reported in the governmental funds.

	855,294
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Long-term liabilities, including net pension liability, are not due and payable in the current period and, therefore, are not reported in the governmental funds.

	<u>(4,928,410)</u>
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**Net Position of Governmental Activities**

	<u><u>\$ 7,521,251</u></u>
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The accompanying notes are an integral part of these financial statements.

**TOWN OF FRANKLINTON**  
**Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended October 31, 2025**

**Statement E**

	General Fund	Streets and Drainage Ad Valorem	Economic Development and Recreation Sales Tax	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues</b>					
<b>Taxes</b>					
Property Taxes	\$ 211,975	\$ 217,108	\$ -	\$ 155,182	\$ 584,265
Sales and Use Taxes	3,402,986	-	87,252	-	3,490,238
Franchise Taxes	173,255	-	-	-	173,255
Federal Grants	115,635	-	-	-	115,635
Licenses and Permits	323,687	-	-	-	323,687
Intergovernmental Revenue	239,539	-	-	-	239,539
Charges for Services	339,020	-	-	-	339,020
Fines and Forfeitures	51,829	-	-	-	51,829
Other Revenues	16,322	-	233,001	2,926	252,249
Interest Income	12,257	4,819	5,029	7,327	29,432
<b>Total Revenues</b>	<b>4,886,505</b>	<b>221,927</b>	<b>325,282</b>	<b>165,435</b>	<b>5,599,149</b>
<b>Expenditures</b>					
General Government	1,011,632	-	-	-	1,011,632
Public Safety					
Police	2,901,944	-	-	88,642	2,990,586
Fire	572,308	-	-	-	572,308
Public Works	383,594	56,563	-	-	440,157
Sanitation	317,280	-	-	-	317,280
Health and Welfare	10,277	-	-	-	10,277
Transportation	13,366	-	-	-	13,366
Recreation	-	-	18,795	-	18,795
Economic Development	-	-	34,551	-	34,551
Capital Outlays	173,313	-	-	-	173,313
<b>Total Expenditures</b>	<b>5,383,714</b>	<b>56,563</b>	<b>53,346</b>	<b>88,642</b>	<b>5,582,265</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>(497,209)</b>	<b>165,364</b>	<b>271,936</b>	<b>76,793</b>	<b>16,884</b>

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

**TOWN OF FRANKLINTON**  
**Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances (Continued)**  
**Governmental Funds**  
**For the Year Ended October 31, 2025**

**Statement E**

	General Fund	Streets and Drainage Ad Valorem	Economic Development and Recreation Sales Tax	Nonmajor Governmental Funds	Total Governmental Funds
<b>Other Financing Sources (Uses)</b>					
Bond Principal Payments	-	-	-	(200,000)	(200,000)
Operating Transfers In	210,000	-	-	173,000	383,000
Operating Transfers Out	(240,000)	(90,000)	-	-	(330,000)
Payments to Other Governments	-	-	(8,152)	-	(8,152)
Interest Expense	-	-	-	(32,372)	(32,372)
<b>Total Other Financing Sources (Uses)</b>	(30,000)	(90,000)	(8,152)	(59,372)	(187,524)
<b>Net Change in Fund Balances</b>	(527,209)	75,364	263,784	17,421	(170,640)
<b>Fund Balances, Beginning of Year (Originally Stated)</b>	3,088,217	122,858	1,525,773	529,323	5,266,171
Prior Period Adjustment	310,652	-	-	-	310,652
<b>Fund Balances, Beginning of Year (Restated)</b>	3,398,869	122,858	1,525,773	529,323	5,576,823
<b>Fund Balances, End of Year</b>	<b>\$ 2,871,660</b>	<b>\$ 198,222</b>	<b>\$ 1,789,557</b>	<b>\$ 546,744</b>	<b>\$ 5,406,183</b>

The accompanying notes are an integral part of these financial statements

**TOWN OF FRANKLINTON**  
**Reconciliation of the Statement of Revenues, Expenditures,**  
**and Changes in Fund Balances of Governmental Funds to**  
**the Statement of Activities**  
**For the Year Ended October 31, 2025**

**Statement F**

<b>Change in Fund Balances - Total Governmental Funds</b>	<b>\$ (170,640)</b>
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>	
<p>Governmental funds report capital outlays as expenditures; however, in the statement of activities, the cost of those assets is allocated over their estimated useful lives through depreciation expense. This is the amount by which depreciation expense exceeded capital outlay in the current period.</p>	(473,087)
<p>Compensated absences payable 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 compensated absences.)</p>	58,895
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds - franchise taxes.</p>	72,628
<p>Increases in unfunded post-employment benefit obligations for medical insurance expected in future periods are not recorded for governmental funds on the fund basis.</p>	(36,594)
<p>Non-Employer Contributions to Cost-Sharing Pension Plan.</p>	113,343
<p>Repayment of bond principal is an expenditure in governmental funds but the repayment reduces long-term liabilities in the statement of net position.</p>	200,000
<p>Governmental funds report retirement contributions as expenditures, but pension expense on the statement of activities includes the change in net pension liability as well as the change in deferred inflows and outflows related to pensions.</p>	<u>130,330</u>
<p><b>Change in Net Position of Governmental Activities</b></p>	<u><b>\$ (105,125)</b></u>

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

**TOWN OF FRANKLINTON**  
**Statement of Net Position**  
**Proprietary Funds**  
**October 31, 2025**

**Statement G**

	<b>Enterprise Fund</b>
<b>Assets</b>	
<b>Current Assets</b>	
Cash and Cash Equivalents	\$ 164,992
Investments	1,332,779
Accounts Receivable, Net	243,865
Due from Other Funds	849,495
Inventory - Gas and Supplies	126,379
Prepaid Expenses	52,587
	<hr/>
<b>Total Current Assets</b>	<b>2,770,097</b>
	<hr/>
<b>Restricted Assets</b>	
Restricted Cash and Cash Equivalents	2,415,497
Restricted Investments	354,379
	<hr/>
<b>Total Restricted Assets</b>	<b>2,769,876</b>
	<hr/>
<b>Non-Current Assets</b>	
Land	3,300
Capital Assets, Net	7,872,895
Construction in Progress	707,672
	<hr/>
<b>Total Non-Current Assets</b>	<b>8,583,867</b>
	<hr/>
<b>Total Assets</b>	<b>14,123,840</b>
	<hr/>
<b>Deferred Outflows of Resources</b>	
Pension Related	38,020
	<hr/>
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 14,161,860</b>
	<hr/> <hr/>

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

**TOWN OF FRANKLINTON**  
**Statement of Net Position (Continued)**  
**Proprietary Funds**  
**October 31, 2025**

**Statement G**

	<b>Enterprise Fund</b>
<b>Liabilities</b>	
<b>Current Liabilities Payable from Current Assets</b>	
Accounts Payable	\$ 108,959
Compensated Absences Payable	15,895
Accrued Expenses	4,159
Due to Other Funds	1,578,114
	<hr/>
<b>Total Current Liabilities Payable from Current Assets</b>	<b>1,707,127</b>
	<hr/>
<b>Current Liabilities Payable from Restricted Assets</b>	
Customer Deposits	272,818
Accrued Interest Payable	46,367
Bonds Payable	274,720
	<hr/>
<b>Total Current Liabilities Payable from Restricted Assets</b>	<b>593,905</b>
	<hr/>
<b>Non-Current Liabilities</b>	
Bonds Payable	6,629,068
Net Pension Liability	276,534
Other Post Employment Benefits Obligation	221,280
Compensated Absences Payable	65,574
	<hr/>
<b>Total Non-Current Liabilities</b>	<b>7,192,456</b>
	<hr/>
<b>Total Liabilities</b>	<b>9,493,488</b>
	<hr/>
<b>Deferred Inflows of Resources</b>	
Pension Related	28,200
	<hr/>
<b>Net Position</b>	
Net Investment in Capital Assets	1,680,079
Restricted	
Debt Service	2,160,570
Construction	290,121
Unrestricted	509,402
	<hr/>
<b>Total Net Position</b>	<b>4,640,172</b>
	<hr/>
<b>Total Liabilities, Deferred Inflows of Resources, and Net Position</b>	<b>\$ 14,161,860</b>
	<hr/> <hr/>

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, 2025**

**Statement H**

	<b>Enterprise Fund</b>
<b>Operating Revenues</b>	
Gas Sales	\$ 837,756
Less: Cost of Gas Sold	<u>(343,475)</u>
Gross Profit on Gas Sales	494,281
Water Sales	625,902
Sewer Service Charges	857,220
Penalties	30,591
Intergovernmental	24,216
Other	<u>35,898</u>
<b>Total Operating Revenues</b>	<u>2,068,108</u>
<b>Operating Expenses</b>	
Bad Debts	26,230
Depreciation	437,775
Employee Benefits	277,991
Insurance	196,669
Meter Reading	5,037
Repairs and Maintenance	233,362
Salaries and Wages	712,086
Supplies	178,651
Utilities	175,300
Other	<u>153,158</u>
<b>Total Operating Expenses</b>	<u>2,396,259</u>
<b>Operating Loss</b>	<u>(328,151)</u>
<b>Non-operating Revenues (Expenses)</b>	
Interest Income	78,557
Interest Expense	(173,435)
<b>Total Non-operating Expenses</b>	<u>(94,878)</u>
<b>Loss before Capital Contributions and Transfers</b>	(423,029)
<b>Capital Contributions</b>	261,682
<b>Transfers</b>	<u>(53,000)</u>
<b>Change in Net Position</b>	(214,347)
<b>Net Position, Beginning of Year</b>	<u>4,854,519</u>
<b>Net Position, End of Year</b>	<u>\$ 4,640,172</u>

The accompanying notes are an integral part of these financial statements

**TOWN OF FRANKLINTON**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended October 31, 2025**

**Statement I**

	<b>Enterprise Fund</b>
<b>Cash Flows from Operating Activities</b>	
Received from Customers	\$ 2,376,419
Payments to Suppliers	(1,307,526)
Payments to Employees	<u>(1,088,218)</u>
<b>Net Cash Used in Operating Activities</b>	<u>(19,325)</u>
<b>Cash Flows from Non-Capital Financing Activities</b>	
Grant Income and Other Contributions	24,216
Transfers to Other Funds	67,000
Transfers from Other Funds	(120,000)
Interfund Borrowings from Other Funds	<u>430,843</u>
<b>Net Cash Provided by Non-Capital Financing Activities</b>	<u>402,059</u>
<b>Cash Flows from Capital and Related Financing Activities</b>	
Payments for Capital Acquisitions	(791,882)
Capital Contributions	261,682
Interest Paid on Capital Debt	(157,818)
Principal Paid on Capital Debt	<u>(266,337)</u>
<b>Net Cash Used in Capital and Related Financing Activities</b>	<u>(954,355)</u>
<b>Cash Flows from Investing Activities</b>	
Receipt of Interest	54,351
Proceeds from Purchases of Investments	<u>(48,131)</u>
<b>Net Cash Provided by Investing Activities</b>	<u>6,220</u>
<b>Net Decrease in Cash and Cash Equivalents</b>	(565,401)
<b>Cash and Cash Equivalents, Beginning of Year</b>	<u>3,145,890</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u>\$ 2,580,489</u>

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

**TOWN OF FRANKLINTON**  
**Statement of Cash Flows (Continued)**  
**Proprietary Funds**  
**For the Year Ended October 31, 2025**

**Statement I**

	<b>Enterprise Fund</b>
<b>Reconciliation of Operating Loss to</b>	
<b>Net Cash Used in Operating Activities</b>	
Operating Loss	\$ (328,151)
Adjustments to Reconcile Operating Loss to Net Cash Used in Operating Activities	
Depreciation	437,776
Bad Debt Expense	26,230
Intergovernmental - Non-employer Contributions	(24,216)
(Increase) Decrease in:	
Accounts Receivable	(2,707)
Inventory	(8,677)
Prepaid Insurance	(3,110)
Deferred Outflows of Resources	3,869
Increase (Decrease) in:	
Accounts Payable	(10,088)
Compensated Absences	6,673
Deferred Inflows of Resources	(2,757)
Accrued Expenses	(20,305)
Customer Deposits	(8,241)
Other Post Employment Benefits Obligation	3,847
Net Pension Liability	<u>(89,468)</u>
<b>Net Cash Used in Operating Activities</b>	<b><u>\$ (19,325)</u></b>
<b>Reconciliation of Total Cash and Cash Equivalents</b>	
Cash and Cash Equivalents, Unrestricted	\$ 164,992
Cash and Cash Equivalents, Restricted	<u>2,415,497</u>
<b>Total Cash and Cash Equivalents</b>	<b><u>\$ 2,580,489</u></b>

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

## **NOTES TO FINANCIAL STATEMENTS**

# TOWN OF FRANKLINTON

## Notes to Financial Statements

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### Note 1. Summary of Significant Accounting Policies

#### Introduction

The Town of Franklinton (the Town) was incorporated March 7, 1861, under the provisions of a Special Legislative Charter. The Town operates under a Mayor-Town Council form of government, with the Mayor and each of five aldermen elected at-large for four-year terms. Franklinton is located in west central Washington Parish and is the governmental seat of the parish. In 1820, a legislative act created the parish from the northern section of St. Tammany Parish and the next year another act designated the settlement of Franklinton 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 3,662 by the U.S. Census Bureau, Census 2020. The Town provides police and fire protection, services to maintain or develop streets, drainage, and sanitation, support of recreation activities, general and administrative services, and utilities services for area residents. Utility services are provided for 885 gas customers, 1,561 water customers, and 1,551 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.

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

## TOWN OF FRANKLINTON

### Notes to Financial Statements

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#### Note 1. Summary of Significant Accounting Policies (Continued)

##### Reporting Entity

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

- The organization is legally separate.
- The Town holds the corporate powers of the organization.
- The Town appoints a voting majority of the organization's board.
- The Town is able to impose its will on the organization.
- The organization has the potential to impose a financial benefit/burden on the Town.
- There is a fiscal dependency by the organization on the Town.

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

##### Basic Financial Statements - Government-Wide Financial Statements

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

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

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

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

## TOWN OF FRANKLINTON

### Notes to Financial Statements

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#### Note 1. Summary of Significant Accounting Policies (Continued)

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

GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, effective for financial statement periods ending after December 15, 2012, provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related disclosures. Concepts Statement No. 4, *Elements of Financial Statements*, introduced and defined *Deferred Outflows of Resources* as a consumption of net assets by the government that is applicable to a future reporting period, and *Deferred Inflows of Resources* as an acquisition of net assets by the government that is applicable to a future reporting period. Previous financial reporting standards do not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities. GASB Concepts Statement 4 identifies net position as the residual of all other elements presented in a statement of financial position. This Statement amends the net asset reporting requirements in Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets. The definition and reporting of net position are further described in Note 1 under subtopic Net Position and Fund Equity. The Town had deferred outflows and deferred inflows of resources related to pension of \$893,314 and \$672,845, respectively, at October 31, 2025.

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

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

# TOWN OF FRANKLINTON

## Notes to Financial Statements

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### Note 1. Summary of Significant Accounting Policies (Continued)

#### **Basic Financial Statements - Fund Financial Statements**

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

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

The Town reports these major governmental funds:

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

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

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

The Town reports the following major proprietary fund:

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

Additionally, the government reports the following fund types:

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

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

# TOWN OF FRANKLINTON

## Notes to Financial Statements

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### Note 1. Summary of Significant Accounting Policies (Continued)

#### **Basic Financial Statements - Fund Financial Statements (Continued)**

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

#### **Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

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

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

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

## TOWN OF FRANKLINTON

### Notes to Financial Statements

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#### Note 1. Summary of Significant Accounting Policies (Continued)

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

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.

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

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

##### **Deposits and Investments**

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

Investments for the Town are reported at fair value (generally based on quoted market prices) except for the money market accounts and for the position in the state investment pool, Louisiana Asset Management Pool (LAMP). LAMP meets all of the specified criteria in Section 150: *Investments*, to qualify to elect to measure its investments at amortized cost. Accordingly, the fair value of the Town's position in the pool is equal to the value of the pooled shares.

# TOWN OF FRANKLINTON

## Notes to Financial Statements

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### Note 1. Summary of Significant Accounting Policies (Continued)

#### Deposits and Investments (Continued)

Investments are limited by Louisiana Revised Statute (R.S.) 33:2955 and the Town's investment policy.

#### Receivables and Payables

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

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

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

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

	Authorized Millage	Levied Millage	Collected Millage
General Purposes	7.05 mills	\$ 215,207	\$ 211,975
Street and Drainage Ad Valorem	7.05 mills	215,207	217,108
Police Ad Valorem	5.04 mills	153,851	155,182

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

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

# TOWN OF FRANKLINTON

## Notes to Financial Statements

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### Note 1. Summary of Significant Accounting Policies (Continued)

#### Receivables and Payables (Continued)

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

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

#### Inventories and Prepaid Items

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

#### Restricted Assets

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

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

# TOWN OF FRANKLINTON

## Notes to Financial Statements

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### Note 1. Summary of Significant Accounting Policies (Continued)

#### Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. 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.

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

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

#### Compensated Absences

Prior to the fiscal year ending October 31, 2003, employees of the municipality earned annual leave at varying rates according to years of service. Accrued unused annual leave earned by an employee was carried forward to the succeeding calendar year until a maximum of twenty days accumulation. On March 9, 2004, the Council passed a Resolution authorizing the conversion of unused annual leave (above the maximum allowable accumulation) and unused sick leave to retirement credit. The Resolution dated March 9, 2004, was issued pursuant to Act 999 of the 2001 Regular Session of the Louisiana Legislature and in accordance with a Memorandum dated January 13, 2002, entitled Conversion of Unused Annual and Sick Leave to Retirement Credit, as issued by the Municipal Employee's Retirement System of Louisiana. The Town adopted GASB Statement No. 101, *Compensated Absences* and has accrued a long-term payable for annual and sick leave that is considered more than likely to be used or paid in future years.

# TOWN OF FRANKLINTON

## Notes to Financial Statements

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### Note 1. Summary of Significant Accounting Policies (Continued)

#### 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 deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. In accordance with GASB Codification Section 130: *Interest Costs - Imputation*, bond issuance costs are expensed in the period incurred except for prepaid insurance costs.

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.

#### Net Position and Fund Equity

In the government-wide financial statements, equity is classified as net position and displayed in three components:

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

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

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

## TOWN OF FRANKLINTON

### Notes to Financial Statements

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#### Note 1. Summary of Significant Accounting Policies (Continued)

##### Net Position and Fund Equity (Continued)

In the fund statements, governmental fund equity is classified as fund balance. The provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, specifies the following classifications:

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

##### 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.

##### Recently Issued Accounting Pronouncements - Adopted

The GASB issued Statement No. 101, *Compensated Absences*. The objective of the Statement is to update the recognition and measurement guidance for compensated absences. The adoption of the pronouncement did not have a significant effect on the Town's financial statements.

The GASB issued Statement No. 102, *Certain Risk Disclosures*. The objective of the Statement is to improve financial reporting by providing users with better information with which understand and anticipate certain risks to a government's financial condition. The adoption of the pronouncement did not have a significant effect on the Town's financial statements.

# TOWN OF FRANKLINTON

## Notes to Financial Statements

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### Note 1. Summary of Significant Accounting Policies (Continued)

#### **Recently Issued Accounting Pronouncements - Not Yet Adopted**

The GASB issued Statement No. 103, *Financial Reporting Model Improvements*. The objective of the Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. The Statement is effective for fiscal years beginning after June 15, 2025.

The GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*. The objective of the Statement is to provide users of government financial statements with essential information about certain types of capital assets. The Statement is effective for fiscal years beginning after June 15, 2025.

The GASB issued Statement No. 105, *Subsequent Events*. The primary objective of the Statement is to improve the financial reporting requirements for subsequent events, thereby enhancing consistency in their application and better meeting the information needs of financial statement users. The Statement is effective for fiscal years beginning after June 15, 2026.

Management is currently determining the expected impact of implementation of the above standards on the financial statements and notes to the financial statements.

#### **Budget**

The Town uses the following budget practices:

1. The Town Clerk prepares a proposed budget and submits same to the Mayor and Council no later than fifteen days prior to the beginning of each fiscal year.
2. A summary of the proposed budget is published, and the public notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
3. A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing.
4. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of an ordinance prior to the commencement of the fiscal year for which the budget is being adopted.
5. Budgetary amendments involving the transfer of funds from one department, program or function to another or involving the increase in expenditures resulting from revenues exceeding amounts estimated require the approval of the Town Council
6. All budgetary appropriations lapse at the end of each fiscal year.

# TOWN OF FRANKLINTON

## Notes to Financial Statements

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### Note 1. Summary of Significant Accounting Policies (Continued)

#### Budget (Continued)

7. Budgets for the governmental and enterprise funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgets for enterprise funds are presented on the accrual basis of accounting. Other governmental funds presented on the modified accrual basis of accounting. Accordingly, the budgetary comparison schedules present actual expenditures in accordance with the accounting principles generally accepted in the United States on a basis consistent with the legally adopted budgets as amended. All budgetary amounts presented reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budget during the year).

During the year ended October 31, 2025, General Fund actual expenditures of \$5,383,714 were above budgeted expenditures of \$5,367,480, resulting in an unfavorable variance of \$16,234 or 0.3%.

### Note 2. Cash and Cash Equivalents

Under state law, 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 fair 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.

The Town's deposits are stated at cost, which approximates market value. At October 31, 2025, the Town had cash and cash equivalents (book balances), as follows:

<b>Demand Deposits</b>	<b>Carrying Amount</b>	<b>Bank Balance</b>
Unrestricted	\$ 1,010,197	\$ 1,291,732
Restricted	5,413,932	5,327,778
<b>Total</b>	<b>\$ 6,424,129</b>	<b>\$ 6,619,510</b>

# TOWN OF FRANKLINTON

## Notes to Financial Statements

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### Note 2. Cash and Cash Equivalents (Continued)

*Custodial Credit Risk* - Custodial credit risk as it relates to cash deposits is the risk that in the event of a bank failure, the Town's deposits may not be recovered. As of October 31, 2025, the Town's bank balance was not exposed to custodial credit risk. As of October 31, 2025, all of the Town's deposits were secured by the pledge of securities owned by the fiscal agent bank or insurance provided by the Federal Deposit Insurance Corporation (FDIC).

In accordance with state law, all uninsured deposits of municipal funds in financial institutions must be secured with acceptable collateral valued at the lower of market or par. The Town was in compliance with the deposit and investment laws and regulations as of October 31, 2025.

### Note 3. Investments

At October 31, 2025, the Town held investments in the form of money market funds and in the Louisiana Asset Management Pool (LAMP). The following table provides information on the credit ratings, maturity dates, and fair values associated with the Town's investments at October 31, 2025:

Investments	Rating	Maturity	Net Asset Value
Money Market	N/A	Varies	\$ 1,136,955
LAMP	AAA/Aaa/AAAm	N/A	<u>1,079,621</u>
<b>Total</b>			<b><u>\$ 2,216,576</u></b>

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

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

*Custodial Credit Risk* - Custodial credit risk for investments is the risk that, in the event of a failure, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investments are exposed to custodial credit risk if they are uninsured, are not registered in the Town's name, and are held by either the counterparty to the investment purchase or the counterparty's trust department or agent but not held in the Town's name. The Town has a formal investment policy regarding investment credit risk, and the investments of the Town owned at October 31, 2025 were not subject to custodial credit risk.

## TOWN OF FRANKLINTON

### Notes to Financial Statements

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#### Note 3. Investments (Continued)

*Concentration of Credit Risk* - The Town has a formal limit on the amount the Town may invest in any one issuer. It is the policy of the Town to diversify its investment portfolio. Assets shall be diversified to reduce the risk of loss resulting from the over concentration of assets in a specific maturity, a specific issuer, or a specific class of securities. The only issuer comprising 5% or more of the Town's investments at October 31, 2025 was LAMP at 49%.

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

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

The following facts are relevant for investment pools:

- **Credit Risk:** LAMP is rated AAA by Standard & Poor's.
- **Custodial Credit Risk:** LAMP participants' investments in the pool are evidenced by shares of the pool. Investments in pools should be disclosed, but not categorized because they are not evidenced by securities that exist in physical or book-entry form. The Town's investment is with the pool, not the securities that make up the pool; therefore, no public disclosure is required.
- **Concentration of Credit Risk:** Pooled investments are excluded from the five percent disclosure requirement.

# TOWN OF FRANKLINTON

## Notes to Financial Statements

### Note 3. Investments (Continued)

- Interest Rate Risk: LAMP is designed to be highly liquid to give its participants immediate access to their account balances. LAMP prepares its own interest rate risk disclosure using the weighted average maturity (WAM) method. The WAM of LAMP assets is restricted to not more than 60 days and consists of no securities with a maturity in excess of 397 days or two years (762 days) for U.S. Government floating/variable rate investments. The WAM for LAMP's total investments is 26 days as of October 31, 2025.
- Foreign Currency Risk: Not applicable.

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

### Note 4. Accounts Receivable

Major receivables balances for the governmental activities include sales taxes, franchise taxes, and occupational licenses. 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, and other similar intergovernmental revenues since they are usually both measurable and available. Utility accounts receivable comprise the majority of proprietary fund receivables.

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

The Governmental Fund receivables at October 31, 2025 consisted of the following:

	General Fund	Street and Drainage Ad Valorem	Economic Development and Recreation Sales Tax	Nonmajor Governmental Funds	Total
<b>Government Receivables</b>					
Accounts	\$ 3,817	\$ -	\$ -	\$ 32	\$ 3,849
Franchise Tax	74,947	-	-	-	74,947
Intergovernmental					
Sales Tax Receivable	294,022	-	8,096	-	302,118
Ad Valorem Taxes	10,566	10,566	-	7,554	28,686
State of Louisiana	11,215	-	-	-	11,215
<b>Total</b>	<b>\$ 394,567</b>	<b>\$ 10,566</b>	<b>\$ 8,096</b>	<b>\$ 7,586</b>	<b>\$ 420,815</b>

**TOWN OF FRANKLINTON**

**Notes to Financial Statements**

**Note 4. Accounts Receivable (Continued)**

The Enterprise Fund accounts receivable at October 31, 2025 consisted of the following:

	<b>Enterprise Fund</b>
<b>Accounts Receivable</b>	
Current	\$ 175,394
31 - 60 Days	7,757
61 - 90 Days	2,650
Over 90 Days	194,577
Subtotal	<u>380,378</u>
Less: Allowance for Bad Debt	<u>(194,577)</u>
Accounts Receivables	185,801
Unbilled Receivables	<u>58,064</u>
<b>Total Accounts Receivable</b>	<b><u>\$ 243,865</u></b>

**Note 5. Restricted Assets**

The following is a listing of the restricted assets for the fund financial statements on October 31, 2025:

	<b>Streets and Drainage Ad Valorem</b>	<b>Economic Development and Recreation Sales Tax</b>	<b>Nonmajor Governmental Funds</b>	<b>Enterprise Fund</b>	<b>Total</b>
<b>Restricted Assets</b>					
<b>Cash and Cash Equivalents</b>					
Customer Deposits	\$ -	\$ -	\$ -	\$ 241,740	\$ 241,740
Bond Reserve Account	-	-	-	1,394,588	1,394,588
Bond Contingency Account	-	-	-	93,331	93,331
Bond Sinking Account	-	-	243,422	147,522	390,944
Bond Short-Lived Assets Account	-	-	-	248,195	248,195
Construction Account	-	-	-	290,121	290,121
Ad Valorem Account	405,822	-	172,774	-	578,596
Sales Tax Account	-	1,796,322	344,239	-	2,140,561
Rural Development Grant	-	-	35,856	-	35,856
<b>Investments</b>					
Bond Reserve Account	-	-	-	148,707	148,707
Bond Sinking	-	-	-	133,548	133,548
Customer Deposits	-	-	-	72,124	72,124
Debt Service	-	-	236,687	-	236,687
Ad Valorem	104,918	-	-	-	104,918
<b>Total Restricted Assets</b>	<b>\$ 510,740</b>	<b>\$ 1,796,322</b>	<b>\$ 1,032,978</b>	<b>\$ 2,769,876</b>	<b>\$ 6,109,916</b>

**TOWN OF FRANKLINTON**

**Notes to Financial Statements**

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**Note 6. Interfund Receivables/Payables**

The following is a detailed list of interfund balances for fund financial statements on October 31, 2025:

	<b>Due From Other Funds</b>	<b>Due To Other Funds</b>
<b>Interfund Balances</b>		
<b>General Fund</b>		
Police Ad Valorem	\$ 24,599	\$ -
Streets and Drainage Ad Valorem	323,084	-
Economic Development and Recreation Sales Tax	14,861	-
Street and Drainage Sinking	-	
Enterprise Fund	1,578,114	262,954
Street and Drainage Sinking Debt Service Fund	120,000	120,000
<b>Special Revenue Funds</b>		
Police Ad Valorem		
General Fund	-	24,599
Streets and Drainage Ad Valorem		
General Fund	-	323,084
Economic Development and Recreation Sales Tax		
General Fund	-	14,861
<b>Streets and Drainage Sinking Debt Service Fund</b>		
Enterprise Fund	-	586,541
<b>Enterprise Fund</b>		
General Fund	262,954	1,578,114
Street and Drainage Sinking Debt Service Fund	586,541	-
	<hr/>	<hr/>
<b>Total Interfund Balances</b>	<b>\$ 2,910,153</b>	<b>\$ 2,910,153</b>

# TOWN OF FRANKLINTON

## Notes to Financial Statements

### Note 7. Capital Assets

The following is a summary of changes in capital assets for the governmental activities for the fiscal year ended October 31, 2025:

Governmental Activities	Balance October 31, 2024	Additions	Disposals	Balance October 31, 2025
<b>Capital Assets Not Depreciated</b>				
Land	\$ 481,801	\$ -	\$ -	\$ 481,801
Construction in Progress	65,798	-	-	65,798
<b>Total Capital Assets Not Depreciated</b>	<b>547,599</b>	<b>-</b>	<b>-</b>	<b>547,599</b>
<b>Capital Assets Being Depreciated</b>				
Buildings and Improvements	5,175,906	-	-	5,175,906
Machinery and Equipment	2,753,368	-	-	2,753,368
Office Equipment and Furniture	293,834	-	-	293,834
Vehicles	3,080,009	173,313	-	3,253,322
Infrastructure	7,010,857	-	-	7,010,857
<b>Total Capital Assets Being Depreciated</b>	<b>18,313,974</b>	<b>173,313</b>	<b>-</b>	<b>18,487,287</b>
<b>Less Accumulated Depreciation for:</b>				
Buildings and Improvements	(3,686,799)	(73,460)	-	(3,760,259)
Machinery and Equipment	(2,273,066)	(63,926)	-	(2,336,992)
Office Equipment and Furniture	(311,163)	(4,394)	-	(315,557)
Vehicles	(2,102,515)	(150,908)	-	(2,253,423)
Infrastructure	(3,254,742)	(353,712)	-	(3,608,454)
<b>Total Accumulated Depreciation</b>	<b>(11,628,285)</b>	<b>(646,400)</b>	<b>-</b>	<b>(12,274,685)</b>
<b>Total Capital Assets Being Depreciated, Net</b>	<b>6,685,689</b>	<b>(473,087)</b>	<b>-</b>	<b>6,212,602</b>
<b>Total</b>	<b>\$ 7,233,288</b>	<b>\$ (473,087)</b>	<b>\$ -</b>	<b>\$ 6,760,201</b>

**TOWN OF FRANKLINTON**

**Notes to Financial Statements**

**Note 7. Capital Assets (Continued)**

Depreciation was charged to governmental functions as follows:

<b>Function</b>	<b>Amount</b>
General Government	\$ 98,933
Public Safety - Police	120,218
Public Safety - Fire	115,217
Public Works	285,227
Recreation	6,507
Economic Development	20,298
<b>Total</b>	<b>\$ 646,400</b>

The following is a summary of changes in capital assets for business-type activities for fiscal year ended October 31, 2025:

<b>Business-Type Activities</b>	<b>Balance October 31, 2024</b>	<b>Additions</b>	<b>Disposals</b>	<b>Balance October 31, 2025</b>
<b>Capital Assets Not Depreciated</b>				
Land	\$ 3,300	\$ -	\$ -	\$ 3,300
Construction in Progress	-	707,672	-	707,672
<b>Total Capital Assets Not Depreciated</b>	<b>3,300</b>	<b>707,672</b>	<b>-</b>	<b>710,972</b>
<b>Capital Assets Being Depreciated</b>				
Gas Utility System	1,303,484	-	-	1,303,484
Water Utility System	5,060,223	84,209	-	5,144,432
Sewer Utility System	14,838,164	-	-	14,838,164
<b>Total Capital Assets Being Depreciated</b>	<b>21,201,871</b>	<b>84,209</b>	<b>-</b>	<b>21,286,080</b>
<b>Less Accumulated Depreciation for:</b>				
Gas Utility System	(1,227,777)	(18,472)	-	(1,246,249)
Water Utility System	(3,030,085)	(116,155)	-	(3,146,240)
Sewer Utility System	(8,717,548)	(303,148)	-	(9,020,696)
<b>Total Accumulated Depreciation</b>	<b>(12,975,410)</b>	<b>(437,775)</b>	<b>-</b>	<b>(13,413,185)</b>
<b>Total Capital Assets Being Depreciated, Net</b>	<b>8,226,461</b>	<b>(353,566)</b>	<b>-</b>	<b>7,872,895</b>
<b>Total</b>	<b>\$ 8,229,761</b>	<b>\$ 354,106</b>	<b>\$ -</b>	<b>\$ 8,583,867</b>

# TOWN OF FRANKLINTON

## Notes to Financial Statements

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### Note 8. Leases

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

### Note 9. Interfund Transfers

The following is a detailed list of interfund transfers reported in the fund financial statements on October 31, 2025:

	Transfers In	Transfers Out
<b>Interfund Transfers</b>		
<b>General Fund</b>		
Streets and Drainage Ad Valorem	\$ 90,000	\$ -
Streets and Drainage Sinking Debt Service Fund	-	240,000
Enterprise Fund	120,000	-
<b>Special Revenue Funds</b>		
Streets and Drainage Ad Valorem		
General Fund	-	90,000
<b>Streets and Drainage Sinking Debt Service Fund</b>		
General Fund	173,000	-
<b>Enterprise Fund</b>		
General Fund	-	53,000
<b>Total Interfund Transfers</b>	<b>\$ 383,000</b>	<b>\$ 383,000</b>

**TOWN OF FRANKLINTON**

**Notes to Financial Statements**

**Note 10. Accounts, Salaries, and Other Payables**

The Governmental Fund payables at October 31, 2025 are as follows:

	General Fund	Nonmajor Governmental Funds	Total
<b>Governmental Funds Payable</b>			
Accounts Payable	\$ 59,677	\$ 2,680	\$ 62,357
Accrued Salaries	47,682	-	47,682
Retirement Payable	77,460	-	77,460
<b>Total Government Funds Payable</b>	<b>\$ 184,819</b>	<b>\$ 2,680</b>	<b>\$ 187,499</b>

The Enterprise Funds payable at October 31, 2025 are as follows:

	Gas Utility	Water Utility	Sewer Utility	Total Enterprise Fund
<b>Enterprise Funds Payable</b>				
Accounts	\$ 14,622	\$ 71,794	\$ 22,543	\$ 108,959
Accrued Salaries	752	1,140	2,267	4,159
Accrued Interest	46,367	-	-	46,367
Compensated Absences Payable	11,747	5,520	64,202	81,469
<b>Total Enterprise Funds Payable</b>	<b>\$ 73,488</b>	<b>\$ 78,454</b>	<b>\$ 89,012</b>	<b>\$ 240,954</b>

**Note 11. Long-Term Obligations**

Long-term liabilities other than debt are normally liquidated by the General Fund. These include net OPEB liability and net pension liability. Compensated absences are liquidated by both the General Fund and Enterprise Fund.

**TOWN OF FRANKLINTON**

**Notes to Financial Statements**

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**Note 11. Long-Term Obligations (Continued)**

The following is a summary of long-term obligation transactions for the year ended October 31, 2025:

	Balance October 31, 2024	Additions	Deletions	Balance October 31, 2025
<b>Governmental Activities</b>				
Revenue Bonds	\$ 1,735,000	\$ -	\$ (200,000)	\$ 1,535,000
Compensated Absences	373,894	19,467	(78,362)	314,999
<b>Business-Type Activities</b>				
Revenue Bonds	7,170,125	-	(266,337)	6,903,788
Compensated Absences	74,796	28,500	(21,827)	81,469
<b>Total</b>	<b>\$ 9,353,815</b>	<b>\$ 47,967</b>	<b>\$ (566,526)</b>	<b>\$ 8,835,256</b>

Bonds Payable as of October 31, 2025 are as follows:

**Revenue Bonds**

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**Governmental Activities:**

2022 Sales Tax Revenue Bonds, Series 2022, due in annual installments with interest at 1.98% per annum paid in semi-annual installments through November 11, 2034, secured by sales tax revenues. \$ 1,535,000

**Business-Type Activities:**

\$3,937,000 Sewer Revenue Bonds, Series 2018, due in monthly installments with interest payments at 1.75% per annum through March 22, 2058, secured by the revenues of the Enterprise Fund. \$ 3,445,788

\$1,700,000 Taxable Public Improvement Bonds, Series 2020, due in semiannual payments with interest at 4% per annum through June 1, 2041 secured by the revenues of the Enterprise Fund with a participation of the Louisiana Public Facilities Authority of \$425,000 bearing no interest. 1,438,000

\$2,445,000 Water and Sewer Revenue Refunding Bonds, Series 2021, payable in annual installments with interest at 2.25% per annum, secured by revenues of the Enterprise Fund. 2,020,000

**Total** \$ 6,903,788

**TOWN OF FRANKLINTON**

**Notes to Financial Statements**

**Note 11. Long-Term Obligations (Continued)**

The annual requirements to amortize all debt outstanding at October 31, 2025, are as follows:

Year Ending October 31,	Governmental Activities		Business-Type Activities				Total	
	Revenue Bonds		Revenue Bonds		Public Improvement		Principal	Interest
	Principal	Interest	Principal	Interest	Principal	Interest		
2026	\$ 205,000	\$ 28,364	\$ 204,720	\$ 101,323	\$ 70,000	\$ 51,400	\$ 479,720	\$ 181,087
2027	210,000	24,255	211,126	96,166	71,000	49,430	492,126	169,851
2028	215,000	20,048	212,557	90,835	73,000	47,410	500,557	158,293
2029	220,000	15,741	219,014	87,916	75,000	45,310	514,014	148,967
2030	225,000	11,336	220,496	84,578	78,000	43,110	523,496	139,024
2031-2035	460,000	9,108	1,065,641	365,428	431,000	171,950	1,956,641	546,486
2036-2040	-	-	776,817	273,933	523,000	77,300	1,299,817	351,233
2041-2045	-	-	781,756	201,657	117,000	2,340	898,756	203,997
2046-2050	-	-	805,801	123,474	-	-	805,801	123,474
2051-2055	-	-	639,327	57,573	-	-	639,327	57,573
2056-2060	-	-	328,533	7,205	-	-	328,533	7,205
<b>Total</b>	<b>\$ 1,535,000</b>	<b>\$ 108,852</b>	<b>\$ 5,465,788</b>	<b>\$ 1,490,088</b>	<b>\$ 1,438,000</b>	<b>\$ 488,250</b>	<b>\$ 8,438,788</b>	<b>\$ 2,087,190</b>

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

**Sewer Revenue Bonds - Series 2002**

The Sewer Revenue Bonds, Series 2002, issued by the United States Department of Agriculture, Rural Utilities Service, require that all income and revenues earned or derived from the operation of the system be deposited in the Revenue Fund. Out of the funds on deposit in the Revenue Fund, after reasonable and necessary expenses of operating the system have been paid, moneys are to be transferred to the Sinking Fund, the Reserve Fund and/or the Contingency Fund as provided in the Resolution. The gross sewer utility revenue recognized during the current period was \$889,120.

The issuance of Series 2018 sewer bond established combined bond requirements for the Sewer Sinking Fund, the Sewer Reserve Fund, and the Sewer Contingency Fund as shown later in this note.

**Water Revenue Bonds**

The Water Revenue Bonds, Series 1996, issued by the United States Department of Agriculture, Rural Utilities Service, require that all income and revenues earned or derived from the operation of the system be deposited in the Revenue Fund. Out of the funds on deposit in the Revenue Fund, after reasonable and necessary expenses of operating the system have been paid, moneys are to be transferred to the Sinking Fund, the Reserve Fund and/or the Contingency Fund as provided in the Resolution. The gross water utility revenue recognized during the current period was \$673,871.

## TOWN OF FRANKLINTON

### Notes to Financial Statements

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

##### **Water Revenue Bonds (Continued)**

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

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

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

##### **Series 2008 - Sewer Bonds**

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

## TOWN OF FRANKLINTON

### Notes to Financial Statements

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

##### **Series 2018 - Sewer Revenue 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.

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.

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

The Town made the payments for the Sewer Sinking Fund, Sewer Reserve Fund, Sewer Contingency Fund, and Sewer Short-Lived Assets Fund as required during the fiscal year 2025.

##### **Series 2021 - Water and Sewer Revenue Refunding Bonds**

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

## TOWN OF FRANKLINTON

### Notes to Financial Statements

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#### Note 13. Employee Pension Plans

##### ***Municipal Employees' Retirement System of Louisiana***

###### **Plan Description**

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

###### **Benefits Provided**

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

###### **Contributions**

Per Act 788 of the 1978 Regular Session of the Louisiana Legislature, contribution rates for employees are established by state law and employer contribution rates are actuarially determined each year by the System's Board of Trustees. Employees are required to contribute 5% of their annual pay. The Town's contractually required contribution rate for the year ended October 31, 2025 was 14.00% of annual payroll. Contributions to the System from the Town were \$174,379 for the year ended October 31, 2025. Non-employer contributions during the year ended June 30, 2025 were \$37,838.

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

At October 31, 2025, the Town reported a liability of \$468,701 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2025, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liability was based on a projection of the Town's June 30, 2025 contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2025, the proportion was 0.980358%, which was an increase of 0.037448% from its proportion measured as of June 30, 2024.

**TOWN OF FRANKLINTON**

**Notes to Financial Statements**

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**Note 13. Employee Pension Plans (Continued)**

***Municipal Employees' Retirement System of Louisiana (Continued)***

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

For the year ended October 31, 2025, the Town recognized a pension expense of \$78,746. At October 31, 2025, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences Between Expected and Actual Experience	\$ -	\$ 6,541
Changes in Assumptions or Other Inputs	-	11,072
Net Differences Between Projected and Actual Earnings on Pension Plan Investments	-	16,932
Changes in Proportion and Differences between Employer Contributions and Proportionate Share of Contributions	11,488	13,252
Employer Contributions Subsequent to the Measurement Date	52,952	-
<b>Total</b>	<u>\$ 64,440</u>	<u>\$ 47,797</u>

The Town reported \$52,952 as deferred outflows of resources related to pensions resulting from the Town contributions subsequent to the measurement date which will be recognized as a reduction of the net pension liability in the year ending October 31, 2026.

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

<b>Year Ending October 31,</b>	<b>Amount</b>
2026	\$ 26,177
2027	(29,553)
2028	(23,178)
2029	(9,755)
<b>Total</b>	<u>\$ (36,309)</u>

# TOWN OF FRANKLINTON

## Notes to Financial Statements

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### Note 13. Employee Pension Plans (Continued)

#### *Municipal Employees' Retirement System of Louisiana (Continued)*

##### **Actuarial Assumptions**

The total pension liability in the June 30, 2025 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation Date:	June 30, 2025
Actuarial Cost Method:	Entry Age Normal
Actuarial Assumptions:	
Investment Rate of Return:	6.85%, net of investment expense, including inflation
Inflation Rate:	2.50%
Projected Salary Increases:	
- 1 to 2 Years of Service	9.50% (2.50% inflation, 7.00% merit)
- More than 2 Years of Service	4.60% (2.50% inflation, 2.10% merit)
Mortality Rates:	
- Annuitant and Beneficiary Mortality	PubG-2010(B) Healthy Retiree Tables set equal to 115% for males and 120% for females, each adjusted using their respective male and female MP2021 scales.
- Employee Mortality	PubG-2010(B) Employee Table set equal to 115% for males and 120% for females, adjusted using their respective male and female MP2021 scales.
- Disabled Lives Mortality	PubNS-2010(B) Disabled Retiree Table set equal to 115% for males and 120% for females with the full generational MP2021 scale.
Expected Remaining Service Lives:	2 years
Cost-of-Living Adjustments:	The present value of future retirement benefits is based on benefits currently being paid into the System and includes previously granted cost-of-living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees

The mortality rate assumption used was verified by combining data from the System with three other statewide plans which have similar workforce compositions in order to produce a credible experience. The aggregated data was collected over the period July 1, 2018 to June 30, 2023. The data was then assigned credibility weighting and combined with a standard table to produce current levels of mortality. This mortality was then projected forward to a period equivalent to the estimated duration of the System's liabilities. Annuity values calculated based on this mortality were compared by using a setback of standard tables. The result of the procedure indicated that these tables would produce liability values approximating the appropriate generational mortality tables used.

## TOWN OF FRANKLINTON

### Notes to Financial Statements

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#### Note 13. Employee Pension Plans (Continued)

##### *Municipal Employees' Retirement System of Louisiana (Continued)*

##### **Actuarial Assumptions (Continued)**

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.50% and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return was 6.85% for the year ended June 30, 2025.

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

<b>Asset Class</b>	<b>Target Asset Allocation</b>	<b>Long-Term Expected Portfolio Real Rate of Return</b>
Public Equity	53.00%	2.31%
Public Fixed Income	29.00%	1.26%
Alternatives	18.00%	0.78%
<b>Total</b>	<b>100.00%</b>	<b>4.35%</b>
Inflation		2.50%
Expected Arithmetic Nominal Return		6.85%

##### **Discount Rate**

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

# TOWN OF FRANKLINTON

## Notes to Financial Statements

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### Note 13. Employee Pension Plans (Continued)

#### *Municipal Employees' Retirement System of Louisiana (Continued)*

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

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

	<b>1% Decrease (5.85%)</b>	<b>Current Discount Rate (6.85%)</b>	<b>1% Increase (7.85%)</b>
Town's Proportionate Share of the Net Pension Liability	<u>\$ 808,505</u>	<u>\$ 468,701</u>	<u>\$ 181,437</u>

##### **Pension Plan Fiduciary Net Position**

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

##### **Payables to the Pension Plan**

As of October 31, 2025, the Town owed approximately \$23,265 to the System for the Town's October 2025 payroll.

#### *Municipal Police Employees' Retirement System of Louisiana*

##### **Plan Description**

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

## TOWN OF FRANKLINTON

### Notes to Financial Statements

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#### Note 13. Employee Pension Plans (Continued)

##### *Municipal Police Employees' Retirement System of Louisiana (Continued)*

###### **Benefits Provided**

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

For employees that became members of the Police System prior to January 1, 2013, retirement benefits are determined as 3.33% of the employee's average final compensation based on the 36 consecutive months of highest pay multiplied by the employee's years of creditable service, not to exceed 100% of final salary. Employees with 25 years of service are eligible to retire at any age. Employees with a minimum of 20 years of service are eligible to retire at age 50. Employees with a minimum of 12 years of service are eligible to retire at age 55.

For employees that became members of the Police System after January 1, 2013, retirement benefits are divided into two sub-plans - Hazardous Duty and Non-Hazardous Duty. Under the Hazardous Duty sub-plan, a member is eligible for regular retirement after he has been a member of the Police System and has 25 years of creditable service at any age or has 12 years of creditable service at age 55. Under the Non-Hazardous Duty sub-plan, a member is eligible for regular retirement after he has been a member of the Police System and has 30 years of creditable service at any age, 25 years of creditable service at age 55, or 10 years of creditable service at age 60. Under both sub-plans, a member is eligible for early retirement after he has been a member of the Police System for 20 years of creditable service at any age, with an actuarially reduced benefit from age 55. Retirement benefits are determined as 3% (Hazardous Duty members) and 2.5% (Non-Hazardous Duty members) of the employee's average final compensation based on the highest 60 consecutive months of pay multiplied by the employee's years of creditable service, not to exceed 100% of final salary.

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

# TOWN OF FRANKLINTON

## Notes to Financial Statements

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### Note 13. Employee Pension Plans (Continued)

#### *Municipal Police Employees' Retirement System of Louisiana (Continued)*

##### **Contributions**

Per Act 189 of the 1973 Regular Session of the Louisiana Legislature, contribution rates for employees are established by state law and employer contribution rates are actuarially determined each year by the Police System's Board of Trustees. Employees are required to contribute 10% of their annual pay. The Town's contractually required contribution rate for the year ended October 31, 2025 was 35.60% of annual payroll. Contributions to the Police System from the Town were \$394,508 for the year ended October 31, 2025. Non-employer contributions for the year ended June 30, 2025 were \$99,721.

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

At October 31, 2025, the Town reported a liability of \$2,321,989 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2025, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liability was based on a projection of the Town's June 30, 2025 contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2025, the Town's proportion was 0.336223%, which was an increase of 0.091046% from its proportion measured as of June 30, 2024.

For the year ended October 31, 2025, the Town recognized pension expense of \$333,717. At October 31, 2025, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences Between Expected and Actual Experience	\$ 112,586	\$ 61,432
Changes in Assumptions or Other Inputs	-	106,645
Net Differences Between Projected and Actual Earnings on Pension Plan Investments	-	182,905
Changes in Proportion and Differences between Employer Contributions and Proportionate Share of Contributions	586,675	274,066
Employer Contributions Subsequent to the Measurement Date	129,613	-
<b>Total</b>	<b>\$ 828,874</b>	<b>\$ 625,048</b>

**TOWN OF FRANKLINTON**

**Notes to Financial Statements**

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**Note 13. Employee Pension Plans (Continued)**

***Municipal Police Employees' Retirement System of Louisiana (Continued)***

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

The Town reported \$129,613 as deferred outflows of resources related to pensions resulting from the Town contributions subsequent to the measurement date which will be recognized as a reduction of the net pension liability in the year ended October 31, 2026.

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

<b>Year Ending October 31,</b>	<b>Amount</b>
2026	\$ 221,271
2027	(111,424)
2028	40,990
2029	<u>(76,624)</u>
<b>Total</b>	<b><u>\$ 74,213</u></b>

# TOWN OF FRANKLINTON

## Notes to Financial Statements

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### Note 13. Employee Pension Plans (Continued)

#### *Municipal Police Employees' Retirement System of Louisiana (Continued)*

##### **Actuarial Assumptions**

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2025 are as follows:

Valuation Date:	June 30, 2025
Actuarial Cost Method:	Entry Age Normal
Actuarial Assumptions:	
Investment Rate of Return:	6.75%, net of investment expense
Inflation Rate:	2.50%
Projected Salary Increases:	
- 1 to 2 Years of Service	13.00% (including inflation and merit increases)
- More than 2 Years of Service	4.75% (including inflation and merit increases)
Mortality Rates:	
- Annuitant and Beneficiary Mortality	Pub-2016 Public Retirement Plan Mortality Table for Safety Below-Median Healthy Retirees multiplied by 125% for males and 125% for females, each with full generational projection using the MP2021 scale.
- Employee Mortality	Pub-2016 Public Retirement Plans Mortality Table for Safety Below-Median Employees multiplied by 125% for males and 125% for females, each with full generational projection using the MP2021 scale.
- Disabled Lives Mortality	Pub-2016 Public Retirement Plans Mortality Table for Safety Disabled Retirees multiplied by 125% for males and 125% for females, each with full generational projection using the MP2021 scale.
Expected Remaining Service Lives:	4 years
Cost-of-Living Adjustments:	The present value of future retirement benefits is based on benefits currently being paid into the System and includes previously granted cost-of-living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees

The mortality rate assumption used was set based upon an experience study performed by the prior actuary on plan data for the period July 1, 2019 through June 30, 2024, and review of similar law enforcement mortality. A change was made to full generational mortality which combines the use of a base mortality table with appropriate mortality improvement scales. In order to set the base mortality table, actual plan mortality experience was assigned a credibility weighting and combined with a standard table to provide current levels of mortality.

TOWN OF FRANKLINTON

Notes to Financial Statements

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Note 13. Employee Pension Plans (Continued)

*Municipal Police Employees' Retirement System of Louisiana (Continued)*

**Actuarial Assumptions (Continued)**

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

<b>Asset Class</b>	<b>Target Asset Allocation</b>	<b>Long-Term Expected Portfolio Real Rate of Return</b>
Equity	51.00%	3.20%
Fixed Income	35.00%	1.21%
Alternative	14.00%	1.04%
<b>Total</b>	<b>100.00%</b>	<b>5.45%</b>
Inflation		2.67%
Expected Arithmetic Nominal Return		8.12%

**Discount Rate**

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

## TOWN OF FRANKLINTON

### Notes to Financial Statements

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#### Note 13. Employee Pension Plans (Continued)

##### *Municipal Police Employees' Retirement System of Louisiana (Continued)*

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

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

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences Between Expected and Actual Experience	\$ 112,586	\$ 61,432
Changes in Assumptions or Other Inputs	-	106,645
Net Differences Between Projected and Actual Earnings on Pension Plan Investments	-	182,905
Changes in Proportion and Differences between Employer Contributions and Proportionate Share of Contributions	586,675	274,066
Employer Contributions Subsequent to the Measurement Date	129,613	-
<b>Total</b>	<b>\$ 828,874</b>	<b>\$ 625,048</b>

##### **Pension Plan Fiduciary Net Position**

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

##### **Payables to the Pension Plan**

As of October 31, 2025, the Town owed approximately \$54,196 to the Police System for the Town's October 2025 payroll.

##### *Firefighters' Retirement System of Louisiana*

##### **Plan Description**

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

## TOWN OF FRANKLINTON

### Notes to Financial Statements

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#### Note 13. Employee Pension Plans (Continued)

##### *Firefighters' Retirement System of Louisiana (Continued)*

###### **Benefits Provided**

The Fire System provides retirement, disability, and death benefits. Retirement benefits are determined as 3.33% of the employee's average final compensation based on the 36 consecutive months of highest pay multiplied by the employee's years of creditable service, not to exceed 100%. Employees with 25 years of service are eligible to retire at any age. Employees with a minimum of 12 years of service are eligible to retire at age 55. Employees are eligible for disability benefits if totally disabled from injury received in the line of duty. Employees who are disabled or incapacitated, but not in the line of duty, are eligible for disability benefits with 5 years of service. Cost-of-living increases are not provided.

###### **Contributions**

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

Employees are required to contribute 10% of their annual pay. The Town had no contributions in the fiscal year ended October 31, 2025.

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

At October 31, 2025, 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, 2025, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liability was based on a projection of the Town's October 31, 2025 contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At October 31, 2025, the Town's proportion was 0.0%, which was the same as at October 31, 2024.

For the year ended October 31, 2025, the Town recognized no pension benefit or expense. At October 31, 2025, the Town had no reported deferred outflows of resources or deferred inflows of resources related to pensions.

The Town reported no deferred outflow of resources related to pension contributions subsequent to the measurement period of June 30, 2025.

# TOWN OF FRANKLINTON

## Notes to Financial Statements

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### Note 13. Employee Pension Plans (Continued)

#### *Firefighters' Retirement System of Louisiana (Continued)*

##### **Actuarial Assumptions**

The total pension liability in the June 30, 2025 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation Date:	June 30, 2025
Actuarial Cost Method:	Entry Age Normal
Actuarial Assumptions:	
Investment Rate of Return:	6.90%, net of investment expense, including inflation
Inflation Rate:	2.50%
Projected Salary Increases:	
- 1 to 2 Years of Service	14.50% (including inflation and merit increases)
- More than 2 Years of Service	5.00% (including inflation and merit increases)
Mortality Rates:	
- Annuitant and Beneficiary Mortality	Pub-2016 Public Retirement Plans Mortality Table for Safety Below-Median Healthy Retirees multiplied by 110% for males and 110% for females, each with full generational projection using the MP2021 scale.
- Employee Mortality	Pub-2016 Public Retirement Plans Mortality Table for Safety Below-Median Employees multiplied by 110% for males and 110% for females, each with full generational projection using the MP2021 scale.
- Disabled Lives Mortality	Pub-2016 Public Retirement Plans Mortality Table for Safety Disabled Retirees multiplied by 110% for males and 110% for females, each with full generational projection using the MP2021 scale.
Expected Remaining Service Lives:	7 years
Cost-of-Living Adjustments:	The present value of future retirement benefits is based on benefits currently being paid into the System and includes previously granted cost-of-living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees.

Mortality rates were based on the Pub-2016 Public Retirement Plans Mortality Table for Safety Below-Median Employees. The actuarial assumptions used in the June 30, 2025 valuation were based on the results of an actuarial experience study for the period July 1, 2019 to June 30, 2024.

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

## TOWN OF FRANKLINTON

### Notes to Financial Statements

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#### Note 13. Employee Pension Plans (Continued)

##### *Firefighters' Retirement System of Louisiana (Continued)*

##### **Actuarial Assumptions (Continued)**

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

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Real Rate of Return</b>
Fixed Income:		
U.S. Core Fixed Income	23.00%	2.09%
U.S. TIPS	2.00%	2.00%
Emerging Market Debt	5.00%	2.34%
Global Multisector Fixed Income	2.00%	4.05%
Equity:		
U.S. Equity	27.00%	6.23%
Non-U.S. Equity	11.00%	6.36%
Global Equity	10.00%	6.50%
Emerging Market Equity	4.00%	8.26%
Alternative:		
Private Equity/Private Debt	9.00%	9.77%
Real Estate	4.00%	4.85%
Real Assets	3.00%	5.93%
<b>Total</b>	<b>100.00%</b>	

##### **Discount Rate**

The discount rate used to measure the total pension liability was 6.90%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from participating employers will be made at the actuarially determined rates approved by PRSAC, taking into consideration the recommendation of the Fire System's actuary. Based on those assumptions, the Fire System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

# TOWN OF FRANKLINTON

## Notes to Financial Statements

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### Note 13. Employee Pension Plans (Continued)

#### *Firefighters' Retirement System of Louisiana (Continued)*

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

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

#### **Pension Plan Fiduciary Net Position**

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

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

### Note 14. Other Postemployment Benefits

#### **General Information about the OPEB Plan**

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

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

## TOWN OF FRANKLINTON

### Notes to Financial Statements

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#### Note 14. Other Postemployment Benefits (Continued)

##### **General Information about the OPEB Plan (Continued)**

The Town's total OPEB liability of \$785,535 was measured as of November 1, 2023 and was determined by an actuarial valuation as of that date.

*Actuarial Assumptions and Other Inputs.* Using the Alternative Measurement Method (AMM) permitted under GASB Statement No. 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, 2024 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

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

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

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

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.

**TOWN OF FRANKLINTON**

**Notes to Financial Statements**

**Note 14. Other Postemployment Benefits (Continued)**

**Changes in the Total OPEB Liability**

	<b>Net Liability</b>
<b>Balance at November 1, 2024</b>	\$ 745,094
Changes for the Year	
Service Cost	30,107
Interest Cost	32,026
Difference between Expected and Actual Experience	-
Changes in Assumptions	-
Benefit Payments	<u>(21,692)</u>
Net Changes for the Year	<u>40,441</u>
<b>Balance as of October 31, 2025</b>	<u><u>\$ 785,535</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 one percentage point lower (3.19%) or one percentage point higher (5.19%) than the current discount rate:

	<b>1.0% Decrease</b>	<b>Discount Rate 4.19%</b>	<b>1.0% Increase</b>
Net OPEB Liability	<u>\$ 823,054</u>	<u>\$ 785,535</u>	<u>\$ 675,895</u>

*Sensitivity of the Total OPEB Liability Changes in the Healthcare Cost Trend Rates.* The following presents the total OPEB liability of the Town, as well as what the Town's total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower (3.8% decreasing to 3.7%) or one percentage point higher (5.8% decreasing to 5.7%) than the current healthcare cost trend rates:

	<b>1.0% Decrease</b>	<b>Healthcare Cost Trend Rates</b>	<b>1.0% Increase</b>
Net OPEB Liability	<u>\$ 661,649</u>	<u>\$ 785,535</u>	<u>\$ 843,522</u>

**TOWN OF FRANKLINTON**

**Notes to Financial Statements**

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**Note 14. Other Postemployment Benefits (Continued)**

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

For the year ended October 31, 2025, the Town recognized OPEB benefit of \$157,375. At October 31, 2025, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Changes in Assumptions	N/A*	N/A*
Difference between Projected and Actual Investments	N/A*	N/A*
<b>Total</b>	<u>N/A*</u>	<u>N/A*</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:

<b>Year Ending December 31,</b>	<b>Amount</b>
2026	N/A*
2027	N/A*
2028	N/A*
2029	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.

**Note 15. Risk Management**

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

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

## **TOWN OF FRANKLINTON**

### **Notes to Financial Statements**

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#### **Note 16. Contingent Liabilities**

At October 31, 2025, the Town has several suits pending or threatened litigation. As of the date of this report, the extent to which some of these suits are covered by insurance, the outcome of these suits, and any probable loss amount cannot be readily determinable.

#### **Note 17. On Behalf Payments by the State of Louisiana**

For the fiscal year ended October 31, 2025, the State of Louisiana made on behalf payments in the form of supplemental pay to the Town's policemen and firemen. In accordance with GASB 24, the Town recorded \$147,226 in revenue for on-behalf payments.

#### **Note 18. Error Correction and Restatement**

During the year ended October 31, 2025, the Town recorded a prior period adjustment related to ARPA funds that were utilized in prior periods but not recognized at the time of use. The Town has restated its 2025 financial statements. The impact of the error correction increased the beginning governmental net position and the beginning net fund balance of the General Fund by \$310,652.

**REQUIRED SUPPLEMENTARY INFORMATION (PART II)**

**TOWN OF FRANKLINTON, LOUISIANA**  
**Schedule of Revenues, Expenditures, and Changes in**  
**Fund Balance - Budget and Actual**  
**General Fund**  
**For the Year Ended October 31, 2025**

**Schedule 1**

	Original Budget	Final Budget	Actual Amounts	Final Budget Variance Favorable (Unfavorable)
<b>Revenues</b>				
<b>Taxes</b>				
Property Taxes	\$ 200,000	\$ 200,000	\$ 211,975	\$ 11,975
Sales and Use Taxes	3,311,000	3,311,000	3,402,986	91,986
Franchise Taxes	254,300	254,300	173,255	(81,045)
Federal Grants	49,000	49,000	115,635	66,635
Licenses and Permits	364,500	364,500	323,687	(40,813)
Intergovernmental Revenue	275,900	275,900	239,539	(36,361)
Charges for Services	338,180	338,180	339,020	840
Fines and Forfeitures	25,000	25,000	51,829	26,829
Other Revenues	5,100	5,100	16,322	11,222
Interest Income	13,000	13,000	12,257	(743)
<b>Total Revenues</b>	<b>4,835,980</b>	<b>4,835,980</b>	<b>4,886,505</b>	<b>50,525</b>
<b>Expenditures</b>				
General Government	884,660	1,006,110	1,011,632	(5,522)
Public Safety				
Police	2,549,440	2,664,790	2,901,944	(237,154)
Fire	484,850	524,800	572,308	(47,508)
Public Works	407,930	417,330	383,594	33,736
Sanitation	309,750	311,500	317,280	(5,780)
Health and Welfare	7,850	10,850	10,277	573
Transportation	18,200	14,350	13,366	984
Capital Outlay	378,700	417,750	173,313	244,437
<b>Total Expenditures</b>	<b>5,041,380</b>	<b>5,367,480</b>	<b>5,383,714</b>	<b>(16,234)</b>
<b>Deficiency of Revenues Over Expenditures</b>	<b>(205,400)</b>	<b>(531,500)</b>	<b>(497,209)</b>	<b>34,291</b>
<b>Other Financing Sources (Uses)</b>				
Operating Transfers In	210,000	210,000	210,000	-
Operating Transfers Out	(240,000)	(240,000)	(240,000)	-
<b>Total Other Financing Sources (Uses)</b>	<b>(30,000)</b>	<b>(30,000)</b>	<b>(30,000)</b>	<b>-</b>
<b>Net Change in Fund Balance</b>	<b>(235,400)</b>	<b>(561,500)</b>	<b>(527,209)</b>	<b>34,291</b>
<b>Fund Balance, Beginning of Year (Originally Stated)</b>	<b>3,088,217</b>	<b>3,088,217</b>	<b>3,088,217</b>	<b>-</b>
Prior Period Adjustment	-	-	310,652	310,652
<b>Fund Balance, Beginning of Year (Restated)</b>	<b>3,088,217</b>	<b>3,088,217</b>	<b>3,398,869</b>	<b>310,652</b>
<b>Fund Balance, End of Year</b>	<b>\$ 2,852,817</b>	<b>\$ 2,526,717</b>	<b>\$ 2,871,660</b>	<b>\$ 344,943</b>

See independent auditors' report.

**TOWN OF FRANKLINTON, LOUISIANA**  
**Schedule of Revenues, Expenditures, and Changes in**  
**Fund Balance - Budget and Actual**  
**Streets and Drainage Ad Valorem**  
**For the Year Ended October 31, 2025**

**Schedule 2**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual Amounts</b>	<b>Final Budget Variance Favorable (Unfavorable)</b>
<b>Revenues</b>				
<b>Taxes</b>				
Property Taxes	\$ 199,000	\$ 203,900	\$ 217,108	\$ 13,208
Interest Income	9,000	5,000	4,819	(181)
<b>Total Revenues</b>	<b>208,000</b>	<b>208,900</b>	<b>221,927</b>	<b>13,027</b>
<b>Expenditures</b>				
Public Works	32,700	33,100	56,563	(23,463)
Capital Outlays	110,000	110,000	-	110,000
<b>Total Expenditures</b>	<b>142,700</b>	<b>143,100</b>	<b>56,563</b>	<b>86,537</b>
<b>Excess of Revenues Over Expenditures</b>	<b>65,300</b>	<b>65,800</b>	<b>165,364</b>	<b>99,564</b>
<b>Other Financing Sources (Uses)</b>				
Operating Transfers Out	(90,000)	(90,000)	(90,000)	-
<b>Total Other Financing Uses</b>	<b>(90,000)</b>	<b>(90,000)</b>	<b>(90,000)</b>	<b>-</b>
<b>Net Change in Fund Balance</b>	<b>(24,700)</b>	<b>(24,200)</b>	<b>75,364</b>	<b>99,564</b>
<b>Fund Balance, Beginning of Year</b>	<b>122,858</b>	<b>122,858</b>	<b>122,858</b>	<b>-</b>
<b>Fund Balance, End of Year</b>	<b>\$ 98,158</b>	<b>\$ 98,658</b>	<b>\$ 198,222</b>	<b>\$ 99,564</b>

See independent auditors' report.

**TOWN OF FRANKLINTON, LOUISIANA**  
**Schedule of Revenues, Expenditures, and Changes in**  
**Fund Balance - Budget and Actual**  
**Economic Development and Recreation Sales Tax**  
**For the Year Ended October 31, 2025**

**Schedule 3**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual Amounts</b>	<b>Final Budget Variance Favorable (Unfavorable)</b>
<b>Revenues</b>				
<b>Taxes</b>				
Sales and Use Taxes	\$ 84,000	\$ 84,000	\$ 87,252	\$ 3,252
Other Revenues	465,000	174,000	233,001	59,001
Interest Income	3,000	4,100	5,029	929
<b>Total Revenues</b>	<b>552,000</b>	<b>262,100</b>	<b>325,282</b>	<b>63,182</b>
<b>Expenditures</b>				
Recreation	13,900	34,260	18,795	15,465
Economic Development	26,000	34,500	34,551	(51)
Capital Outlay	600,000	600,000	-	600,000
<b>Total Expenditures</b>	<b>639,900</b>	<b>668,760</b>	<b>53,346</b>	<b>615,414</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>(87,900)</b>	<b>(406,660)</b>	<b>271,936</b>	<b>678,596</b>
<b>Other Financing Sources (Uses)</b>				
Payments to Other Governments	-	-	(8,152)	(8,152)
<b>Total Other Financing Uses</b>	<b>-</b>	<b>-</b>	<b>(8,152)</b>	<b>(8,152)</b>
<b>Net Change in Fund Balances</b>	<b>(87,900)</b>	<b>(406,660)</b>	<b>263,784</b>	<b>670,444</b>
<b>Fund Balance, Beginning of Year</b>	<b>1,525,773</b>	<b>1,525,773</b>	<b>1,525,773</b>	<b>-</b>
<b>Fund Balance, End of Year</b>	<b>\$ 1,437,873</b>	<b>\$ 1,119,113</b>	<b>\$ 1,789,557</b>	<b>\$ 670,444</b>

See independent auditors' report.

**TOWN OF FRANKLINTON, LOUISIANA**  
**Schedule of Changes in Net OPEB Liability and Related Ratios**  
**For the Year Ended October 31, 2025**

**Schedule 4**

	2025	2024	2023	2022	2021	2020	2019	2018
<b>Total OPEB Liability</b>								
Service Cost	\$ 30,107	\$ 29,230	\$ 48,001	\$ 46,603	\$ 45,869	\$ 45,869	\$ 31,408	\$ 30,493
Interest Cost	32,026	30,380	20,536	19,462	17,880	21,570	28,571	27,145
Difference between Expected and Actual Experience	-	(41,274)	-	(68,130)	-	(64,135)	(12,902)	(224,368)
Changes in Assumptions	-	(175,711)	-	37,722	-	111,769	(4,727)	19,035
Benefit Payments	(21,692)	(20,698)	(20,197)	(19,253)	-	-	-	-
<b>Net Change in OPEB Liability</b>	<b>40,441</b>	<b>(178,073)</b>	<b>48,340</b>	<b>16,404</b>	<b>63,749</b>	<b>115,073</b>	<b>42,350</b>	<b>(147,695)</b>
<b>Total OPEB Liability - Beginning</b>	<b>745,094</b>	<b>923,167</b>	<b>874,827</b>	<b>858,423</b>	<b>794,674</b>	<b>679,601</b>	<b>637,251</b>	<b>784,946</b>
<b>Total OPEB Liability - Ending</b>	<b>\$ 785,535</b>	<b>\$ 745,094</b>	<b>\$ 923,167</b>	<b>\$ 874,827</b>	<b>\$ 858,423</b>	<b>\$ 794,674</b>	<b>\$ 679,601</b>	<b>\$ 637,251</b>
Covered Employee Payroll	\$ 2,324,758	\$ 2,316,805	\$ 2,063,937	\$ 2,003,822	\$ 1,993,887	\$ 1,935,813	\$ 2,078,086	\$ 2,017,559
Net OPEB Liability as a Percentage of Covered-Employee Payroll	33.79%	32.16%	44.73%	43.66%	43.05%	41.05%	32.70%	31.59%

Notes to Schedule:

*Benefit Changes.* There were no changes of benefit terms for the year ended October 31, 2025.

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

See independent auditors' report.

**TOWN OF FRANKLINTON, LOUISIANA**  
**Schedule of the Town's Proportionate Share**  
**of the Net Pension Liability**  
**For the Year Ended October 31, 2025**

**Schedule 5**

**Municipal Employees' Retirement System of Louisiana**

<b>Fiscal Year</b>	<b>Town's Proportion of the Net Pension Liability</b>	<b>Town's Proportionate Share of the Net Pension Liability*</b>	<b>Town's Covered Employee Payroll</b>	<b>Town's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Employee Payroll</b>	<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>
2025	0.980358%	\$ 468,701	\$ 1,140,955	41.08%	84.91%
2024	0.942910%	571,878	862,592	66.30%	80.10%
2023	1.000395%	802,177	831,947	96.42%	72.25%
2022	0.972511%	853,849	759,995	112.35%	69.56%
2021	0.953056%	552,114	748,728	73.74%	79.14%
2020	0.934873%	847,206	724,501	116.94%	66.26%
2019	1.067834%	934,155	805,597	115.96%	66.14%
2018	1.296643%	1,096,742	960,916	114.14%	65.60%
2017	1.324145%	1,145,694	947,803	120.88%	63.49%
2016	1.316773%	1,091,484	924,187	118.10%	63.34%

**Municipal Police Employees' Retirement System of Louisiana**

<b>Fiscal Year</b>	<b>Town's Proportion of the Net Pension Liability</b>	<b>Town's Proportionate Share of the Net Pension Liability*</b>	<b>Town's Covered Employee Payroll</b>	<b>Town's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Employee Payroll</b>	<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>
2025	0.336223%	\$ 2,321,989	\$ 1,081,202	214.76%	81.94%
2024	0.245177%	2,221,294	842,733	263.58%	75.84%
2023	0.293430%	3,100,079	997,322	310.84%	71.30%
2022	0.327179%	3,344,350	935,913	357.34%	70.79%
2021	0.280156%	1,493,385	931,076	160.39%	84.09%
2020	0.264569%	2,445,234	789,290	309.80%	70.94%
2019	0.263135%	2,389,706	768,086	311.12%	71.01%
2018	0.273860%	2,302,768	894,845	257.34%	71.89%
2017	0.292655%	2,555,002	969,385	263.57%	70.08%
2016	0.320693%	3,005,797	974,304	308.51%	66.04%

See independent auditors' report.

**TOWN OF FRANKLINTON, LOUISIANA**  
**Schedule of the Town's Proportionate Share**  
**of the Net Pension Liability (Continued)**  
**For the Year Ended October 31, 2025**

**Schedule 5**

**Firefighters' Retirement System of Louisiana**

<b>Fiscal Year</b>	<b>Town's Proportion of the Net Pension Liability</b>	<b>Town's Proportionate Share of the Net Pension Liability*</b>	<b>Town's Covered Employee Payroll</b>	<b>Town's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Employee Payroll</b>	<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>
2025	0.00%	\$ -	\$ -	0.00%	0.00%
2024	0.00%	-	-	0.00%	0.00%
2023	0.00%	-	-	0.00%	0.00%
2022	0.00%	-	-	0.00%	0.00%
2021	0.00%	-	-	0.00%	0.00%
2020	0.00%	-	-	0.00%	72.61%
2019	0.00%	-	-	0.00%	73.96%
2018	0.00%	-	-	0.00%	74.76%
2017	0.00%	-	-	0.00%	73.58%
2016	0.260060%	170,103	63,253	268.92%	68.16%

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

See independent auditors' report.

**TOWN OF FRANKLINTON, LOUISIANA**  
**Schedule of the Town's Contributions to Defined**  
**Benefit Pension Plans**  
**For the Year Ended October 31, 2025**

**Schedule 6**

**Municipal Employees' Retirement System of Louisiana**

<b>Fiscal Year</b>	<b>Contractually Required Contribution</b>	<b>Contributions in Relation to the Contractually Required Contribution</b>	<b>Contribution Deficiency / (Excess)</b>	<b>Town's Covered Employee Payroll</b>	<b>Contributions as a Percentage of Covered Employee Payroll</b>
2025	\$ 174,379	\$ 174,379	\$ -	\$ 1,259,574	13.84%
2024	135,337	135,337	-	899,619	15.04%
2023	133,143	133,143	-	806,906	16.50%
2022	120,834	120,834	-	779,575	15.50%
2021	116,909	116,909	-	752,335	15.54%
2020	103,994	103,994	-	717,352	14.50%
2019	107,647	107,647	-	768,906	14.00%
2018	132,828	132,828	-	919,895	14.44%
2017	123,831	123,831	-	923,637	13.41%
2016	110,223	110,223	-	854,390	12.90%

**Municipal Police Employees' Retirement System of Louisiana**

<b>Fiscal Year</b>	<b>Contractually Required Contribution</b>	<b>Contributions in Relation to the Contractually Required Contribution</b>	<b>Contribution Deficiency / (Excess)</b>	<b>Town's Covered Employee Payroll</b>	<b>Contributions as a Percentage of Covered Employee Payroll</b>
2025	\$ 394,508	\$ 394,508	\$ -	\$ 1,131,279	34.87%
2024	351,303	351,303	-	1,035,380	33.93%
2023	310,636	310,636	-	969,661	32.04%
2022	285,988	285,988	-	944,418	30.28%
2021	301,350	301,350	-	937,751	32.14%
2020	286,883	286,883	-	861,918	33.28%
2019	269,883	269,883	-	747,742	36.09%
2018	260,601	260,601	-	888,452	29.33%
2017	280,721	280,721	-	955,783	29.37%
2016	275,625	275,625	-	967,897	28.48%

See independent auditors' report.

**TOWN OF FRANKLINTON, LOUISIANA**  
**Schedule of the Town's Contributions to Defined**  
**Benefit Pension Plans (Continued)**  
**For the Year Ended October 31, 2025**

**Schedule 6**

**Firefighters' Retirement System of Louisiana**

<b>Fiscal Year</b>	<b>Contractually Required Contribution</b>	<b>Contributions in Relation to the Contractually Required Contribution</b>	<b>Contribution Deficiency / (Excess)</b>	<b>Town's Covered Employee Payroll</b>	<b>Contributions as a Percentage of Covered Employee Payroll</b>
2025	\$ -	\$ -	\$ -	\$ -	0.00%
2024	-	-	-	-	0.00%
2023	-	-	-	-	0.00%
2022	-	-	-	-	0.00%
2021	-	-	-	-	0.00%
2020	-	-	-	-	0.00%
2019	-	-	-	-	0.00%
2018	-	-	-	-	0.00%
2017	-	-	-	-	0.00%
2016	10,701	10,701	-	63,075	16.97%

See independent auditors' report.

## **OTHER SUPPLEMENTARY INFORMATION**

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

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**Non-Major Governmental Funds**

**Special Revenue Funds:**

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

**Industrial Development Sales Tax** - To account for disbursement of 10% of a 1% sales tax dedicated for the purposes of promoting and encouraging the location and development of commerce and industry, including land and building, therefor. 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.

**Capital Project Funds:**

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

**Debt Service Funds:**

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

**TOWN OF FRANKLINTON, LOUISIANA**  
**Non-Major Governmental Funds**  
**Combining Balance Sheet**  
**October 31, 2025**

Schedule 7

	Special Revenue Funds			Debt Service Fund	Total Non-Major Funds
	Police Ad Valorem	Industrial Development Sales Tax	Rural Development Grant	Street and Drainage Sinking	
<b>Assets</b>					
Receivables, Net					
Intergovernmental	\$ 7,586	\$ -	\$ -	\$ -	\$ 7,586
Due from Other Funds	-	-	-	120,000	120,000
Prepaid Expenses					-
Restricted Cash	172,774	344,239	35,856	243,422	796,291
Restricted Investments	-	-	-	236,687	236,687
<b>Total Assets</b>	<b>\$ 180,360</b>	<b>\$ 344,239</b>	<b>\$ 35,856</b>	<b>\$ 600,109</b>	<b>\$ 1,160,564</b>
<b>Liabilities and Fund Balances</b>					
<b>Liabilities</b>					
Accounts Payable	\$ 2,680	\$ -	\$ -	\$ -	\$ 2,680
Due to Other Funds	24,599	-	-	586,541	611,140
<b>Total Liabilities</b>	<b>27,279</b>	<b>-</b>	<b>-</b>	<b>586,541</b>	<b>613,820</b>
<b>Fund Balances</b>					
Restricted	153,081	344,239	35,856	13,568	546,744
<b>Total Fund Balances</b>	<b>153,081</b>	<b>344,239</b>	<b>35,856</b>	<b>13,568</b>	<b>546,744</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 180,360</b>	<b>\$ 344,239</b>	<b>\$ 35,856</b>	<b>\$ 600,109</b>	<b>\$ 1,160,564</b>

See independent auditors' report.

**TOWN OF FRANKLINTON, LOUISIANA**  
**Non-Major Governmental Funds**  
**Combining Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances**  
**For the Year Ended October 31, 2025**

**Schedule 8**

	Special Revenue Funds			Debt Service Fund	Total Non-Major Funds
	Police Ad Valorem	Industrial Development Sales Tax	Rural Development Grant	Streets and Drainage Sinking	
<b>Revenues</b>					
Property Taxes	\$ 155,182	\$ -	\$ -	\$ -	\$ 155,182
Other Revenues	2,926	-	-	-	2,926
Interest Income	588	1,031	107	5,601	7,327
<b>Total Revenues</b>	<b>158,696</b>	<b>1,031</b>	<b>107</b>	<b>5,601</b>	<b>165,435</b>
<b>Expenditures</b>					
<b>Public Safety</b>					
Police	88,642	-	-	-	88,642
<b>Total Expenditures</b>	<b>88,642</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>88,642</b>
<b>Excess of Revenues Over Expenditures</b>	<b>70,054</b>	<b>1,031</b>	<b>107</b>	<b>5,601</b>	<b>76,793</b>
<b>Other Financing Sources (Uses)</b>					
Bond Principal Payments	-	-	-	(200,000)	(200,000)
Operating Transfers In	-	-	-	173,000	173,000
Interest Expense	-	-	-	(32,372)	(32,372)
<b>Total Other Financing Uses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(59,372)</b>	<b>(59,372)</b>
<b>Net Change in Fund Balances</b>	<b>70,054</b>	<b>1,031</b>	<b>107</b>	<b>(53,771)</b>	<b>17,421</b>
<b>Fund Balances, Beginning of Year</b>	<b>83,027</b>	<b>343,208</b>	<b>35,749</b>	<b>67,339</b>	<b>529,323</b>
<b>Fund Balances, End of Year</b>	<b>\$ 153,081</b>	<b>\$ 344,239</b>	<b>\$ 35,856</b>	<b>\$ 13,568</b>	<b>\$ 546,744</b>

See independent auditors' report.

**TOWN OF FRANKLINTON, LOUISIANA**  
**Proprietary Funds - Enterprise Fund**  
**Schedule of Net Position**  
**For the Years Ended October 31, 2025 and 2024**

**Schedule 9**

	<b>Enterprise Fund</b>	
	<b>2025</b>	<b>2024</b>
<b>Assets</b>		
<b>Current Assets</b>		
Cash and Cash Equivalents	\$ 164,992	\$ 735,349
Investments	1,332,779	1,276,380
Accounts Receivable, Net	243,865	267,388
Due from Other Funds	849,495	393,984
Inventory - Gas and Supplies	126,379	117,702
Prepaid Expenses	52,587	49,477
<b>Total Current Assets</b>	<b>2,770,097</b>	<b>2,840,280</b>
<b>Restricted Assets</b>		
Restricted Cash and Cash Equivalents	2,415,497	2,410,541
Restricted Investments	354,379	338,441
<b>Total Restricted Assets</b>	<b>2,769,876</b>	<b>2,748,982</b>
<b>Capital Assets</b>		
Land	3,300	3,300
Capital Assets, Net	7,872,895	8,226,461
Construction in Progress	707,672	-
<b>Total Capital Assets</b>	<b>8,583,867</b>	<b>8,229,761</b>
<b>Total Assets</b>	<b>14,123,840</b>	<b>13,819,023</b>
<b>Deferred Outflows of Resources</b>		
Pension Related	38,020	41,889
<b>Total Assets and Deferred Outflows of Resources</b>	<b>\$ 14,161,860</b>	<b>\$ 13,860,912</b>

See independent auditors' report.

**TOWN OF FRANKLINTON, LOUISIANA**  
**Proprietary Funds - Enterprise Fund**  
**Schedule of Net Position (Continued)**  
**For the Years Ended October 31, 2025 and 2024**

**Schedule 9**

	<b>Enterprise Fund</b>	
	<b>2025</b>	<b>2024</b>
<b>Current Liabilities Payable from</b>		
<b>Current Assets</b>		
Accounts Payable	\$ 108,959	\$ 119,047
Compensated Absences Payable	15,895	14,633
Accrued Expenses	4,159	24,464
Due to Other Funds	1,578,114	691,760
	<hr/>	
<b>Total Current Liabilities Payable from</b>		
<b>Current Assets</b>	<b>1,707,127</b>	<b>849,904</b>
	<hr/>	
<b>Current Liabilities Payable from</b>		
<b>Restricted Assets</b>		
Customer Deposits	272,818	281,059
Accrued Interest Payable	46,367	30,750
Bonds Payable	274,720	266,338
	<hr/>	
<b>Total Current Liabilities Payable</b>		
<b>from Restricted Assets</b>	<b>593,905</b>	<b>578,147</b>
	<hr/>	
<b>Non-Current Liabilities</b>		
Bonds Payable	6,629,068	6,903,787
Net Pension Liability	276,534	366,002
Other Post Employment Benefits Obligation	221,280	217,433
Compensated Absences Payable	65,574	60,163
	<hr/>	
<b>Total Non-Current Liabilities</b>	<b>7,192,456</b>	<b>7,547,385</b>
	<hr/>	
<b>Total Liabilities</b>	<b>9,493,488</b>	<b>8,975,436</b>
	<hr/>	
<b>Deferred Inflows of Resources</b>		
Pension Related	28,200	30,957
	<hr/>	
<b>Net Position</b>		
Net Investment in Capital Assets	1,680,079	1,059,636
Restricted - Debt Service	2,160,570	2,147,921
Restricted - Construction	290,121	289,252
Unrestricted Net Position	509,402	1,357,710
	<hr/>	
<b>Total Net Position</b>	<b>4,640,172</b>	<b>4,854,519</b>
	<hr/>	
<b>Total Liabilities, Deferred Inflows of</b>		
<b>Resources, and Net Position</b>	<b>\$ 14,161,860</b>	<b>\$ 13,860,912</b>
	<hr/> <hr/>	

See independent auditors report.

**TOWN OF FRANKLINTON, LOUISIANA**  
**Proprietary Funds - Enterprise Fund**  
**Schedule of Revenues, Expenses, and Changes**  
**in Net Position**  
**For the Years Ended October 31, 2025 and 2024**

**Schedule 10**

	<b>Enterprise Fund</b>	
	<b>2025</b>	<b>2024</b>
<b>Operating Revenues</b>		
Gas Sales	\$ 837,756	\$ 803,817
Less: Cost of Gas Sold	(343,475)	(324,443)
Gross Profit on Gas Sales	494,281	479,374
Water Sales	625,902	624,329
Sewer Service Charges	857,220	831,659
Penalties	30,591	15,874
Intergovernmental	24,216	21,312
Other	35,898	44,986
<b>Total Operating Revenues</b>	<b>2,068,108</b>	<b>2,017,534</b>
<b>Operating Expenses</b>		
Bad Debts	26,230	11,638
Depreciation	437,775	431,301
Employee Benefits	277,991	177,515
Insurance	196,669	168,107
Meter Reading	5,037	37,335
Repairs and Maintenance	233,362	135,940
Salaries and Wages	712,086	682,869
Supplies	178,651	192,861
Utilities	175,300	161,102
Other	153,158	169,376
<b>Total Operating Expenses</b>	<b>2,396,259</b>	<b>2,168,044</b>
<b>Operating Loss</b>	<b>(328,151)</b>	<b>(150,510)</b>
<b>Non-operating Revenues (Expenses)</b>		
Interest Income	78,557	58,505
Interest Expense	(173,435)	(157,835)
<b>Total Non-operating Expenses</b>	<b>(94,878)</b>	<b>(99,330)</b>
<b>Loss before Capital Contributions and Transfers</b>	<b>(423,029)</b>	<b>(249,840)</b>
<b>Capital Contributions</b>	<b>261,682</b>	<b>-</b>
<b>Transfers</b>	<b>(53,000)</b>	<b>-</b>
<b>Change in Net Position</b>	<b>(214,347)</b>	<b>(249,840)</b>
<b>Net Position, Beginning of Year</b>	<b>4,854,519</b>	<b>5,104,359</b>
<b>Net Position, End of Year</b>	<b>\$ 4,640,172</b>	<b>\$ 4,854,519</b>

See independent auditors' report.

**TOWN OF FRANKLINTON, LOUISIANA**  
**Proprietary Funds - Enterprise Fund**  
**Schedule of Cash Flows**  
**For the Years Ended October 31, 2025 and 2024**

**Schedule 11**

	<b>Enterprise Fund</b>	
	<b>2025</b>	<b>2024</b>
<b>Cash Flows from Operating Activities</b>		
Received from Customers	\$ 2,376,419	\$ 2,362,741
Payments to Suppliers	(1,307,526)	(1,415,495)
Payments to Employees	(1,088,218)	(1,025,230)
<b>Net Cash Used in Operating Activities</b>	<b>(19,325)</b>	<b>(77,984)</b>
<b>Cash Flows from Non-Capital Financing Activities</b>		
Grant Income and Other Contributions	24,216	21,312
Transfers to Other Funds	67,000	-
Transfers from Other Funds	(120,000)	-
Interfund Borrowings from Other Funds	430,843	305,416
<b>Net Cash Provided by Non-Capital Financing Activities</b>	<b>402,059</b>	<b>326,728</b>
<b>Cash Flows from Capital and Related Financing Activities</b>		
Payments for Capital Acquisitions	(791,882)	(55,160)
Capital Contributions	261,682	-
Interest Paid on Capital Debt	(157,818)	(164,641)
Principal Paid on Capital Debt	(266,337)	(257,980)
<b>Net Cash Used in Capital and Related Financing Activities</b>	<b>(954,355)</b>	<b>(477,781)</b>
<b>Cash Flows from Investing Activities</b>		
Receipt of Interest	54,351	58,505
Proceeds from Purchases of Investments	(48,131)	(51,747)
<b>Net Cash Provided by Investing Activities</b>	<b>6,220</b>	<b>6,758</b>
<b>Net Decrease in Cash and Cash Equivalents</b>	<b>(565,401)</b>	<b>(222,279)</b>
<b>Cash and Cash Equivalents, Beginning of Year</b>	<b>3,145,890</b>	<b>3,368,169</b>
<b>Cash and Cash Equivalents, End of Year</b>	<b>\$ 2,580,489</b>	<b>\$ 3,145,890</b>

See independent auditors' report.

**TOWN OF FRANKLINTON, LOUISIANA**  
**Proprietary Funds - Enterprise Fund**  
**Schedule of Cash Flows (Continued)**  
**For the Years Ended October 31, 2025 and 2024**

**Schedule 11**

	<b>Enterprise Fund</b>	
	<b>2025</b>	<b>2024</b>
<b>Reconciliation of Operating Loss to</b>		
<b>Net Cash Used in Operating Activities</b>		
Operating Loss	\$ (328,151)	\$ (150,510)
Adjustments to Reconcile Operating Income to Net Cash Used in Operating Activities		
Depreciation	437,776	431,301
Bad Debt Expense	26,230	11,638
Intergovernmental - Non-employer Contributions	(24,216)	(21,312)
(Increase) Decrease in:		
Accounts Receivable	(2,707)	41,268
Inventory	(8,677)	21,433
Prepaid Insurance	(3,110)	(11,021)
Deferred Outflows of Resources	3,869	58,638
Increase (Decrease) in:		
Accounts Payable	(10,088)	(236,743)
Compensated Absences	6,673	11,416
Deferred Inflows of Resources	(2,757)	30,791
Accrued Expenses	(20,305)	5,839
Customer Deposits	(8,241)	808
Other Post Employment Benefits Obligation	3,847	(124,139)
Net Pension Liability	(89,468)	(147,391)
	<u>\$ (19,325)</u>	<u>\$ (77,984)</u>
<b>Net Cash Used in Operating Activities</b>		
<b>Reconciliation of Total Cash and Cash Equivalents</b>		
Cash and Cash Equivalents, Unrestricted	\$ 164,992	\$ 735,349
Cash and Cash Equivalents, Restricted	2,415,497	2,410,541
	<u>\$ 2,580,489</u>	<u>\$ 3,145,890</u>
<b>Total Cash and Cash Equivalents</b>		

See independent auditors' report.

**TOWN OF FRANKLINTON, LOUISIANA**  
**Proprietary Funds - Enterprise Fund**  
**Schedule of Net Position by Department**  
**For the Year Ended October 31, 2025**

**Schedule 12**

	<b>Business-Type Activities</b>			<b>Total</b>
	<b>Enterprise Funds</b>			
	<b>Gas</b>	<b>Water</b>	<b>Sewer</b>	
<b>Assets</b>				
<b>Current Assets</b>				
Cash and Cash Equivalents	\$ -	\$ 164,992	\$ -	\$ 164,992
Investments	987,708	143,765	201,306	1,332,779
Accounts Receivable, Net	76,455	70,665	96,745	243,865
Due from Other Funds	-	849,495	-	849,495
Inventory - Gas and Supplies	48,592	59,948	17,839	126,379
Prepaid Expenses	15,404	17,706	19,477	52,587
<b>Total Current Assets</b>	<b>1,128,159</b>	<b>1,306,571</b>	<b>335,367</b>	<b>2,770,097</b>
<b>Restricted Assets</b>				
Restricted Cash and Cash Equivalents	20,792	1,566,697	828,008	2,415,497
Restricted Investments	40,810	31,314	282,255	354,379
<b>Total Restricted Assets</b>	<b>61,602</b>	<b>1,598,011</b>	<b>1,110,263</b>	<b>2,769,876</b>
<b>Non-Current Assets</b>				
Land	-	3,300	-	3,300
Capital Assets, Net	57,235	1,998,190	5,817,470	7,872,895
Construction in Progress	-	707,672	-	707,672
<b>Total Non-Current Assets</b>	<b>57,235</b>	<b>2,709,162</b>	<b>5,817,470</b>	<b>8,583,867</b>
<b>Total Assets</b>	<b>1,246,996</b>	<b>5,613,744</b>	<b>7,263,100</b>	<b>14,123,840</b>
<b>Deferred Outflows of Resources</b>				
Pension Related	12,673	12,673	12,674	38,020

See independent auditors' report.

**TOWN OF FRANKLINTON, LOUISIANA**  
**Proprietary Funds - Enterprise Fund**  
**Schedule of Net Position by Department (Continued)**  
**For the Year Ended October 31, 2025**

**Schedule 12**

	<b>Business-Type Activities</b>			<b>Total</b>
	<b>Enterprise Funds</b>			
	<b>Gas</b>	<b>Water</b>	<b>Sewer</b>	
<b>Liabilities</b>				
<b>Current Liabilities Payable</b>				
<b>from Current Assets</b>				
Accounts Payable	14,622	71,794	22,543	108,959
Compensated Absences Payable	4,365	5,198	6,332	15,895
Accrued Expenses	752	1,140	2,267	4,159
Due to Other Funds	404,299	439,181	734,634	1,578,114
<b>Total Current Liabilities Payable</b> <b>from Current Assets</b>	<b>424,038</b>	<b>517,313</b>	<b>765,776</b>	<b>1,707,127</b>
<b>Current Liabilities Payable</b>				
<b>from Restricted Assets</b>				
Customer Deposits	54,696	132,983	85,139	272,818
Accrued Interest Payable	46,367	-	-	46,367
Revenue Bonds Payable	-	70,000	204,720	274,720
<b>Total Current Liabilities Payable</b> <b>from Restricted Assets</b>	<b>101,063</b>	<b>202,983</b>	<b>289,859</b>	<b>593,905</b>
<b>Non-Current Liabilities</b>				
Bonds Payable	-	1,368,000	5,261,068	6,629,068
Net Pension Liability	92,178	92,178	92,178	276,534
Other Post Employment Benefits Obligation	73,912	73,912	73,912	221,736
Compensated Absences Payable	7,382	322	57,870	65,574
<b>Total Non-Current Liabilities</b>	<b>173,472</b>	<b>1,534,412</b>	<b>5,485,028</b>	<b>7,192,912</b>
<b>Total Liabilities</b>	<b>698,573</b>	<b>2,254,708</b>	<b>6,540,663</b>	<b>9,493,944</b>
<b>Deferred Inflows of Resources</b>				
Pension Related	9,400	9,400	9,400	28,200
<b>Net Position</b>				
Net Investment in Capital Assets				1,680,079
Restricted - Debt Service and Construction				2,450,691
Unrestricted				509,402
<b>Total Net Position</b>				<b>\$ 4,640,172</b>

See independent auditors' report.

**TOWN OF FRANKLINTON, LOUISIANA**  
**Proprietary Funds - Enterprise Fund**  
**Schedule of Revenues, Expenses, and Changes in**  
**Fund Net Position by Department**  
**For the Year Ended October 31, 2025**

**Schedule 13**

	Business-Type Activities			Total
	Gas	Water	Sewer	
<b>Enterprise Funds</b>				
<b>Operating Revenues</b>				
Gas Sales	\$ 837,756	\$ -	\$ -	\$ 837,756
Less Cost of Gas Sold	(343,475)	-	-	(343,475)
Gross Profit on Gas Sales	494,281	-	-	494,281
Water Sales	-	625,902	-	625,902
Sewer Service Charges	-	-	857,220	857,220
Penalties	523	14,938	15,130	30,591
Intergovernmental	8,072	8,072	8,072	24,216
Other	2,241	24,959	8,698	35,898
<b>Total Operating Revenues</b>	<b>505,117</b>	<b>673,871</b>	<b>889,120</b>	<b>2,068,108</b>
<b>Operating Expenses</b>				
Bad Debts	(3,232)	4,104	25,358	26,230
Depreciation	18,472	116,156	303,148	437,776
Employee Benefits	62,407	92,999	122,585	277,991
Insurance	72,201	56,673	67,795	196,669
Meter Reading	1,679	1,679	1,679	5,037
Repairs and Maintenance	47,098	82,423	103,841	233,362
Salaries and Wages	197,396	201,511	313,179	712,086
Supplies	34,199	106,711	37,741	178,651
Utilities	-	62,886	112,414	175,300
Other	68,365	31,599	53,193	153,157
<b>Total Operating Expenses</b>	<b>498,585</b>	<b>756,741</b>	<b>1,140,933</b>	<b>2,396,259</b>
<b>Operating Income (Loss)</b>	<b>6,532</b>	<b>(82,870)</b>	<b>(251,813)</b>	<b>(328,151)</b>
<b>Non-Operating Revenues (Expenses)</b>				
Interest Income	43,961	23,880	10,716	78,557
Interest Expense	-	(112,393)	(61,042)	(173,435)
<b>Total Non-Operating Revenues (Expenses)</b>	<b>43,961</b>	<b>(88,513)</b>	<b>(50,326)</b>	<b>(94,878)</b>
<b>Income (Loss) before Capital</b>				
Contributions and Transfers	50,493	(171,383)	(302,139)	(423,029)
<b>Capital Contributions</b>	<b>-</b>	<b>261,682</b>	<b>-</b>	<b>261,682</b>
<b>Transfers, Net</b>	<b>27,000</b>	<b>(40,000)</b>	<b>(40,000)</b>	<b>(53,000)</b>
<b>Change in Net Position</b>	<b>\$ 77,493</b>	<b>\$ 50,299</b>	<b>\$ (342,139)</b>	<b>(214,347)</b>
<b>Net Position, Beginning of Year</b>				<b>4,854,519</b>
<b>Net Position, End of Year</b>				<b>\$ 4,640,172</b>

See independent auditors' report.

**TOWN OF FRANKLINTON, LOUISIANA**  
**Proprietary Funds - Enterprise Fund**  
**Schedule of Revenues, Expenses, and Changes in Fund**  
**Net Position - Budget (GAAP Basis) and Actual -**  
**Gas Utility System**  
**For the Year Ended October 31, 2025**

**Schedule 14**

	Budget	Actual Amounts	Final Budget Variance Favorable (Unfavorable)
<b>Operating Revenues</b>			
Gas Sales	\$ 840,000	\$ 837,756	\$ (2,244)
Less Cost of Gas Sold	(340,000)	(343,475)	(3,475)
Gross Profit on Gas Sales	500,000	494,281	(5,719)
Penalties	900	523	(377)
Intergovernmental	-	8,072	8,072
Other	1,110	2,241	1,131
<b>Total Operating Revenues</b>	<b>502,010</b>	<b>505,117</b>	<b>3,107</b>
<b>Operating Expenditures</b>			
Bad Debts	-	(3,232)	3,232
Depreciation	15,000	18,472	(3,472)
Employee Benefits	76,300	62,407	13,893
Insurance	68,400	72,201	(3,801)
Meter Reading	24,000	1,679	22,321
Repairs and Maintenance	40,000	47,098	(7,098)
Salaries and Wages	179,450	197,396	(17,946)
Supplies	53,300	34,199	19,101
Utilities	22,000	-	22,000
Other	70,300	68,365	1,935
<b>Total Operating Expenses</b>	<b>548,750</b>	<b>498,585</b>	<b>50,165</b>
<b>Operating (Loss) Income</b>	<b>(46,740)</b>	<b>6,532</b>	<b>53,272</b>
<b>Non-Operating Revenues (Expenses)</b>			
Interest Income	29,000	43,961	14,961
<b>Total Non-Operating Revenues</b>	<b>29,000</b>	<b>43,961</b>	<b>14,961</b>
<b>(Loss) Income before Capital Contributions and Transfers</b>	<b>(17,740)</b>	<b>50,493</b>	<b>68,233</b>
<b>Transfers, Net</b>	<b>(40,000)</b>	<b>27,000</b>	<b>67,000</b>
<b>Change in Net Position</b>	<b>\$ (57,740)</b>	<b>\$ 77,493</b>	<b>\$ 135,233</b>

See independent auditors' report.

**TOWN OF FRANKLINTON, LOUISIANA**  
**Proprietary Funds - Enterprise Fund**  
**Schedule of Revenues, Expenses, and Changes in Fund**  
**Net Position - Budget (GAAP Basis) and Actual -**  
**Water Utility System**  
**For the Year Ended October 31, 2025**

**Schedule 15**

	<b>Budget</b>	<b>Actual Amounts</b>	<b>Final Budget Variance Favorable (Unfavorable)</b>
<b>Operating Revenues</b>			
Water Sales	\$ 665,000	\$ 625,902	\$ (39,098)
Penalties	14,000	14,938	938
Intergovernmental	-	8,072	8,072
Other	21,100	24,959	3,859
<b>Total Operating Revenues</b>	<b>700,100</b>	<b>673,871</b>	<b>(26,229)</b>
<b>Operating Expenditures</b>			
Bad Debts	-	4,104	(4,104)
Depreciation	34,700	116,156	(81,456)
Employee Benefits	96,680	92,999	3,681
Insurance	47,200	56,673	(9,473)
Meter Reading	14,500	1,679	12,821
Repairs and Maintenance	355,000	82,423	272,577
Salaries and Wages	181,950	201,511	(19,561)
Supplies	94,000	106,711	(12,711)
Utilities	47,000	62,886	(15,886)
Other	65,380	31,599	33,781
<b>Total Operating Expenses</b>	<b>936,410</b>	<b>756,741</b>	<b>179,669</b>
<b>Operating Loss</b>	<b>(236,310)</b>	<b>(82,870)</b>	<b>153,440</b>
<b>Non-Operating Revenues (Expenses)</b>			
Interest Income	9,500	23,880	14,380
Interest Expense	(60,000)	(112,393)	(52,393)
<b>Total Non-Operating Expenses</b>	<b>(50,500)</b>	<b>(88,513)</b>	<b>(38,013)</b>
<b>Loss before Capital</b>			
<b>Contributions and Transfers</b>	<b>(286,810)</b>	<b>(171,383)</b>	<b>115,427</b>
<b>Capital Contributions</b>	<b>-</b>	<b>261,682</b>	<b>261,682</b>
<b>Transfers, Net</b>	<b>(40,000)</b>	<b>(40,000)</b>	<b>-</b>
<b>Change in Net Position</b>	<b>\$ (326,810)</b>	<b>\$ 50,299</b>	<b>\$ 377,109</b>

See independent auditors' report.

**TOWN OF FRANKLINTON, LOUISIANA**  
**Proprietary Funds - Enterprise Fund**  
**Schedule of Revenues, Expenses, and Changes in Fund**  
**Net Position - Budget (GAAP Basis) and Actual -**  
**Sewer Utility System**  
**For the Year Ended October 31, 2025**

**Schedule 16**

	<b>Budget</b>	<b>Actual Amounts</b>	<b>Final Budget Variance Favorable (Unfavorable)</b>
<b>Operating Revenues</b>			
Sewer Service Charges	\$ 890,000	\$ 857,220	\$ (32,780)
Penalties	10,000	15,130	5,130
Intergovernmental	-	8,072	8,072
Other	19,050	8,698	(10,352)
<b>Total Operating Revenues</b>	<b>919,050</b>	<b>889,120</b>	<b>(29,930)</b>
<b>Operating Expenditures</b>			
Bad Debts	-	25,358	(25,358)
Depreciation	415,000	303,148	111,852
Employee Benefits	138,080	122,585	15,495
Insurance	60,000	67,795	(7,795)
Meter Reading	-	1,679	(1,679)
Repairs and Maintenance	40,000	103,841	(63,841)
Salaries and Wages	257,930	313,179	(55,249)
Supplies	21,800	37,741	(15,941)
Utilities	92,500	112,414	(19,914)
Other	52,500	53,193	(693)
<b>Total Operating Expenses</b>	<b>1,077,810</b>	<b>1,140,933</b>	<b>(63,123)</b>
<b>Operating Loss</b>	<b>(158,760)</b>	<b>(251,813)</b>	<b>(93,053)</b>
<b>Non-Operating Revenues (Expenses)</b>			
Interest Income	3,500	10,716	7,216
Interest Expense	(62,200)	(61,042)	1,158
<b>Total Non-Operating Revenues (Expenses)</b>	<b>(58,700)</b>	<b>(50,326)</b>	<b>8,374</b>
<b>Loss before Capital</b>			
<b>Contributions and Transfers</b>	(217,460)	(302,139)	(84,679)
<b>Transfers, Net</b>	(40,000)	(40,000)	-
<b>Change in Net Position</b>	<b>\$ (257,460)</b>	<b>\$ (342,139)</b>	<b>\$ (84,679)</b>

See independent auditors' report.

**TOWN OF FRANKLINTON, LOUISIANA**  
**Schedule of Gas, Water, and Sewer Rates**  
**For the Year Ended October 31, 2025**

**Schedule 17**

<b>Gas</b>		
<b>Residential Rates</b>	<b>Commercial Rates</b>	<b>Industrial Rates</b>
\$11.50 - Base charge "plus" cost of gas to Town (CCF) plus charge of \$0.60 per CCF, times Consumer Price Index (CPI)	\$18.00 - Base charge "plus" cost of gas to Town (CCF) plus charge of \$0.60 per CCF, times Consumer Price Index (CPI)	Base Price of \$25, plus negotiated rate based on cost analysis
<b>Water</b>		
<b>Residential Rates</b>	<b>Commercial Rates</b>	
\$19.00 - Base charge "plus"	\$22.00 - Base charge "plus"	
\$2.50 - Per 1,000 Gallons of Water	\$2.60 - Per 1,000 Gallons of Water	
<b>Sewer</b>		
<b>Residential Rates</b>	<b>Commercial Rates</b>	<b>For all Sewer Service Outside of Town</b>
\$22.00 - Base charge "plus"	\$35.00 - Base charge for 1-1,000 Gallons of Water "plus"	\$38.00 - Flat Rate Charge
\$4.25 per 1,000 Gallons of Water	\$4.50 per 1,000 Gallons of Water for over 1,000 Gallons of Water	

See independent auditors' report.

**TOWN OF FRANKLINTON, LOUISIANA**  
**Schedule of Number of Customers**  
**For the Year Ended October 31, 2025**

**Schedule 18**

	<b>Total</b>
Gas	885
Water	1,561
Sewer	<u>1,551</u>
<b>Total</b>	<u><u>3,997</u></u>

See independent auditors' report.

**TOWN OF FRANKLINTON, LOUISIANA**  
**Schedule of Insurance**  
**For the Year Ended October 31, 2025**

**Schedule 19**

<b>Insurance Company</b>	<b>Coverage</b>	<b>Amount</b>	<b>Period</b>
Independent Specialty Insurance Company	Commercial Property	\$ 8,013,360	4/4/2025 to 4/4/2026
Liberty Mutual	Inland Marine (Scheduled)	696,398	4/4/2025 to 4/4/2026
National Fire Ins. Co. of Hartford	Fidelity Bond	200,000	4/4/2025 to 4/4/2026
Atlantic Specialty Insurance	Commercial Automobile-Large Fleet	1,000,000	4/4/2025 to 4/4/2026
Atlantic Specialty Insurance	Commercial Automobile-Small Fleet	1,000,000	4/4/2025 to 4/4/2026
Atlantic Specialty Insurance	Commercial General Liability	1 mil/2mil	4/4/2025 to 4/4/2026
Louisiana Workers Comp Corporation	Workers Compensation at Statutory Limitations:		11/15/2024 to 11/15/2026
	Employers Liability (each accident)	100,000	
	Employees Liability (each accident) Disease, Policy Limit	100,000	
Old Republic	Airport Liability	1,000,000	2/19/2025 to 2/19/2026
Atlantic Specialty Insurance	Law Enforcement Liability	1 mil/2mil	4/4/2025 to 4/4/2026
	Public Officials Errors & Omissions	1 mil/2mil	4/4/2025 to 4/4/2026

See independent auditors' report.

**TOWN OF FRANKLINTON, LOUISIANA**  
**Schedule of Compensation of Paid Elected Officials**  
**For the Year Ended October 31, 2025**

**Schedule 20**

<b>Name/Title</b>	<b>Term Expiration</b>	<b>Salary</b>	<b>Life Insurance</b>	<b>Travel</b>	<b>Total</b>
T. J. Butler, Alderman	12/31/2028	\$ 9,600	\$ 126	\$ 1,191	\$ 10,917
Patrice Crain, Alderman	12/31/2028	9,600	126	1,277	11,003
Seth Descant, Alderman	12/31/2028	9,600	126	-	9,726
Lee Dillon, Alderman	12/31/2028	8,000	105	-	8,105
Randy Reed, Alderman	12/31/2028	8,000	105	1,283	9,388
Darwin Sharp, Alderman	12/31/2024	1,600	21	-	1,621
Heath Spears, Alderman	12/31/2024	1,600	21	-	1,621
<b>Total</b>		<b>\$ 48,000</b>	<b>\$ 630</b>	<b>\$ 3,751</b>	<b>\$ 52,381</b>

See independent auditors' report.

**TOWN OF FRANKLINTON, LOUISIANA**  
**Schedule of Compensation , Benefits, and Other Payments**  
**to Agency Head**  
**For the Year Ended October 31, 2025**

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**Schedule 21**

**Agency Head**  
 Gregory Route, Sr. (11/1/2024 - 12/31/2024)

<b>Purpose</b>	<b>Amount</b>
Salary	\$ 4,917
Benefits - Insurance	21
Benefits - Retirement	836
Travel	605
<b>Total</b>	<b>\$ 6,379</b>

Darwin R. Sharp (1/1/2025 - current)

<b>Purpose</b>	<b>Amount</b>
Salary	\$ 24,562
Benefits - Insurance	126
Benefits - Retirement	4,130
Travel	5,201
<b>Total</b>	<b>\$ 34,019</b>

See independent auditors' report.

**TOWN OF FRANKLINTON, LOUISIANA**  
**Justice System Funding Schedule – Collecting/Disbursing**  
**Entity – General Fund**  
**For the Year Ended October 31, 2025**

**Schedule 22**

**Justice System Funding Schedule - Collecting/Disbursing Entity**  
**As Required by Act 87 of the 2020 Regular Legislative Session**

**Cash Basis Presentation**

	<b>First Six- Month Period Ended 4/30/2025</b>	<b>Second Six- Month Period Ended 10/31/2025</b>
<b>Beginning Balance of Amounts Collected</b>	\$ -	\$ -
<b>Add: Collections</b>		
Criminal Court Costs/Fees	588	754
Criminal Fines – Other/Non-Contempt	25,852	32,024
<b>Subtotal Collections</b>	<b>26,440</b>	<b>32,778</b>
<b>Less: Disbursements to Governments and Nonprofits:</b>		
Louisiana Department of Health	35	65
Supreme Court	96	126
LA Commission on Law Enforcement and Administration of Criminal Justice	457	563
Criminalistics Laboratory Southeast Louisiana Regional Commission	720	1,630
Department of Treasury	623	759
Florida Parishes Juvenile Justice District	955	1,360
<b>Less: Amounts Retained by Collecting Agency</b>		
Town of Franklinton - Criminal Fines - Other	23,554	28,275
<b>Subtotal Disbursements/Retainage</b>	<b>26,440</b>	<b>32,778</b>
<b>Ending Balance of Amounts Collected but not Disbursed/Retained</b>	<b>\$ -</b>	<b>\$ -</b>

See independent auditors' report.

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

Town of Franklinton  
Franklinton, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Franklinton (the Town) as of and for the year ended October 31, 2025, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements and have issued our report thereon dated April 28, 2026.

**Report on Internal Control over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items: 2025-001 through 2025-002 that we consider to be significant deficiencies.

### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Town's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2025-003 through 2025-0004.

### **Town of Franklinton's Response to Findings**

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

### **Purpose of this Report**

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

*Kushner LaGraize, L.L.C.*

Metairie, Louisiana  
April 28, 2026

**TOWN OF FRANKLINTON, LOUISIANA**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended October 31, 2025**

**SECTION 1 - SUMMARY OF AUDITORS' RESULTS**

**Financial Statements**

Type of Auditors' Report Issued: Unmodified

Internal Control Over Financial Reporting:

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

Noncompliance material to financial statements noted?  Yes  No

**SECTION II – FINANCIAL STATEMENT FINDINGS**

**Significant Deficiency:**

**2025-001**

**Criteria**

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

**Condition**

As in the prior year, during our audit procedures we noted the following areas in which the Town could improve. In addition, we consolidated other unresolved prior year policy and procedures items into this finding.

- The Town Charter was established in 1861. It was last updated in 1983. There is a potential that the Charter could be in non-compliance with current laws and regulations.
- The Town has individual policies and procedures addressing certain processes/areas. However, there is no policy or procedures manual unifying these functions. In addition, these should be reviewed annually and updated as the Town's operations are constantly evolving.
- The Code of Ordinances has many sections that are very old and outdated and should be reviewed and updated accordingly.
- Paid time off request, overtime request forms and time sheets were not consistently signed by the employee and approved by a supervisor, or a supervisor was approving their own form. The Mayor did begin to review all payroll. However, current procedures have not been updated to reflect this change. Addresses prior year finding 2024-004.

**TOWN OF FRANKLINTON, LOUISIANA**  
**Schedule of Findings and Questioned Costs (Continued)**  
**For the Year Ended October 31, 2025**

- Salaried individuals did not complete time sheets. As noted in their policy manual: “Exempt employees shall not be required to give specific account for the number of hours actually worked on their bi-weekly time sheets. However, a time sheet shall be submitted to cover each pay period, recording the use of any sick and/or vacation leave hours taken.” A lack of documentation supporting the amount of leave earned could potentially allow an employee to get paid for work not performed and may be a prohibited donation of public funds. Addresses prior year finding 2024-004.
- The Town does not have formal written policies or procedures over the utility billing process including cut-offs. Addresses prior year finding 2024-005.

**Cause**

Management has not reviewed and updated their governing documents.

**Effect**

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

**Recommendation**

We recommend that management perform the following:

- Review and update their policies and procedures and consolidate those into a single manual.
- Review and update the Town Charter and Code of Ordinances. This can be done by assigning the task to a committee for recommendations.
- In addition, management should receive continued training in accounting processes, financial reporting and applicable state laws and regulations to ensure all accounting policies and procedures are understood and implemented appropriately. The proper implementation and monitoring of internal controls should reduce the potential for abuse, the misappropriation of assets, non-compliance with laws and regulations, and inaccurate financial reporting.

**Management’s Response**

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

**2025-002**

**Criteria**

Management is responsible for designing, implementing, and maintaining policies and procedures to provide effective internal controls over payroll to prevent and detect misstatements, whether caused by error or fraud and to ensure timely remittances of all retirement contributions.

**TOWN OF FRANKLINTON, LOUISIANA**  
**Schedule of Findings and Questioned Costs (Continued)**  
**For the Year Ended October 31, 2025**

**Condition**

As in prior year, we noted during our audit procedures the following late remittances of employee retirement contributions:

- The January, February, March, April & May 2025 employee retirement contributions for the Municipal Employee Retirement System were remitted on April 7, 2025, April 11, 2025, June 6, 2025 and June 10, 2025, respectively. This caused an accrued interest penalty of \$454.44.

**Cause**

This was the result of management not having the funds available to pay on time.

**Effect**

The Town may have violated federal and state rules and regulations regarding retirement contributions which could result in penalties and interest.

**Recommendation**

We recommend that management try to anticipate these types of expenditures to ensure funding. If necessary, Management could utilize the unrestricted portion of the LAMP investments until funding is available to replenish the LAMP investments.

**Management's Response**

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

**Compliance:**

**2025-003**

**Criteria**

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

**Condition**

During our audit procedures, we noted the following:

- One employee selected for testing did not complete the required training.
- The sexual harassment policy and complaint procedure was not posted on their website.

**TOWN OF FRANKLINTON, LOUISIANA**  
**Schedule of Findings and Questioned Costs (Continued)**  
**For the Year Ended October 31, 2025**

**Cause**

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

**Effect**

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

**Recommendation**

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

**Management's Response**

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

**2025-004**

**Criteria**

Management is responsible for compliance with applicable laws and regulations. LSA R.S. 42:1170 requires that each public servant "shall receive a minimum of one hour of education and training on the Code of Governmental Ethics during each year of his public employment or term of office, as the case may be."

**Condition**

During our audit procedures, the Town was unable to provide the required certification for one employee selected for testing, documenting they received the minimum one hour of training on the Code of Governmental Ethics, as required by LSA R.S. 42:1170.

**Cause**

This occurred as a result of management not ensuring the training was completed and proper documentation maintained.

**Effect**

The Town may not have been in compliance with LSA R.S. 42:1170.

**Recommendation**

We recommend the Town institute procedures to ensure all employees receive the training required by LSA R.S. 42:1170, and the proper documentation is maintained by management.

**Management's Response**

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

**TOWN OF FRANKLINTON, LOUISIANA**  
**Schedule of Prior Year Findings**  
**For the Year Ended October 31, 2025**

**SECTION I – FINANCIAL STATEMENT FINDINGS**

- 2024-001 – Policies and Procedures – Partially resolved – see 2025-001
- 2024-002 – Noncompliance with the Town’s policies & procedures related to credit cards, nonpayroll disbursements, and employee and travel reimbursements – Resolved
- 2024-003 – Late remittance of federal and state taxes – Resolved; Late remittance of employee retirement contributions – Unresolved – see 2025-002
- 2024-004 – Instances of inconsistent application of policies and procedures:
  - Payroll related form not consistently reviewed and approved – Partially resolved, see 2025-001 for consolidation for unresolved portion
  - Invoices paid late and subject to late fees – Resolved
- 2024-005 – Utility Billing Procedures – Partially resolved – see 2025-001 for consolidation of unresolved portion
- 2024-006 – Noncompliance with LRS 42:344, “Prevention of Sexual Harassment” – Unresolved – see 2025-003
- 2024-007 – Noncompliance with LRS 38:2212.1, “Public Bid Law” – Resolved
- 2024-008 – Noncompliance with the LRS 39:1305, “Louisiana Local Government Budget Act” – Resolved
- 2024-009 – Noncompliance with L.R.S.42:1170, “Ethics Law” – Unresolved – see 2025-004
- 2024-010 – Noncompliance with LRS 24:513, “Louisiana Audit Law” – Resolved

**TOWN OF FRANKLINTON**  
301 Eleventh Avenue  
Franklinton, Louisiana 70438  
985-839-3569  
Fax: 985-839-3552

**Darwin Sharp, Mayor**

**Aldermen:**  
T.J. Butler, Jr.  
Patrice Crain  
Seth Descant  
Lee Dillon  
Randy Reed

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

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

**2025-001**

**Condition**

As in the prior year, during our audit procedures we noted the following areas in which the Town could improve. In addition, we consolidated other unresolved prior year policy and procedures items into this finding.

- The Town Charter was established in 1861. It was last updated in 1983. There is a potential that the Charter could be in non-compliance with current laws and regulations.
- The Town has individual policies and procedures addressing certain processes/areas. However, there is no policy or procedures manual unifying these functions. In addition, these should be reviewed annually and updated as the Town's operations are constantly evolving.
- The Code of Ordinances has many sections that are very old and outdated and should be reviewed and updated accordingly.
- Paid time off request, overtime request forms and time sheets were not consistently signed by the employee and approved by a supervisor, or a supervisor was approving their own form. The Mayor did begin to review all payroll. However, current procedures have not been updated to reflect this change. Addresses prior year finding 2024-004.
- Salaried individuals did not complete time sheets. As noted in their policy manual: "Exempt employees shall not be required to give specific account for the number of hours actually worked on their bi-weekly time sheets. However, a time sheet shall be submitted to cover each pay period, recording the use of any sick and/or vacation leave hours taken." A lack of documentation supporting the amount of leave earned could potentially allow an employee to get paid for work not performed and may be a prohibited donation of public funds. Addresses prior year finding 2024-004.
- The Town does not have formal written policies or procedures over the utility billing process including cut-offs. Addresses prior year finding 2024-005.

## **Recommendation**

We recommend that management perform the following:

- Review and update their policies and procedures and consolidate those into a single manual.
- Review and update the Town Charter and Code of Ordinances. This can be done by assigning the task to a committee for recommendations.
- In addition, management should receive continued training in accounting processes, financial reporting and applicable state laws and regulations to ensure all accounting policies and procedures are understood and implemented appropriately. The proper implementation and monitoring of internal controls should reduce the potential for abuse, the misappropriation of assets, non-compliance with laws and regulations, and inaccurate financial reporting.

## **Management's Response**

Management concurs with the recommendation. Our Charter and Code of Ordinances are being reviewed and updated accordingly. The Town will continue to use the LLA training available to our employees. Procedures will be put in place to review all leave requests by both the supervisors and the Mayor. Formal policies and procedures will be put in place for the utility billing process.

## **2025-002**

### **Condition**

As in prior year, we noted during our audit procedures the following late remittances of employee retirement contributions:

- The January, February, March, April & May 2025 employee retirement contributions for the Municipal Employee Retirement System were remitted on April 7, 2025, April 11, 2025, June 6, 2025 and June 10, 2025, respectively. This caused an accrued interest penalty of \$454.44.

### **Recommendation**

We recommend that management try to anticipate these types of expenditures to ensure funding. If necessary, Management could utilize the unrestricted portion of the LAMP investments until funding is available to replenish the LAMP investments.

### **Management's Response**

Management concurs with the recommendation. Management will monitor and anticipate these expenditures and utilize unrestricted funds to ensure all payments are made timely.

**Compliance:**

**2025-003**

**Condition**

During our audit procedures, we noted the following:

- One employee selected for testing did not complete the required training.
- The sexual harassment policy and complaint procedure was not posted on their website.

**Recommendation**

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

**Management's Response**

Management concurs with the recommendation. Management will establish a plan to ensure all training is completed. The employee that had not completed the training completed the training on 4/24/2026. Management is working with our IT personnel to add the policies and procedures to the website.

**2025-004**

**Condition**

During our audit procedures, the Town was unable to provide the required certification for one employee selected for testing, documenting they received the minimum one hour of training on the Code of Governmental Ethics, as required by LSA R.S. 42:1170.

**Recommendation**

We recommend the Town institute procedures to ensure all employees receive the training required by LSA R.S. 42:1170, and the proper documentation is maintained by management.

**Management's Response**

Management concurs with the recommendation. Management will establish a plan to ensure all training is completed. The employee that had not completed the training completed the training on 4/24/2026.

Sincerely,



Darwin Sharp, Mayor

April 28, 2026

INDEPENDENT ACCOUNTANT'S REPORT  
ON APPLYING AGREED-UPON PROCEDURES

To the Town Aldermen and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period November 1, 2024 through October 31, 2025. The Town of Franklinton's management is responsible for those C/C areas identified in the SAUPs.

The Town of Franklinton (the Town) has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period November 1, 2024 through October 31, 2025. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

***Written Policies and Procedures***

---

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

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

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

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

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

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

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

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

*We obtained the entity's policies on receipts/collections and noted no formal procedures related to utility billing.*

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

### **Board or Finance Committee**

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

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

- b) For those entities reporting on the governmental accounting model, review the minutes from all regularly scheduled board/finance committee meetings held during the fiscal year and observe whether the minutes from at least one meeting each month referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual comparisons, at a minimum, on all proprietary funds, and semi-annual budget-to-actual comparisons, at a minimum, on all special revenue funds.

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

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

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

- d) Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.

*Noted the minutes referenced or included written updates of the progress of resolving audit findings according to management's corrective action plan at each meeting until the findings are considered fully resolved, without exception.*

### **Bank Reconciliations**

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

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

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

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

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

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

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

### **Collections (excluding electronic funds transfers)**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- a) Observe that receipts are sequentially pre-numbered.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- e) Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.

*No exceptions noted.*

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

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

*Per our testing, we noted all 5 disbursements were supported by an original itemized receipt, without exception.*

- b) Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #5B above, as applicable.

*No exceptions noted*

11. Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3A, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g., sign checks) per the entity's policy, and (b) approved by the required number of authorized signers per the entity's policy.

*No exceptions noted*

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

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

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

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

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

*No exceptions noted.*

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

*No exceptions noted.*

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

*No exceptions noted.*

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

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

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

*No exceptions noted.*

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

*No exceptions noted.*

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

*No exceptions noted.*

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

*No exceptions noted.*

### **Contracts**

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

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

*No exceptions noted.*

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

*Per review of board minutes, noted contracts entered into or renewed during the period were approved by the governing body/board, without exception.*

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

*N/A – per management, no contracts were amended during the period.*

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

*No exceptions noted.*

### ***Payroll and Personnel***

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

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

18. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under #9A above, obtain attendance records and leave documentation for the pay period, and:

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

*No exceptions noted.*

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

*Noted that all attendance and leave records were not consistently approved by their direct supervisor. However, the Mayor reviewed and approved all payroll and leave records. We do not consider this an exception.*

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

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

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

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

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

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

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

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

## **Ethics**

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

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

*Examined 5 employees, noting 1 out of 5 did not complete the required ethics training. We consider this to be an exception.*

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

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

22. Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170.

*Per management, Ellen Waskom was appointed the Town's ethics designee for the period under audit.*

## **Debt Service**

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

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

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

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

## **Fraud Notice**

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

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

26. Observe the entity has posted, on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

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

## **Information Technology Disaster Recovery/Business Continuity**

---

27. Perform the following procedures, verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."

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

*We performed the procedure and discussed the results with management.*

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

*We performed the procedure and discussed the results with management.*

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

*We performed the procedure and discussed the results with management.*

28. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in procedure #9C. Observe evidence that the selected terminated employees have been removed or disabled from the network.

*We performed the procedure and discussed the results with management.*

29. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain cybersecurity training documentation from management, and observe that the documentation demonstrates that the following employees/officials with access to the agency's information technology assets have completed cybersecurity training as required by R.S.

42:1267. The requirements are as follows:

- Hired before June 9, 2020 – completed the training; and
- Hired on or after June 9, 2020 – completed the training within 30 days of initial service or employment.

*We performed the procedure and discussed the results with management.*

### ***Sexual Harassment***

---

30. Using the 5 randomly selected employees/officials from procedure #9A under "Payroll and Personnel" above, obtain sexual harassment training documentation from management, and observe the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year as required by R.S. 42:343.

*Examined 5 employees, noting 1 out of 5 did not complete the required sexual harassment training. We consider this to be an exception.*

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

*No exceptions noted.*

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

- a) Number and percentage of public servants in the agency who have completed the training requirements;
- b) Number of sexual harassment complaints received by the agency;
- c) Number of complaints which resulted in a finding that sexual harassment occurred;

- d) Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
- e) Amount of time it took to resolve each complaint.

*No exceptions noted*

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

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

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

*Kushner LaGrange, L.L.C.*

Metairie, Louisiana

April 28, 2026

**TOWN OF FRANKLINTON**  
301 Eleventh Avenue  
Franklinton, Louisiana 70438  
985-839-3569  
Fax: 985-839-3552

**Darwin Sharp, Mayor**

**Aldermen:**  
T.J. Butler, Jr.  
Patrice Crain  
Seth Descant  
Lee Dillon  
Randy Reed

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

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

***Written Policies and Procedures***

---

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

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

*We obtained the entity's policies on receipts/collections and noted no formal procedures related to utility billing.*

**Management's Corrective Action Plan**

Formal policies and procedures will be put in place for the utility billing process.

***Ethics***

---

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

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

*Examined 5 employees, noting 1 out of 5 did not complete the required ethics training. We consider this to be an exception.*

### **Management's Response**

Management concurs with the recommendation. Management will establish a plan to ensure all training is completed. The employee that had not completed the training completed the training on 4/24/2026.

### ***Sexual Harassment***

---

30. Using the 5 randomly selected employees/officials from procedure #9A under "Payroll and Personnel" above, obtain sexual harassment training documentation from management, and observe the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year as required by R.S. 42:343.

*Examined 5 employees, noting 1 out of 5 did not complete the required sexual harassment training. We consider this to be an exception.*

### **Management's Response**

Management concurs with the recommendation. Management will establish a plan to ensure all training is completed. The employee that had not completed the training completed the training on 4/24/2026.

Sincerely,



Darwin Sharp

Mayor

April 28, 2026