

Town of Franklinton

Annual Financial Statements

As of and for the Year Ended October 31, 2018
With Supplemental Information Schedules

Minda B. Raybourn

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Limited Liability Company

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Town of Franklinton
Annual Financial Statements
As of and for the Year Ended October 31, 2018
With Supplemental Information Schedules

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MEMBER
A.I.C.P.A.

MEMBER
L.C.P.A.

INDEPENDENT AUDITOR'S REPORT

To the Honorable Richard Dillon
And Board of Aldermen
Town of Franklinton, Louisiana

I have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Town of Franklinton, Louisiana, as of and for the year ended October 31, 2018, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

My responsibility is to express opinions on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Franklinton, Louisiana, as of October 31, 2018, and the respective changes in financial position and, where applicable, cash flows thereof or the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (pages 9-19), the budgetary comparison information (pages 81-86), the Schedule of changes in Net OPEB Liability and Related Ratios (page 87), the Schedule of the Town's Proportionate Share of Net Pension Liability (pages 88-90) and Schedule of the Town's Contributions (pages 91-93) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Franklinton's basic financial statements. The introductory section, combining and individual fund financial statements, statistical sections, schedule of insurance, schedule of compensation paid to board members, and schedule of compensation, benefits, and other payments to the agency head are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The introductory section, combining and individual fund financial statements, statistical sections, schedule of insurance, schedule of compensation paid to board members, schedule of compensation, benefits, and other payments to the agency head, and schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, I have also issued my report dated April 27, 2019 on my consideration of the Town of Franklinton's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town of Franklinton's internal control over financial reporting and compliance.

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

Minda Raybourn CPA
Franklinton, Louisiana
April 27, 2019

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

Town of Franklinton
Management's Discussion and Analysis
As of and for the Year Ended October 31, 2018

Introduction

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

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

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

Financial Highlights

- At October 31, 2018, the Town's assets exceeded its liabilities by \$8,628,099 (net position). The Town reported a balance of \$54,108 in total unrestricted net position.
- The most significant on-going continuing revenue sources for governmental activities of the Town consisted of \$2,369,412 in sales tax revenues, \$478,757 in property taxes, \$222,170 in public utility franchise taxes, and \$325,774 for business licenses and permits. Charges for business-type activities of the utility fund were \$856,584 in gas charges, \$697,571 in water charges and \$909,814 in sewer charges.
- The Town's significant expenditures in the current year for governmental activities included \$631,052 for general governmental activities, \$2,488,029 for police and fire protection, and \$691,029 for public works, including streets and drainage maintenance. Expenses for business-type activities of the gas, water, and sewer departments totaled \$2,283,666.
- For the year ended October 31, 2018, the Town's bonds payable in long term debt increased by \$4,292,906 for interim financing related to sewer construction and the issuance of Sewer Revenue Bonds, Series 2018 and decreased by principal payments of \$3,885,025, resulting in ending bonds payable of \$6,428,027.

**Town of Franklinton
Management's Discussion and Analysis
As of and for the Year Ended October 31, 2018**

Overview of the Annual Financial Report

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

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

Government-Wide Financial Statements

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

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

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

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

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

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

**Town of Franklinton
Management's Discussion and Analysis
As of and for the Year Ended October 31, 2018**

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

Fund Financial Statements

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

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

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

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

Notes to the Financial Statements

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

**Town of Franklinton
Management's Discussion and Analysis
As of and for the Year Ended October 31, 2018**

Government-Wide Financial Analysis

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

		Net Position					
		2018 and 2017					
		Governmental Activities		Business-Type Activities		Total	
		2018	2017	2018	2017	2018	2017
		(Restated)		(Restated)		(Restated)	
Assets:							
Current and Other Assets	\$	2,962,580	\$ 2,706,258	\$ 4,411,731	\$ 4,313,957	\$ 7,374,311	\$ 7,020,215
Capital Assets		5,808,948	6,290,000	7,531,029	6,767,876	13,339,977	13,057,876
Total Assets		<u>8,771,528</u>	<u>8,996,258</u>	<u>11,942,760</u>	<u>11,081,833</u>	<u>20,714,288</u>	<u>20,078,091</u>
Deferred Outflows of Resources		506,202	606,945	177,244	228,459	683,446	835,404
Total Assets and Deferred Outflows of Resources		<u>9,277,730</u>	<u>9,603,203</u>	<u>12,120,004</u>	<u>11,310,292</u>	<u>21,397,734</u>	<u>20,913,495</u>
Liabilities:							
Long-Term Debt Outstanding		3,764,854	4,374,033	7,367,240	3,624,181	11,132,094	7,998,214
Other Liabilities		395,939	350,024	691,928	4,819,654	1,087,867	5,169,678
Total Liabilities		<u>4,160,793</u>	<u>4,724,057</u>	<u>8,059,168</u>	<u>8,443,835</u>	<u>12,219,961</u>	<u>13,167,892</u>
Deferred Inflows of Resources		510,053	394,694	39,621	24,705	549,674	419,399
Total Liabilities and Deferred Inflows of Resources		<u>4,670,846</u>	<u>5,118,751</u>	<u>8,098,789</u>	<u>8,468,540</u>	<u>12,769,635</u>	<u>13,587,291</u>
Net Position:							
Investment in Capital Assets		5,138,948	5,410,000	1,375,028	(2,645,329)	6,513,976	2,764,671
Restricted		1,786,480	1,441,065	273,535	264,854	2,060,015	1,705,919
Unrestricted		(2,318,544)	(2,366,613)	2,372,652	5,222,227	54,108	2,855,614
Total Net Position	\$	<u>4,606,884</u>	<u>4,484,452</u>	<u>4,021,215</u>	<u>2,841,752</u>	<u>8,628,099</u>	<u>7,326,204</u>

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

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

At the end of the current fiscal year, the Town was able to report positive balances in all three categories of net position, for business-type activities. The unrestricted net position for governmental activities had a deficient of \$2,318,544 due to the implementation of GASB 68 and 71. The Town's activities increased its total net position

**Town of Franklinton
Management's Discussion and Analysis
As of and for the Year Ended October 31, 2018**

by \$1,301,895, with governmental activities increasing net position by \$122,432 and business-type activities increasing net position by \$1,179,463.

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

**Changes in Net Position
For the years ended October 31, 2018 and 2017**

	Governmental Activities		Business-Type Activities		Total	
	2018	2017 (Restated)	2018	2017 (Restated)	2018	2017 (Restated)
Revenues:						
Program Revenues:						
Charges for Services	\$ 674,694	\$ 698,532	\$ 2,463,969	\$ 2,187,726	\$ 3,138,663	\$ 2,886,258
Operating Grants and Contributions	109,965	117,596	19,209	20,770	129,174	138,366
Capital Grants and Contributions	4,878	2,285	933,915	18,718	938,793	21,003
General Revenues:						
Taxes	3,070,339	3,060,102	-	-	3,070,339	3,060,102
Intergovernmental	265,438	268,662	-	-	265,438	268,662
FEMA	-	10,458	-	-	-	10,458
Unrealized Gain (Loss)	-	-	300	300	300	300
Interest Income	6,044	4,593	15,061	6,976	21,105	11,569
Miscellaneous	160,642	163,822	105,675	82,789	266,317	246,611
Gain on Sale of Assets	-	10,200	-	-	-	10,200
Total Revenues	4,292,000	4,336,250	3,538,129	2,317,279	7,830,129	6,653,529
Expenses:						
General Government	631,052	657,569	-	-	631,052	657,569
Public Safety	2,488,029	2,710,790	-	-	2,488,029	2,710,790
Public Works	691,029	708,894	-	-	691,029	708,894
Sanitation	264,342	247,395	-	-	264,342	247,395
Health and Welfare	28,122	37,920	-	-	28,122	37,920
Transportation	7,386	7,338	-	-	7,386	7,338
Recreation	22,118	13,117	-	-	22,118	13,117
Economic Development	35,226	23,333	-	-	35,226	23,333
Bond Interest Expense	22,264	27,324	-	-	22,264	27,324
Water, Gas, and Sewer Utility	-	-	2,283,666	2,442,662	2,283,666	2,442,662
Total Expenses	4,189,568	4,433,680	2,283,666	2,442,662	6,473,234	6,876,342
Change in Net Position Before Transfers	102,432	(97,430)	1,254,463	(125,383)	1,356,895	(222,813)
Transfers (Out) In	75,000	75,000	(75,000)	(75,000)	-	-
Transfers to Other Governments	(55,000)	(54,500)	-	-	(55,000)	(54,500)
Change in Net Position	122,432	(76,930)	1,179,463	(200,383)	1,301,895	(277,313)
Net Position, Beginning	4,627,012	4,694,293	2,927,334	3,122,923	7,554,346	7,817,216
Prior Period Adjustments	(142,560)	(132,911)	(85,582)	(80,788)	(228,142)	(213,699)
Net Position, Beginning	4,484,452	4,561,382	2,841,752	3,042,135	7,326,204	7,603,517
Net Position, Ending	\$ 4,606,884	\$ 4,484,452	\$ 4,021,215	\$ 2,841,752	\$ 8,628,099	\$ 7,326,204

**Town of Franklinton
Management's Discussion and Analysis
As of and for the Year Ended October 31, 2018**

Governmental Activities

The Town's governmental net position increased by \$122,432 as compared to a prior fiscal year net position decrease of \$76,930 (before prior period adjustments). The most significant factor in this change in net position is a decrease of expenditures of six percent or \$244,112.

Charges for Services decreased by three percent or \$23,838. FEMA revenues decreased by one hundred percent or \$10,458. Intergovernmental revenues decreased by one percent or \$3,224. Property tax revenues increased by less than one percent to \$478,757. Sales taxes decreased slightly by less than one percent to \$2,369,412. Miscellaneous revenues decreased by two percent or by \$3,180.

General government expenses decreased four percent or \$26,517 to \$631,052 after increases in expenditures for salaries of \$14,917 and decreases in professional fees of \$29,140 and insurance expense of \$6,961. Public Safety expenses decreased eight percent or \$222,761 to \$2,488,029. This was driven by a decrease in other post-employment benefits of \$91,482, police retirement of \$35,056, salaries of \$18,033, supplies of \$16,898, repairs and maintenance of \$3,753, and health insurance of \$2,620. Also, the fire department also had decreases in repairs and maintenance of \$17,106, salaries of \$8,926, health insurance of \$6,270, and insurance expense of \$5,874.

Public works expenses decreased three percent or \$17,865 to \$691,029 after decreases in insurance expense of \$14,295 and repairs and maintenance of \$4,393. Sanitation expenses increased seven percent or \$16,947 to \$264,342 after an \$11,010 increase in equipment repairs. Recreation expenses increased sixty-nine percent or \$9,001 to \$22,118. This was driven by an increase of \$8,775 in miscellaneous recreation expenses. Economic Development expenses increased \$11,893 or 51% due mainly to an increase of \$13,824 in miscellaneous economic development expenses. Transfers to Other Governments included transfers to the Franklinton Economic Development District of \$55,000 for disbursements related to the landfill.

Business-Type Activities

The Town's business-type net position increased by \$1,179,463 or forty-two percent of prior year ending net position (before prior period adjustments), to \$4,021,215. Charges for services increased by thirteen percent or \$276,243 after a two percent increase in the prior year. Total expenses for the utility fund decreased \$158,996 or seven percent after an increase of \$40,927 or two percent in the prior year (before prior period adjustments). Gas sales increased twelve percent or \$95,007. Water sales increased seven percent or \$45,041 and sewer charges increased by eighteen percent or \$136,195. Bond issuance costs decreased \$18,924 related to the permanent financing for the sewer construction project. Employee benefits decreased \$115,809, salaries decreased \$60,255, depreciation decreased \$59,118, and insurance expense decreased \$22,394. The net effect for the utility fund was a change in net position (before prior period adjustment) of \$45,373 for the Gas Utility System, a change of \$92,829 for the Water Utility System, and a change of \$1,041,261 for the Sewer Utility System.

**Town of Franklinton
Management's Discussion and Analysis
As of and for the Year Ended October 31, 2018**

Fund Financial Analysis

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

Governmental Funds

The focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the Town's net resources available for spending at the end of the year. At the end of the current year, the Town's governmental funds reported combined ending fund balances of \$2,781,641. Fund balance was as follows: non-spendable \$75,930, restricted \$1,786,480, assigned \$490,057, and unassigned \$429,174.

This represents an increase of \$216,826, for all governmental funds after prior period adjustment, from the prior year's ending fund balance. The General Fund is the chief operating fund of the Town. At the end of the current year, the total fund balance for the General Fund was \$1,065,264. All funds had a positive ending fund balance.

Proprietary Funds

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

Governmental Fund Budgetary Highlights

There were no funds, other than noted below, that had actual revenues and other sources under budgeted revenues and other sources or actual expenditures and other uses over budgeted amounts resulting in unfavorable variances greater than five percent in accordance with the Local Government Budget Act for the fiscal year ended October 31, 2018. The Streets and Drainage Ad Valorem Fund had actual expenditures and other uses greater than five percent of the budgeted amounts. This was due to an omission of operating transfers out in the amended budget. The Economic Development and Recreation Sales Tax Fund had actual expenditures greater than five percent of the budgeted amounts. This was due to a variance of only \$2,017 between actual and budgeted expenditures.

**Town of Franklinton
Management's Discussion and Analysis
As of and for the Year Ended October 31, 2018**

Capital Assets and Debt Administration

Capital Assets

The Town's capital assets for its governmental and business-type activities as of October 31, 2018 amounts to \$13,339,977 (net of depreciation). The total increase in the Town's capital assets for the current fiscal year was \$282,101 (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)
2018 and 2017**

Capital Assets	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Land	\$ 481,801	\$ 481,801	\$ 3,300	\$ 3,300	\$ 485,101	\$ 485,101
Buildings and Improvements	5,003,023	4,985,917	-	-	5,003,023	4,985,917
Office Furniture and Equipment	278,194	268,063	-	-	278,194	268,063
Machinery and Equipment	2,131,101	2,100,835	-	-	2,131,101	2,100,835
Vehicles	1,790,451	1,768,751	-	-	1,790,451	1,768,751
Infrastructure	4,332,466	4,332,466	-	-	4,332,466	4,332,466
Construction in Progress	20,088	15,788	5,026,040	3,952,531	5,046,128	3,968,319
Water Utility System	-	-	1,208,137	1,208,137	1,208,137	1,208,137
Gas Utility System	-	-	2,908,028	2,906,009	2,908,028	2,906,009
Sewer Utility System	-	-	8,894,120	8,872,050	8,894,120	8,872,050
Subtotal Capital Assets	14,037,124	13,953,621	18,039,625	16,942,027	32,076,749	30,895,648
Less: Accumulated Depreciation	(8,228,176)	(7,663,621)	(10,508,596)	(10,174,151)	(18,736,772)	(17,837,772)
Capital Assets, Net	\$ 5,808,948	\$ 6,290,000	\$ 7,531,029	\$ 6,767,876	\$ 13,339,977	\$ 13,057,876

Significant capital additions for the fiscal year ending October 31, 2018, consisted of the following:

- For governmental funds, \$17,778 for portable radios for the fire department, \$21,700 for two new vehicles for the street department, \$17,106 for police department building improvements, \$4,800 for fire equipment, \$4,096 for police computers, \$3,900 for a copier for Town Hall, \$7,037 for police equipment, and various other miscellaneous items totaling \$2,785.
- For business-type funds, the major increases were for sewer pumps in the amount of \$21,463. Also purchased were sewer equipment for \$607 and water hydrants for \$2,019.

**Town of Franklinton
Management's Discussion and Analysis
As of and for the Year Ended October 31, 2018**

Long-Term Debt

At October 31, 2018, the Town had total debt outstanding of \$7,098,027. Of this total, \$328,397 (including current bond and leases payable) is due within one year and \$6,769,630 is due within greater than one year. The following table provides a summary of the Town's outstanding debt at the end of the current year as compared to the prior year.

**Outstanding Debt
2018 and 2017**

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Revenue Bonds	\$ 670,000	\$ 880,000	\$ 6,428,027	\$ 2,559,805	\$ 7,098,027	\$ 3,439,805
Interim Financing	-	-	-	3,460,341	-	3,460,341
Total Outstanding Debt	<u>\$ 670,000</u>	<u>\$ 880,000</u>	<u>\$ 6,428,027</u>	<u>\$ 6,020,146</u>	<u>\$ 7,098,027</u>	<u>\$ 6,900,146</u>

Other Factors Affecting the Town

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

Contacting the Town's Financial Management

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

Basic Financial Statements

Government-Wide Financial Statements

Town of Franklinton
Statement of Net Position
As of October 31, 2018

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
Assets			
Current Assets:			
Cash and Cash Equivalents	\$ 646,754	\$ 696,961	\$ 1,343,715
Investments	155,551	2,408,099	2,563,650
Receivables, Net:			
Intergovernmental	216,328	134,268	350,596
Accounts and Other	357	317,638	317,995
Franchise Taxes	60,910	-	60,910
Due From Other Funds	26,384	-	26,384
Inventory	2,686	98,131	100,817
Prepaid Expenses	81,486	24,355	105,841
Total Current Assets	1,190,456	3,679,452	4,869,908
Restricted Assets:			
Restricted Cash and Cash Equivalents	1,680,670	672,544	2,353,214
Restricted Investments	91,454	59,735	151,189
Total Restricted Assets	1,772,124	732,279	2,504,403
Capital Lease Receivable, Net	-	-	-
Capital Assets:			
Land	481,801	3,300	485,101
Construction in Progress	20,088	5,026,040	5,046,128
Capital Assets, Net	5,307,059	2,501,689	7,808,748
Total Capital Assets	5,808,948	7,531,029	13,339,977
Total Assets	8,771,528	11,942,760	20,714,288
Deferred Outflows of Resources			
Pension Related	506,202	177,244	683,446
Total Deferred Outflows of Resources	506,202	177,244	683,446
Total Assets and Deferred Outflows of Resources	\$ 9,277,730	\$ 12,120,004	\$ 21,397,734
Liabilities			
Current Liabilities:			
Accounts Payable	\$ 22,340	\$ 41,616	\$ 63,956
Other Accrued Payables	120,635	315,507	436,142
Due To Other Funds	-	26,384	26,384
Customer Deposits	-	135,709	135,709
Bonds Payable	215,000	113,397	328,397
Compensated Absences Payable	37,964	19,125	57,089
Accrued Interest on Long Term Debt	-	40,190	40,190
Total Current Liabilities	395,939	691,928	1,087,867
Long Term Liabilities:			
Bonds Payable	455,000	6,314,630	6,769,630
Net Pension Liability	2,708,428	691,082	3,399,510
Other Post Employment Benefits Obligation	386,442	250,809	637,251
Compensated Absences Payable	214,984	110,719	325,703
Total Long Term Liabilities	3,764,854	7,367,240	11,132,094
Total Liabilities	4,160,793	8,059,168	12,219,961
Deferred Inflows of Resources			
Pension Related	510,053	39,621	549,674
Total Deferred Inflows of Resources	510,053	39,621	549,674
Net Position			
Investment in Capital Assets	5,138,948	1,375,028	6,513,976
Restricted for:			
General Facilities & Development-Sales Tax	344,792	-	344,792
Public Safety-Ad Valorem Tax	199,646	-	199,646
Public Works-Ad Valorem Tax	504,993	-	504,993
Public Works-Sales Tax	70,103	-	70,103
Economic Development & Recreation-Sales Tax	631,293	-	631,293
Rural Development Grant	35,444	-	35,444
Capital Projects	-	-	-
Debt Service	209	273,535	273,744
Unrestricted	(2,318,544)	2,372,652	54,108
Total Net Position	4,606,884	4,021,215	8,628,099
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 9,277,730	\$ 12,120,004	\$ 21,397,734

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

**Town of Franklinton
Statement of Activities
For the year ended October 31, 2018**

	<u>Program Revenues</u>					<u>Net (Expenses) Revenues and Changes of Primary Government</u>		
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants & Contri- butions</u>	<u>Capital Grants & Contri- butions</u>	<u>Net (Expenses) Revenues</u>	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>
Governmental Activities								
General Government	\$ 631,052	\$ 325,774	\$ 7,642	\$ 4,300	\$ (293,336)	\$ (293,336)	\$ -	\$ (293,336)
Public Safety	2,488,029	47,967	96,617	-	(2,343,445)	(2,343,445)	-	(2,343,445)
Public Works	691,029	-	5,706	-	(685,323)	(685,323)	-	(685,323)
Sanitation	264,342	300,903	-	-	36,561	36,561	-	36,561
Health and Welfare	28,122	50	-	-	(28,072)	(28,072)	-	(28,072)
Transportation	7,386	-	-	578	(6,808)	(6,808)	-	(6,808)
Recreation	22,118	-	-	-	(22,118)	(22,118)	-	(22,118)
Economic Development	35,226	-	-	-	(35,226)	(35,226)	-	(35,226)
Bond Interest Expense	22,264	-	-	-	(22,264)	(22,264)	-	(22,264)
Total Governmental Activities	\$ 4,189,568	\$ 674,694	\$ 109,965	\$ 4,878	\$ (3,400,031)	(3,400,031)	-	(3,400,031)
Business-type Activities								
Gas	\$ 817,633	\$ 856,584	\$ 6,184	\$ -	\$ 45,135	-	45,135	45,135
Water	641,036	697,571	6,709	-	63,244	-	63,244	63,244
Sewer	824,997	909,814	6,316	933,915	1,025,048	-	1,025,048	1,025,048
Total Business-type Activities	\$ 2,283,666	\$ 2,463,969	\$ 19,209	\$ 933,915	\$ 1,133,427	-	1,133,427	1,133,427
General Revenues:								
Taxes:								
Property Taxes						478,757	-	478,757
Sales Taxes						2,369,412	-	2,369,412
Franchise Taxes						222,170	-	222,170
Intergovernmental						265,438	-	265,438
FEMA						-	-	-
Unrealized Gain (Loss)						-	300	300
Interest Income						6,044	15,061	21,105
Donations						-	-	-
Miscellaneous						160,642	105,675	266,317
Gain on Sale of Assets						-	-	-
Transfers to Other Governments						(55,000)	-	(55,000)
Transfers In (Out)						75,000	(75,000)	-
Total General Revenues and Transfers						3,522,463	46,036	3,568,499
Change in Net Position						122,432	1,179,463	1,301,895
Net Position - Beginning						4,627,012	2,927,334	7,554,346
Prior Period Adjustments (Note 23)						(142,560)	(85,582)	(228,142)
Net Position - Beginning (Restated)						4,484,452	2,841,752	7,326,204
Net Position - Ending						\$ 4,606,884	\$ 4,021,215	\$ 8,628,099

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

Basic Financial Statements

Fund Financial Statements

Town of Franklinton
Balance Sheet - Governmental Funds
As of October 31, 2018

	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets			
Cash	\$ 646,754	\$ -	\$ 646,754
Investments	155,551	-	155,551
Receivables, Net:			
Intergovernmental	205,652	10,644	216,296
Accounts and Other	357	32	389
Franchise Taxes	60,910	-	60,910
Due From Other Funds	26,384	-	26,384
Inventory	2,686	-	2,686
Prepaid Expenses	73,244	8,242	81,486
Restricted Cash	70,103	1,610,567	1,680,670
Restricted Investments	-	91,454	91,454
Total Assets	<u>\$ 1,241,641</u>	<u>\$ 1,720,939</u>	<u>\$ 2,962,580</u>
Liabilities and Fund Balances			
Liabilities:			
Accounts Payable	\$ 17,778	\$ 4,562	\$ 22,340
Construction Payable	330	-	330
Compensated Absences	37,964	-	37,964
Other Accrued Expenses	120,305	-	120,305
Total Liabilities	<u>176,377</u>	<u>4,562</u>	<u>180,939</u>
Fund Balances:			
Nonspendable	75,930	-	75,930
Restricted Fund Balances	70,103	1,716,377	1,786,480
Assigned	490,057	-	490,057
Unassigned Fund Balances	429,174	-	429,174
Total Fund Balances	<u>1,065,264</u>	<u>1,716,377</u>	<u>2,781,641</u>
Total Liabilities and Fund Balances	<u>\$ 1,241,641</u>	<u>\$ 1,720,939</u>	<u>\$ 2,962,580</u>

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

Town of Franklinton
Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Financial Statement of Net Position
As of October 31, 2018

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

Fund Balances, Total Governmental Funds (Statement C)	\$	2,781,641
<p>Capital assets used in governmental activities are not financial resources and are therefore not reported in the governmental funds.</p>		
Governmental capital assets net of depreciation		5,808,948
<p>Long-term liabilities including bonds payable, loans payable, and compensated absences are not due and payable in the current period and, therefore, are not reported in the governmental funds. Current accrued interest on long term debt is also not reported in the governmental funds.</p>		
Bonds Payable		(670,000)
Net Pension Liability		(2,708,428)
Deferred Outflows of Resources		506,202
Deferred Inflows of Resources		(510,053)
Unfunded Net Other Post Employment Benefits Obligation for Health Insurance		(386,442)
Compensated Absences Payable		(214,984)
Net Position of Governmental Activities (Statement A)	\$	<u>4,606,884</u>

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

Town of Franklinton
Statement of Revenues, Expenditures and
Changes in Fund Balances - Governmental Funds
For the year ended October 31, 2018

	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues			
Taxes	\$ 2,648,616	\$ 421,723	\$ 3,070,339
Licenses and Permits	325,774	-	325,774
Intergovernmental	313,182	-	313,182
Charges for Services	300,953	-	300,953
Fines and Forfeitures	47,967	-	47,967
Unrealized Gain (Loss)	-	-	-
Interest	3,501	2,543	6,044
Donations	-	-	-
Other	151,370	9,249	160,619
Total Revenues	<u>3,791,363</u>	<u>433,515</u>	<u>4,224,878</u>
Expenditures			
General Government	556,179	3,274	559,453
Public Safety:			
Police	2,102,764	98,356	2,201,120
Fire	231,909	-	231,909
Public Works	378,840	21,565	400,405
Sanitation	253,332	-	253,332
Health and Welfare	27,204	-	27,204
Transportation	7,386	-	7,386
Recreation	-	18,160	18,160
Economic Development	-	14,736	14,736
Capital Outlays	56,742	26,761	83,503
Total Expenditures	<u>3,614,356</u>	<u>182,852</u>	<u>3,797,208</u>
Excess of Revenues Over (Under)			
Expenditures	<u>177,007</u>	<u>250,663</u>	<u>427,670</u>

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

(Continued)

Town of Franklinton
Statement of Revenues, Expenditures and
Changes in Fund Balances - Governmental Funds
For the year ended October 31, 2018

	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Other Financing Sources (Uses)			
Bond Principal	-	(210,000)	(210,000)
Bond Interest Expense	-	(22,264)	(22,264)
Operating Transfers In	150,000	232,264	382,264
Operating Transfers (Out)	(232,264)	(75,000)	(307,264)
Transfer to Other Governments	(55,000)	-	(55,000)
Total Other Financing Sources (Uses)	<u>(137,264)</u>	<u>(75,000)</u>	<u>(212,264)</u>
Special Items			
Capital Lease Receivable Payments Received	5,701	-	5,701
Capital Lease Payments collected for and transferred to F.A.E.D.F.	(4,259)	-	(4,259)
Capital Lease Interest revenue collected for and transferred to F.A.E.D.F	(22)	-	(22)
Total Special Items	<u>1,420</u>	<u>-</u>	<u>1,420</u>
Net Change in Fund Balances	<u>41,163</u>	<u>175,663</u>	<u>216,826</u>
Fund Balances, Beginning	<u>1,024,101</u>	<u>1,540,714</u>	<u>2,564,815</u>
Fund Balances, Ending	<u>\$ 1,065,264</u>	<u>\$ 1,716,377</u>	<u>\$ 2,781,641</u>

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

Town of Franklinton
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the year ended October 31, 2018

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

Net Change in Fund Balances, Total Governmental Funds, Statement E \$ 216,826

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

Expenditures for capital assets		
Capital asset additions	\$ 79,203	
Construction in progress	4,300	
Less:		
Current year depreciation	<u>(564,555)</u>	(481,052)

Governmental funds report the net proceeds received on long term capital leased assets; whereas the statement of activities reports the gain or loss on the effective sale of the asset through the capital lease. Thus, the change in net assets differs by the amounts reported as follows:

Gross principal payments received on long term capital lease receivable reported in fund statements	(5,678)	
Capital lease proceeds representing principal received and transferred to the Franklinton Economic Development Foundation as per the terms of the lease reported in the fund statements	<u>4,259</u>	(1,419)

Compensated absences payable after one year are not recorded as an expenditure in the governmental funds, but they are recorded as an expenditure in the statement of activities. (This entry records the change in long-term compensated absences)		17,883
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Increases in unfunded post-employment benefit obligations for medical insurance expected in future periods are not recorded for governmental funds on the fund basis.		103,992
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Non-employer contributions to cost-sharing pension plan		67,099
Pension Expense		(10,897)

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

Principal payments - long term debt		<u>210,000</u>
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Change in Net Position of Governmental Activities, Statement B \$ 122,432

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

Town of Franklinton
Statement of Net Position - Proprietary Funds
As of October 31, 2018

Statement G

Assets	Enterprise Fund
Current Assets:	
Cash and Cash Equivalents	\$ 696,961
Investments	2,408,099
Accounts Receivables, Net	317,638
Other Receivables	134,268
Inventory - Gas and Supplies	98,131
Prepaid Insurance	24,355
Total Current Assets	3,679,452
Restricted Assets:	
Restricted Cash and Cash Equivalents	672,544
Customer Deposits	77,477
Bond Reserve Account	154,431
Bond Contingency Account	99,870
Bond Sinking Account	17,731
Bond Short-Lived Asset Account	51,009
Construction Account	272,026
Restricted Investments	59,735
Total Restricted Assets	732,279
Capital Assets	
Land	3,300
Capital Assets, Net	2,501,689
Construction in Progress	5,026,040
Total Capital Assets	7,531,029
Total Assets	11,942,760
Deferred Outflows of Resources	
Pension Related	177,244
Total Deferred Outflows of Resources	177,244
Total Assets and Deferred Outflows of Resources	\$ 12,120,004
Liabilities	
Current Liabilities (Payable From Current Assets):	
Accounts Payable	\$ 41,616
Compensated Absences Payable	19,125
Other Accrued Payables	159,800
Retainage Payable	155,707
Due To Other Funds	26,384
Total Current Liabilities (Payable From Current Assets)	402,632
Current Liabilities (Payable From Restricted Assets):	
Customer Deposits	135,709
Revenue Bonds Payable	113,397
Interest Payable on Long Term Debt	40,190
Total Current Liabilities (Payable From Restricted Assets)	289,296
Long Term Liabilities:	
Bonds Payable	6,314,630
Net Pension Liability	691,082
Other Post Employment Benefits Obligation	250,809
Compensated Absences Payable	110,719
Total Long Term Liabilities	7,367,240
Total Liabilities	8,059,168
Deferred Inflows of Resources	
Pension Related	39,621
Total Deferred Inflows of Resources	39,621
Net Position	
Investment in Capital Assets	1,375,028
Restricted for:	
Debt Service	273,535
Unrestricted	2,372,652
Total Net Position	4,021,215
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 12,120,004

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

Town of Franklinton
Statement of Revenues, Expenses and
Changes in Net Position - Proprietary Funds
For the year ended October 31, 2018

Statement H

	Enterprise Fund
Operating Revenues	
Gas Sales	\$ 856,584
Less Cost of Gas Sold	(350,551)
Gross Profit on Gas Sales	506,033
Water Sales	697,571
Sewer Service Charges	909,814
Penalties	41,678
Intergovernmental	953,124
Other	63,997
Total Operating Revenues	3,172,217
Operating Expenses	
Bad Debts	17,908
Depreciation	334,445
Employee Benefits	217,606
Insurance	88,028
Meter Reading	17,490
Repairs and Maintenance	81,608
Salaries and Wages	564,114
Supplies	95,781
Utilities	148,373
Other	232,037
Total Operating Expenses	1,797,390
Operating Income (Loss)	1,374,827
Nonoperating Revenues (Expenses)	
Unrealized Gain (Loss) on Investments	300
Bond Issuance Costs	(19,408)
Interest Income	15,061
Interest Expense	(116,317)
Total Nonoperating Revenues (Expenses)	(120,364)
Income (Loss) Before Contributions and Transfers	1,254,463
Transfers	
Operating Transfers Out	(75,000)
Change in Net Position	1,179,463
Total Net Position, Beginning	
Before Prior Period Adjustments	2,927,334
Prior Period Adjustments (Note 23)	(85,582)
Net Assets, Beginning After Prior Period Adjustments	2,841,752
Total Net Position, Ending	\$ 4,021,215

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

Town of Franklinton
Statement of Cash Flows -
Proprietary Funds
For the year ended October 31, 2018

Statement I

		<u>Enterprise Fund</u>
Cash Flows From Operating Activities		
Received From Customers	\$	2,562,021
Paid for Meter Deposit Fees		(460)
Other Receipts		882,853
Receipt for Interfund Services		1,227
Payments for Operations		(966,374)
Payments to Employees		(835,944)
Net Cash Provided (Used) by Operating Activities		<u>1,643,323</u>
Cash Flows From Noncapital Financing Activities		
Transfers From (To) Other Funds		<u>(75,000)</u>
Net Cash Provided (Used) by Noncapital Financing Activities		<u>(75,000)</u>
Cash Flows From Capital and Related Financing Activities		
Payments for Capital Acquisitions		(1,858,728)
(Payments for) Bond Issuance Costs		(19,408)
Principal Proceeds from (Repayments for) Long Term Debt		407,881
Interest Payments for Long Term Debt		<u>(76,127)</u>
Net Cash Provided (Used) by Capital and Related Financing Activities		<u>(1,546,382)</u>
Cash Flows From Investing Activities		
Receipt of Interest		15,061
Proceeds from sale (Payments) for Investments		<u>(13,875)</u>
Net Cash Provided (Used) by Investing Activities		<u>1,186</u>
Net Increase in Cash and Cash Equivalents		23,127
Cash and Cash Equivalents, Beginning of Year		<u>1,346,378</u>
Cash and Cash Equivalents, End of Year	\$	<u>1,369,505</u>
Reconciliation of Cash and Cash Equivalents to the Statement of Net Position:		
Cash and Cash Equivalents, Unrestricted	\$	696,961
Cash and Cash Equivalents, Restricted		<u>672,544</u>
Total Cash and Cash Equivalents	\$	<u>1,369,505</u>

(Continued)

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

**Town of Franklinton
Statement of Cash Flows -
Proprietary Funds
For the year ended October 31, 2018**

Statement I

	<u>Enterprise Fund</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities	
Operating Income (Loss)	\$ 1,374,827
Adjustments to Reconcile Operating Loss to Net Cash Provided by Operating Activities:	
Depreciation and amortization	334,445
(Increase) Decrease in Accounts Receivable	56,374
(Increase) Decrease in Other Receivable	(134,268)
(Increase) Decrease in Inventory	21,306
(Increase) Decrease in Prepaid Insurance	(3,884)
(Increase) Decrease in Deferred Outflows of Resources	51,215
Decrease in Due (to) and from Other Funds	1,227
(Decrease) Increase in Accounts Payable	181
(Decrease) Increase in Compensated Absences	(8,021)
(Decrease) Increase in Deferred Inflows of Resources	14,916
(Decrease) Increase in Accrued Expenses	(64,535)
(Decrease) Increase in Customer Deposits	<u>(460)</u>
 Net Cash Provided by Operating Activities	 \$ <u>1,643,323</u>

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

Basic Financial Statements

Notes to the Financial Statements

Town of Franklinton
Notes to the Financial Statements
As of and for the Year Ended October 31, 2018

Introduction

The Town of Franklinton (“the Town”) was incorporated March 7, 1861, under the provisions of a Special Legislative Charter. The Town operates under a Mayor-Board of Aldermen form of government, with the Mayor and each of five aldermen elected at-large for four year terms. Franklinton is located in west central Washington Parish and is the governmental seat of the parish. In 1820, a legislative act created the parish from the northern section of St. Tammany Parish and the next year another act designated the settlement of Franklin as the seat of parish government. In 1826, the name was changed to Franklinton to avoid conflict with another community in St. Mary Parish with the same name. The total population of Franklinton was reported as 3,857 by the U.S. Census Bureau, Census 2010. The Town provides police and fire protection, services to maintain or develop streets, drainage, and sanitation, support of recreation activities, general and administrative services, and utilities services for area residents. Utility services are provided for 902 gas customers, 1,555 water customers, and 1,545 sewer customers. The Town paid 68 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.

1. Summary of Significant Accounting Policies

A. Government-Wide and Fund Financial Statements

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

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

GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, effective for financial statement periods ending after December 15, 2012, provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related disclosures. Concepts Statement No. 4, *Elements of Financial Statements*, introduced and defined *Deferred Outflows of Resources* as a consumption of net assets by the government that is applicable to a future reporting period, and *Deferred Inflows of*

Town of Franklinton
Notes to the Financial Statements
As of and for the Year Ended October 31, 2018

Resources as an acquisition of net assets by the government that is applicable to a future reporting period, respectively. Previous financial reporting standards do not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities. GASB Concepts Statement 4 identifies net position as the residual of all other elements presented in a statement of financial position. This Statement amends the net asset reporting requirements in Statement No. 34, *Basic Financial Statements— and Management’s Discussion and Analysis—for State and Local Governments*, and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets. The definition and reporting of net position is further described in *Footnote J – Net Position and Fund Equity*. As required by the Governmental Accounting Standards Board (GASB), the Town implemented GASB Statement No. 63 during the year ending October 31, 2012. The Town had deferred outflows and deferred inflows of resources related to pension of \$683,446 and \$549,674, respectively, at October 31, 2018.

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

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

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

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

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

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

Town of Franklinton
Notes to the Financial Statements
As of and for the Year Ended October 31, 2018

accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

The Town reports the following major governmental funds:

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

The Town reports the following major proprietary funds:

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

Additionally, the government reports the following fund types:

Special Revenue Funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specific purposes other than debt service or capital projects. For the current fiscal year, this included one major fund and several nonmajor funds.

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

The *Capital Project Funds* account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays including the acquisition of capital facilities and other capital assets. For the current fiscal year ended, this included several funds reported as nonmajor funds.

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

Town of Franklinton
Notes to the Financial Statements
As of and for the Year Ended October 31, 2018

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.

C. Deposits and Investments

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

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

D. Receivables and Payables

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

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

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

Town of Franklinton
Notes to the Financial Statements
As of and for the Year Ended October 31, 2018

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

	<u>Authorized Millage</u>		<u>Levied Millage</u>		<u>Collected Millage</u>
General Corporate Purposes	7.24 mills	\$	172,850	\$	174,855
Police ad valorem	5.18 mills		123,669		126,748
Street and drainage ad valorem	7.24 mills		172,850		177,154

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

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

The subsequent one percent sales and use tax was originally approved on July 21, 2001. On October 2, 2010, the voters of the Town of Franklinton approved continuation and rededication of this one percent sales tax for a second ten-year period. The rededication began in October 2011 and will expire September 30, 2021. This one percent sales tax is dedicated as follows:

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

E. Inventories and Prepaid Items

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

F. Restricted Assets

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

Town of Franklinton
Notes to the Financial Statements
As of and for the Year Ended October 31, 2018

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

G. Capital Assets

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

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

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

<u>Description</u>	<u>Estimated Lives</u>
Buildings & Improvements	20 - 40 Years
Machinery and Equipment	5 - 15 Years
Office Furniture and Equipment	5 - 10 Years
Vehicles	5 - 10 Years
Infrastructure	20 - 40 Years
Gas System	20 - 40 Years
Water System	20 - 40 Years
Sewer System	20 - 40 Years

H. Compensated Absences

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

Town of Franklinton
Notes to the Financial Statements
As of and for the Year Ended October 31, 2018

I. Long-Term Obligations

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

The Town has implemented GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, and with the implementation of GASB 65, the recognition of bond-related costs, including the costs related to issuance and refunding of debt, were revised. This standard was intended to complement GASB Statement No. 63 *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. Bond issuance costs, whether or not withheld from the actual debt proceeds received, are now expended in the period incurred under GASB 65. The Town had \$19,408 in bond related costs for the year ending October 31, 2018.

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

J. Net Position and Fund Equity

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

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

Town of Franklinton
Notes to the Financial Statements
As of and for the Year Ended October 31, 2018

results in the recognition of a liability or if the liability will be liquidated with the restricted assets reported.

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

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

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

K. Comparative Data/Reclassifications

The financial statements are presented with certain prior year summarized comparative information. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Town's financial statements for the year ended October 31, 2017, from which the summarized information was derived.

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

L. Extraordinary and Special Items

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

Town of Franklinton
Notes to the Financial Statements
As of and for the Year Ended October 31, 2018

M. Estimates

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

N. Reconciliations of Government-Wide and Fund Financial Statements

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

2. Stewardship, Compliance and Accountability

The Town uses the following budget practices:

1. The Town Clerk prepares a proposed budget and submits same to the Mayor and Board of Aldermen no later than fifteen days prior to the beginning of each fiscal year.
2. A summary of the proposed budget is published and the public notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
3. A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing.
4. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of an ordinance prior to the commencement of the fiscal year for which the budget is being adopted.
5. Budgetary amendments involving the transfer of funds from one department, program or function to another or involving the increase in expenditures resulting from revenues exceeding amounts estimated require the approval of the Board of Aldermen.
6. All budgetary appropriations lapse at the end of each fiscal year.
7. Budgets for the general and enterprise funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgets for enterprise funds are presented on the accrual basis of accounting. Other governmental funds are presented on the modified accrual basis of accounting. Accordingly, the budgetary comparison schedules present actual expenditures in accordance with the accounting principles generally accepted in the United States on a basis consistent with the legally adopted budgets as amended. All budgetary amounts presented reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budget during the year).

Town of Franklinton
Notes to the Financial Statements
As of and for the Year Ended October 31, 2018

The proposed budget for October 31, 2018 was made available for public inspection on October 10, 2017. The proposed budget, prepared on the modified accrual basis of accounting, was published on October 10, prior to the public hearing which was held at the Town of Franklinton's City Hall on October 24, 2017, for comments by taxpayers. The budget was legally adopted by the board of aldermen on October 24, 2017.

There were no funds, other than noted below, that had actual revenues and other sources under budgeted revenues and other sources or actual expenditures and other uses over budgeted amounts resulting in unfavorable variances greater than five percent in accordance with the Local Government Budget Act for the fiscal year ended October 31, 2018. The Streets and Drainage Ad Valorem Fund had actual expenditures greater than five percent of the budgeted amounts. This was due to an omission of operating transfers out in the amended budget. The Economic Development and Recreation Sales Tax Fund had actual expenditures greater than five percent of the budgeted amounts. This was due to a variance of only \$2,017 between actual and budgeted expenditures.

3. Cash and Cash Equivalents

At October 31, 2018, the Town has cash and cash equivalents (book balances), as follows:

Demand Deposits	\$ <u>3,696,929</u>
	\$ <u><u>3,696,929</u></u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

Custodial credit risk as it relates to cash deposits is the risk that in the event of a bank failure, the government's deposits may not be returned. At October 31, 2018, the Town has \$3,726,133 in deposits (collected bank balances), within one bank, consisting of \$3,726,133 in demand deposits. The demand deposits are secured from risk by \$250,000 of federal deposit insurance and \$3,476,133 of pledged securities. The \$3,476,133 is exposed to custodial credit risk because while the amount is secured by pledged securities, such securities are held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

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

Custodial Credit Risk: Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Town does not have a formal policy for custodial risk. However, under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank.

Town of Franklinton
Notes to the Financial Statements
As of and for the Year Ended October 31, 2018

4. Investments

Investments are categorized into these three categories of credit risk:

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

All investments held by the Town fall into category 1 credit risk, defined as "insured or registered, or securities held by the Town or its agent in the Town's name." All investments are stated on the balance sheet (carrying value) at market value. In accordance with GASB 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, the Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

At October 31, 2018, the Town's investment balances were as follows:

	<u>Maturity Date</u>	<u>Carrying Amount</u>	<u>Fair Market Value</u>
Government and Agency Bonds			
Government National Mortgage Association (GNMA) Rating - Aaa\AAA.	March 20, 2028	\$ 275	\$ 237
		<u>275</u>	<u>237</u>
Money Market - Rating Unavailable			
LPL Financial #1		897,778	897,778
LPL Financial #2		895,148	894,559
Stifel		27,465	27,465
		<u>1,820,391</u>	<u>1,819,802</u>
Louisiana Asset Management Pool (L.A.M.P.) - Rating AAAM.			
		894,173	894,173
		<u>894,173</u>	<u>894,173</u>
	Total	\$ <u>2,714,839</u>	\$ <u>2,714,212</u>

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

The government and agency bonds are the only recurring fair value measurements as of October 31, 2018. These were valued using quoted market prices (Level 1 inputs).

Town of Franklinton
Notes to the Financial Statements
As of and for the Year Ended October 31, 2018

All money market investments have a maturity of less than one year. The fair value of these money market funds reflects the net asset value reported by the fund administrator which is a stable \$1 per unit. The underlying investments are generally carried at amortized cost which approximates fair value. There are no participant's withdrawal limitations.

In accordance with GASB 72, the investment in the Louisiana Asset Management Pool (LAMP) at October 31, 2018, is not categorized in the three risk categories provided by GASB Codification Section I50.164 because the investment is in the pool of funds and therefore not evidenced by securities that exist in physical or book entry form. The investment in LAMP is stated at the value of the pool shares, which is the same as the fair value. LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana, which was formed by an initiative of the State Treasurer in 1993. The corporation is governed by a board of directors comprised of the State Treasurer, representatives from various organizations of local government, the Government Finance Office Association of Louisiana, and the Society of Louisiana CPAs. 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.

LAMP is subject to the regulator oversight of the state treasurer and the board of directors. LAMP is not registered with the SEC as an investment company.

While LAMP is not required to be a registered investment company under the Investment Company Act of 1940, its investment policies are similar to those established by Rule 2a7, which governs registered money market funds. 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 LSA-R.S. 33:2955.

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

LAMP is a 2a7 – like investment pool. The following facts are relevant for 2a7 like investment pools:

1. Credit risk: LAMP is rated AAAM by Standards and Poor's.
2. Custodial credit risk: LAMP participants' investments in the pool are evidenced by shares of the pool. Investments in pools should be disclosed, but not categorized because they are not evidenced by securities that exist in physical or book-entry form. The public entity's investment is with the pool, not the securities that make up the pool; therefore, no disclosure is required.
3. Concentration of credit risk: Pooled investments are excluded from the five percent disclosure requirement.
4. Interest rate risk: 2a7-like investment pools are excluded from this disclosure requirement per paragraph 15 of the GASB 40 statement. However, 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. The WAM for LAMP's total investments, as provided by LAMP, is 43 days as of October 31, 2018.
5. Foreign currency risk: Not applicable to 2a7-like pools.

Town of Franklinton
Notes to the Financial Statements
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LAMP is designed to be highly liquid to give its participants immediate access to their account balances. The investments in LAMP are stated at fair value based on quoted market rates. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the net asset value of the pool shares.

LAMP, Inc. is subject to the regulatory oversight of the state treasurer and the board of directors. LAMP is not registered with the SEC as an investment company. LAMP, Inc., issues an annual publicly available financial report that includes financial statements and required supplementary information for LAMP, Inc. That report may be obtained by calling (800) 249-5267.

5. Receivables

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

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

Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging and write-off of accounts receivable. The Town has a franchise tax receivable, which it does not expect to receive within one year, therefore an allowance has been placed on the entire amount as shown below.

The Governmental Fund receivables at October 31, 2018 consist of the following:

Government Receivables	General Fund	Special Revenue Funds	Capital Project Funds	Total
Accounts	\$ -	\$ 32	\$ -	\$ 32
Taxes:				
Sales Tax Receivable	192,991	10,157	-	203,148
Franchise Tax	60,910	-	-	60,910
Allowance for Uncollectable Franchise Taxes	-	-	-	-
Due from Others	357	-	-	357
Intergovernmental:				
State of Louisiana	12,661	487	-	13,148
Total Government Receivables	\$ 266,919	\$ 10,676	\$ -	\$ 277,595

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

Town of Franklinton
Notes to the Financial Statements
As of and for the Year Ended October 31, 2018

The Enterprise Fund accounts receivable at October 31, 2018 consist of the following:	Enterprise Fund
Accounts Receivable	
Current	\$ 193,700
31 - 60 Days	7,373
61 - 90 Days	(131)
Over 90 Days	34,247
Subtotal	235,189
Less Allowance for Bad Debt	(32,497)
Accounts Receivables, Net	202,692
Other Receivables	(6,797)
Unbilled Receivables	121,743
Total Accounts Receivable	\$ 317,638

6. Restricted Assets

The following is a listing of the restricted assets for the fund financial statements on October 31, 2018:

The Restricted Assets for all funds at October 31, 2018 consist of the following:

Restricted Assets	General Fund	Special Revenue Funds	Debt Service Fund	Capital Project Funds	Enterprise Fund	Total
Cash and Cash Equivalents						
Customer Deposits	\$ -	\$ -	\$ -	\$ -	\$ 77,477	\$ 77,477
Bond Reserve Account	-	-	-	-	154,431	154,431
Bond Contingency Account	-	-	-	-	99,870	99,870
Bond Sinking Account	-	-	209	-	17,731	17,940
Bond Short-Lived Assets Account	-	-	-	-	51,009	51,009
Construction Account	-	-	-	-	272,026	272,026
Ad Valorem Account	-	608,392	-	-	-	608,392
Sales Tax Account	70,103	966,522	-	-	-	1,036,625
Rural Development Grant	-	35,444	-	-	-	35,444
Investments - Customer Deposits	-	-	-	-	59,735	59,735
Investments - Ad Valorem	-	91,454	-	-	-	91,454
Total Restricted Assets	\$ 70,103	\$ 1,701,812	\$ 209	\$ -	\$ 732,279	\$ 2,504,403

7. Interfund Receivables/Payables

The following is a detailed list of interfund balances for fund financial statements on October 31, 2018:

Interfund Balances	Due From Other Funds	Due To Other Funds
General Fund		
Enterprise Fund	\$ 26,384	\$ -
Enterprise Fund		
General Fund	-	26,384
Total Interfund Balances	\$ 26,384	\$ 26,384

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

Town of Franklinton
Notes to the Financial Statements
As of and for the Year Ended October 31, 2018

8. Capital Assets

The following is a summary of the changes in capital assets for governmental activities for the fiscal year ended October 31, 2018:

Governmental Activities Capital Assets:	Beginning Balance	Increases	Decreases	Adjustments	Ending Balance
Capital Assets Not Being Depreciated:					
Land	\$ 481,801	\$ -	\$ -	\$ -	\$ 481,801
Construction in Progress	15,788	4,300	-	-	20,088
Total Capital Assets Not Being Depreciated	<u>497,589</u>	<u>4,300</u>	<u>-</u>	<u>-</u>	<u>501,889</u>
Capital Assets Being Depreciated:					
Buildings and Improvements	4,985,917	17,106	-	-	5,003,023
Machinery and Equipment	2,100,835	30,265	-	1	2,131,101
Office Furniture and Equipment	268,063	10,131	-	-	278,194
Vehicles	1,768,751	21,700	-	-	1,790,451
Infrastructure	4,332,466	-	-	-	4,332,466
Total Capital Assets Being Depreciated	<u>13,456,032</u>	<u>79,202</u>	<u>-</u>	<u>1</u>	<u>13,535,235</u>
Less Accumulated Depreciation for:					
Buildings and Improvements	(2,848,913)	(172,934)	-	-	(3,021,847)
Machinery and Equipment	(1,803,245)	(73,268)	-	-	(1,876,513)
Office Furniture and Equipment	(228,507)	(18,081)	-	-	(246,588)
Vehicles	(1,491,178)	(91,441)	-	-	(1,582,619)
Infrastructure	(1,291,778)	(208,831)	-	-	(1,500,609)
Total Accumulated Depreciation	<u>(7,663,621)</u>	<u>(564,555)</u>	<u>-</u>	<u>-</u>	<u>(8,228,176)</u>
Total Capital Assets Being Depreciated, Net	<u>5,792,411</u>	<u>(485,353)</u>	<u>-</u>	<u>1</u>	<u>5,307,059</u>
Total Governmental Activities Capital Assets, Net	<u>\$ 6,290,000</u>	<u>\$ (481,053)</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 5,808,948</u>
Depreciation was charged to governmental functions as follows:					
General Government				\$ 71,854	
Public Safety - Police				111,011	
Public Safety - Fire				63,848	
Public Works				293,416	
Recreation				3,958	
Economic Development				20,468	
				<u>\$ 564,555</u>	

Construction in progress at fiscal year-end of \$20,088 consists of 15,788 for the Safe Routes to School sidewalk project and \$4,300 for the Airport Maintenance Project. The most significant expenditures were \$17,778 for portable radios for the fire department, \$21,700 for two new vehicles for the street department, \$17,106 for police department building improvements, \$4,800 for fire equipment, \$4,096 for police computers, \$3,900 for a copier for Town Hall, \$7,037 for police equipment, and various other miscellaneous items totaling \$2,785.

Town of Franklinton
Notes to the Financial Statements
As of and for the Year Ended October 31, 2018

Capital assets and depreciation activity as of and for the year ended October 31, 2018 for business-type activities is as follows:

Business - Type Activities Capital Assets:	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital Assets Not Being Depreciated:				
Land	\$ 3,300	\$ -	\$ -	\$ 3,300
Construction in Progress - Sewer System	3,952,531	1,073,509	-	5,026,040
Total Capital Assets Not Being Depreciated	<u>3,955,831</u>	<u>1,073,509</u>	<u>-</u>	<u>5,029,340</u>
Capital Assets Being Depreciated:				
Gas Utility System	1,208,137	-	-	1,208,137
Water Utility System	2,906,009	2,019	-	2,908,028
Sewer Utility System	8,872,050	22,070	-	8,894,120
Total Capital Assets Being Depreciated	<u>12,986,196</u>	<u>24,089</u>	<u>-</u>	<u>13,010,285</u>
Less Accumulated Depreciation for:				
Gas Utility System	(1,132,068)	(19,659)	-	(1,151,727)
Water Utility System	(2,696,184)	(38,455)	-	(2,734,639)
Sewer Utility System	(6,345,899)	(276,331)	-	(6,622,230)
Total Accumulated Depreciation	<u>(10,174,151)</u>	<u>(334,445)</u>	<u>-</u>	<u>(10,508,596)</u>
Total Capital Assets Being Depreciated, Net	<u>2,812,045</u>	<u>(310,356)</u>	<u>-</u>	<u>2,501,689</u>
Total Business - Type Activities Capital Assets, Net	<u>\$ 6,767,876</u>	<u>\$ 763,153</u>	<u>\$ -</u>	<u>\$ 7,531,029</u>

Construction in progress at fiscal year-end consists of \$5,026,040 representing expenses for sewer system improvements. The most significant expenditures were for sewer pumps in the amount of \$21,463. Also purchased were sewer equipment for \$607 and water hydrants for \$2,019.

Total interest expense of \$84,616 was capitalized during the fiscal year for the sewer improvement project.

Town of Franklinton
Notes to the Financial Statements
As of and for the Year Ended October 31, 2018

9. Long Term Capital Lease Receivable

Governmental Activities

During the fiscal year ending October 31, 2008, the Town entered into a capital lease between the Town of Franklinton and Grand Isle Shipyards Inc. The capital lease is on a building constructed and completed by the Town through the funding by State grants and through contributions received from the Franklinton Area Economic Development Foundation by the Town totaling \$466,106 over the course of the project.

The total lease is for \$526,000 after imputed interest of 5.50% on 120 payments of \$5,708.34 ending in December 2017, totaling \$685,000.

The Town will receive twenty five percent and the Franklinton Economic Development Foundation will receive seventy five percent of all principal and interest payments with expected payments received and to be received as follows:

Fiscal Year Ending	Principal			Interest			Payments Expected		
	Town of Franklinton	F.A.E.D.F.	Total	Town of Franklinton	F.A.E.D.F.	Total	Town of Franklinton	F.A.E.D.F.	Total
10/31/2008	\$ 8,416	\$ 25,248	\$ 33,664	\$ 5,855	\$ 17,565	\$ 23,420	\$ 14,271	\$ 42,813	\$ 57,084
10/31/2009	10,620	31,861	42,481	6,505	19,514	26,019	17,125	51,375	68,500
10/31/2010	11,220	33,659	44,879	5,905	17,716	23,621	17,125	51,375	68,500
10/31/2011	11,852	35,557	47,409	5,273	15,818	21,091	17,125	51,375	68,500
10/31/2012	12,521	37,563	50,084	4,604	13,812	18,416	17,125	51,375	68,500
10/31/2013	13,227	39,682	52,909	3,898	11,693	15,591	17,125	51,375	68,500
10/31/2014	13,973	41,920	55,893	3,152	9,455	12,607	17,125	51,375	68,500
10/31/2015	14,762	44,285	59,047	2,363	7,090	9,453	17,125	51,375	68,500
10/31/2016	15,594	46,783	62,377	1,531	4,592	6,123	17,125	51,375	68,500
10/31/2017	16,474	49,422	65,896	651	1,953	2,604	17,125	51,375	68,500
10/31/2018	1,419	4,259	5,678	7	22	29	1,426	4,281	5,707
	<u>\$ 130,078</u>	<u>\$ 390,239</u>	<u>\$ 520,317</u>	<u>\$ 39,744</u>	<u>\$ 119,230</u>	<u>\$ 158,974</u>	<u>\$ 169,822</u>	<u>\$ 509,469</u>	<u>\$ 679,291</u>

	<u>Capital Lease Receivable</u>	<u>Due Within One Year</u>
Gross Capital Lease Receivable for the year ended October 31, 2018	\$ -	\$ -
Amount of Gross Capital Lease Receivable due to F.A.E.D.F. for the year ended October 31, 2018	-	-
Net Capital Lease Receivable for the year ended October 31, 2018	<u>\$ -</u>	<u>\$ -</u>

This lease ended during the fiscal year end.

10. 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

Town of Franklinton
Notes to the Financial Statements
As of and for the Year Ended October 31, 2018

on September 30, 2112 with the consideration being one dollar per year. Should the property cease to be used for military purposes for a period of five consecutive years, except in wartime, or should the buildings constructed on the property be removed, this lease should be null and void and the property shall revert to the Town. Title to all structures erected upon the property shall remain with the lessee. Upon termination or expiration of the lease, the lessee reserves the right to remove all structures from the premises and restore the property to its original condition as of the commencement of this lease. The lessee further reserves the right to transfer the installations and structures on the property to the Town in “as is” condition with the approval of the National Guard Bureau and the State of Louisiana.

11. Interfund Transfers

The following is a detailed list of interfund transfers reported in the fund financial statements on October 31, 2018:

Interfund Transfers	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund		
Ad Valorem Streets and Drainage	\$ 75,000	\$ -
Streets and Drainage Sinking Debt Service Fund	-	232,264
Enterprise Fund	75,000	-
Special Revenue Funds		
Ad Valorem Streets and Drainage		
General Fund	-	75,000
Streets and Drainage Sinking Debt Service Fund		
General Fund	232,264	-
Enterprise Fund		
General Fund	-	75,000
Total Interfund Transfers	<u>\$ 382,264</u>	<u>\$ 382,264</u>

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

Town of Franklinton
Notes to the Financial Statements
As of and for the Year Ended October 31, 2018

12. Accounts, Salaries, and Other Payables

The Governmental Fund payables at October 31, 2018 are as follows:

Governmental Funds Payable	General Fund	Special Revenue Funds	Capital Projects Funds	Total
Accounts	\$ 17,778	\$ 4,562	\$ -	\$ 22,340
Accrued Salaries	30,500	-	-	30,500
Insurance	32,716	-	-	32,716
Retirement Payable	38,704	-	-	38,704
Construction Payable	330	-	-	330
Compensated Absences	37,964	-	-	37,964
Other	18,385	-	-	18,385
Total Government Funds Payable	\$ 176,377	\$ 4,562	\$ -	\$ 180,939

The Enterprise Fund payables at October 31, 2018 are as follows:

Enterprise Funds Payable	Gas Utility	Water Utility	Sewer Utility	Total Enterprise Fund
Accounts	\$ 19,493	\$ 12,151	\$ 9,972	\$ 41,616
Accrued Salaries	3,853	3,474	2,746	10,073
Compensated Absences Payable	6,501	6,824	5,800	19,125
Department of Health and Hospitals Fees	-	27,406	-	27,406
Retainage Payable	-	-	155,707	155,707
Construction Payable	-	-	122,908	122,908
Other	263	(850)	-	(587)
Total Enterprise Funds Payable	\$ 30,110	\$ 49,005	\$ 297,133	\$ 376,248

13. Short-Term Debt

The Town had no short-term debt outstanding at October 31, 2018, other than the current portions of revenue bonds payables described in Note 14 *Long-Term Obligations*.

Town of Franklinton
Notes to the Financial Statements
As of and for the Year Ended October 31, 2018

14. Long-Term Obligations

The following is a summary of long-term obligation transactions for the year ended October 31, 2018:

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Long-Term Obligations</u>
	<u>Capital Leases</u>	<u>Revenue Bonds</u>	<u>Capital Leases</u>	<u>Revenue Bonds</u>	
Beginning Balance	\$ -	\$ 880,000	\$ -	\$ 6,020,146	\$ 6,900,146
Additions	-	-	-	4,292,906	4,292,906
Deletions	-	(210,000)	-	(3,885,025)	(4,095,025)
Ending Balance	<u>\$ -</u>	<u>\$ 670,000</u>	<u>\$ -</u>	<u>\$ 6,428,027</u>	<u>\$ 7,098,027</u>

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

	<u>Governmental Activities</u>			<u>Business-Type Activities</u>			<u>Total Long-Term Obligations</u>
	<u>Current Portion</u>	<u>Long Term Portion</u>	<u>Total</u>	<u>Current Portion</u>	<u>Long Term Portion</u>	<u>Total</u>	
Governmental Activities							
Revenue Bonds	\$ 215,000	\$ 455,000	\$ 670,000	\$ 113,397	\$ 6,314,630	\$ 6,428,027	\$ 7,098,027
Compensated Absences Payable	37,964	214,984	252,948	19,125	110,719	129,844	382,792
Net Pension Liability	-	2,708,428	2,708,428	-	691,082	691,082	3,399,510
Other Post Employment Benefit Obligation	-	386,442	386,442	-	250,809	250,809	637,251
	<u>\$ 252,964</u>	<u>\$ 3,764,854</u>	<u>\$ 4,017,818</u>	<u>\$ 132,522</u>	<u>\$ 7,367,240</u>	<u>\$ 7,499,762</u>	<u>\$ 11,517,580</u>

Town of Franklinton
Notes to the Financial Statements
As of and for the Year Ended October 31, 2018

Bonds Payable as of October 31, 2018 is as follows:

	Bonds Payable	Due Within One
	End of Year	Year
Business Type: \$ 560,000 of Sewer Revenue Bonds, Series 2002 Dated 06/03/02 , due in monthly installments of principal and interest of \$2,923 , through 06/03/2032, interest at 4.75%.	\$ 351,151	\$ 18,814
Business Type: \$1,250,000 of Water Revenue Bonds Dated 12/31/06 , due in monthly installments of principal and interest of \$6,102 , from 01/26/1997 to 12/26/2036, interest at 5.125%.	834,512	31,564
Business Type: \$1,461,000 of Sewer Revenue Bonds, Series 2008 Dated 01/23/09 , due in annual installments of principal and interest ranging up to \$76,790 , from 01/03/2010 to 01/03/2049, interest at 4.25%.	1,305,364	21,724
Business Type: \$3,937,000 of Sewer Revenue Bonds, Series 2018 Dated 03/22/18 , due in monthly installments of principal and interest of \$11,615 , from 03/22/19 to 03/22/58, interest at 1.75%.	3,937,000	41,295
Governmental: \$2,000,000 Sales Tax Bonds, Series 2011 Dated 11/01/11 , due in annual installments of principal and interest ranging up to \$236,512 , from 05/01/2012, interest at 2.53%.	670,000	215,000
	\$ 7,098,027	\$ 328,397

Town of Franklinton
Notes to the Financial Statements
As of and for the Year Ended October 31, 2018

The annual requirements to amortize all debt outstanding at October 31, 2018, including interest payments of \$3,158,057 are as follows:

Year Ending	Sewer Revenue Bonds			Water Revenue Bonds			Gov't Sales Tax Bonds Series 2011			Totals		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2019	\$ 81,841	\$ 180,240	\$ 262,081	\$ 31,564	\$ 41,654	\$ 73,218	\$ -	\$ 8,476	\$ 8,476	\$ 113,405	\$ 230,370	\$ 343,775
2020	114,181	137,077	251,258	33,205	40,013	73,218	215,000	14,231	229,231	362,386	191,321	553,707
2021	117,388	133,870	251,258	34,933	38,285	73,218	225,000	8,665	233,665	377,321	180,820	558,141
2022	120,706	130,552	251,258	36,750	36,468	73,218	230,000	2,910	232,910	387,456	169,930	557,386
2023	124,140	127,118	251,258	38,662	34,556	73,218	-	-	-	162,802	161,674	324,476
2024 to 2028	676,607	579,683	1,256,290	225,655	140,435	366,090	-	-	-	902,262	720,118	1,622,380
2029 to 2033	732,372	475,041	1,207,413	290,783	75,007	365,790	-	-	-	1,023,155	550,048	1,573,203
2034 to 2038	698,827	382,023	1,080,850	142,960	8,954	151,914	-	-	-	841,787	390,977	1,232,764
2039 to 2043	794,831	285,719	1,080,550	-	-	-	-	-	-	794,831	285,719	1,080,550
2044 to 2048	907,906	172,944	1,080,850	-	-	-	-	-	-	907,906	172,944	1,080,850
2049 to 2053	633,630	80,628	714,258	-	-	-	-	-	-	633,630	80,628	714,258
2054 to 2058	590,786	23,508	614,294	-	-	-	-	-	-	590,786	23,508	614,294
	<u>\$ 5,593,215</u>	<u>\$ 2,708,403</u>	<u>\$ 8,301,618</u>	<u>\$ 834,512</u>	<u>\$ 415,372</u>	<u>\$ 1,249,884</u>	<u>\$ 670,000</u>	<u>\$ 34,282</u>	<u>\$ 704,282</u>	<u>\$ 7,097,727</u>	<u>\$ 3,158,057</u>	<u>\$ 10,255,784</u>

Total interest expense for the year ending October 31, 2018 totaled \$138,581.

15. Flow of Funds, Restrictions on Use – Enterprise Fund and Governmental Fund Bonds

Sewer Revenue Bonds - Series 2002

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

Principal payments of \$17,944 and interest payments of \$17,144 were made and incurred as interest expense on the sewer bonds. The gross sewer utility revenue recognized during the current period was \$1,884,726.

The Sinking Fund is designed to achieve a proper matching of revenues and debt service on the bonds with each bond year. 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 \$2,924. Amounts deposited in the Sinking Fund will be applied to the payment of principal and interest on the bonds in the bond year of their receipts. The municipality has elected to make these payments monthly to RUS. The monthly requirement is included in the monthly required payments for the Series 2008 – Sewer Bonds.

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. A sum of \$147 per month must be deposited into this fund no later than the twentieth day of each month until \$35,078 is on deposit therein. This Reserve Fund is fully funded at October 31, 2018 with a balance maintained of \$65,802.

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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 \$147. The amount to be deposited per month is to increase to \$293 per month once \$35,078 has been accumulated in the Reserve Fund. In addition to caring for depreciation, extensions, additions, improvements, renewals and replacements necessary to properly operate the System, the money in the Contingency Fund may also be used to pay the principal of and the interest on the bonds including any additional pari passu bonds issued hereafter in the manner provided by the Resolution, for the payment of which there is not sufficient money in the Sinking Fund or Reserve Funds. This Contingency Fund is fully funded at October 31, 2018 with a balance maintained of \$51,193.

Water Revenue Bonds

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

Principal payments of \$30,004 and interest payments of \$43,215 were made and incurred as interest expense on the water bonds. The gross water utility revenue recognized during the current period was \$756,948.

The Sinking Fund is designed to achieve a proper matching of revenues and debt service on the bonds with each bond year. For purposes of this certificate, "Bond Year" shall mean one year period ending on each principal payment date of the bonds, which is December 26. The municipality is required by the Resolution to make monthly deposits into the Sinking Fund no later than the twentieth day of each month, a sum of \$6,101. Amounts deposited in the Sinking Fund will be applied to the payment of principal and interest on the bonds in the bond year of their receipts. The Town has elected to make these payments monthly to RUS. The amount transferred to the Water Bond Sinking Fund during the fiscal year 2018 was \$73,218.

The Reserve Fund is maintained solely for the purpose of paying the principal of and interest on bonds payable from the Sinking Fund as to which there would otherwise be default. The Reserve Fund is established by depositing \$306 monthly into the Reserve Fund commencing with the month following the completion of the project. This fund is fully funded as of October 31, 2018, with a balance maintained of \$88,629. The total amount transferred to the Water Reserve Fund during the fiscal year 2018 was \$3,672.

The Contingency Fund is established to care for depreciation, extensions, additions, improvements, renewals and replacements necessary to operate properly the System, by transferring from the Water Revenue Fund on or before the twentieth day of each month of each year a sum of \$321, provided such sum is available as provided in the Resolution. In addition to caring for depreciation, extensions, additions, improvements, renewals and replacements necessary to properly operate the System, the money in the Contingency Fund may also be used to pay the principal of and the interest on the bonds including any additional pari passu bonds issued hereafter in the manner provided by the Resolution, for the payment of which there is not sufficient money in the Sinking Fund or Reserve Funds. This Fund is fully funded at October 31, 2018, with a balance maintained of \$48,677. The total amount transferred to the Water Contingency Fund during the fiscal year 2018 was \$3,852.

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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 on the next page.

Principal payments of \$20,830 and interest payments of \$55,960 were made and incurred as interest expense on the sewer bonds. The gross sewer utility revenue recognized during the current period was \$1,884,726.

Series 2011 - Sales Tax Bonds

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

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

- 1) Forty percent for constructing, improving and maintaining streets and drainage facilities and improvements. Collections for 2018, including State P&M sales tax collections, were \$471,293.
- 2) Thirty percent for supporting the police department of the Town and providing public safety. Collections for 2018, including State P&M sales tax collections, were \$353,467.
- 3) Twenty percent for supporting the fire department of the Town. Collections for 2018, including State P&M sales tax collections, were \$235,646.
- 4) Ten Percent for promoting and encouraging the location and development of commerce and industry, and supporting recreation in the Town. Collections for 2018, including State P&M sales tax collections, were \$117,821.

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

Principal payments of \$210,000 and interest payments of \$22,264 were made and incurred as interest expense on the sales tax bonds.

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

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Series 2018 – Sewer Bonds

On December 7, 2016, the USDA also approved a request for obligation of funds of \$5,904,664 for the sewer improvements project. Funding for this project is initially provided through interim financing, with permanent funding to be provided by USDA upon substantial completion of construction. At October 31, 2018, interim financing consisted of loans of \$1,574,000 from the Louisiana Public Facilities Authority (LPFA) at 1.07% interest and a loan not to exceed \$2,363,000, at an interest rate of 2.14%, from a lending institution. At fiscal year end, the District had received \$1,574,000 from LPFA and a total of \$2,242,247 from the local lending institution.

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. Construction in progress expenditures for the sewer improvement project totaled \$5,026,040 at October 31, 2018.

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

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

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

There were no payments made during the fiscal year ended October 31, 2018. The gross sewer utility revenue recognized during the current period was \$1,884,726. 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 2018.

16. Retirement Systems

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

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

A. Municipal Employee Retirement System of Louisiana (System)

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

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

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

Retirement Benefits:

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

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

1. Any age with thirty (30) years of creditable service.
2. Age 60 with a minimum of ten (10) or more years of creditable service.
3. Under age 60 with ten (10) years of creditable service eligible for disability benefits.
4. Survivor's benefits require five (5) years creditable service at death of member.

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

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

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

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

Survivor Benefits:

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

1. Surviving spouse who is married no less than twelve (12) months immediately preceding death of member, shall be paid a monthly benefit equal to thirty percent of the member's final compensation, payable when the surviving spouse attains the age of sixty years or becomes disabled and payable for as long as the surviving spouse lives, or
2. A monthly benefit equal to the actuarial equivalent of the benefit described above, but not less than fifteen percent of the member's final compensation, payable upon the death of the member and payable for as long as the surviving spouse lives. Selecting this benefit precludes the survivor from eligibility for the thirty-percent benefit payable when the surviving spouse attains the age of sixty years.

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

Town of Franklinton
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Any member of Plan A or Plan B who had not withdrawn their accumulated contributions and had at least twenty years of service credit at time of death, surviving spouse shall receive benefits for as long as he/she lives as outlined in the statutes.

DROP Benefits:

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

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

Disability Benefits:

For Plan B, a member shall be eligible to retire and receive a disability benefit if he has at least ten years of creditable service; in which he would receive a regular retirement under retirement provisions. A member shall be eligible to retire and receive a disability benefit if he has at least ten years of creditable service, is not eligible for normal retirement, and has been officially certified as disabled by the State Medical Disability Board. Upon retirement caused by disability, a member of Plan B shall be paid a disability benefit equal to the lesser of thirty percent of his final average compensation or two percent of his final average compensation multiplied by his years of creditable service, whichever is greater; or an amount equal to two percent of the member's final average compensation multiplied by his years of creditable service, projected to his earliest normal retirement age.

Cost of Living Increases:

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

Deferred Benefits:

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

The System issues an annual publicly available financial report that includes financial statements and required supplemental information for the System. That report may be obtained by writing to the

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Municipal Employees Retirement System of Louisiana, 7937 Office Park Boulevard, Baton Rouge, Louisiana 70809, or calling (225) 925-4810 or at www.mersla.com.

Funding Policy. Under Plan B, members are required by state statute to contribute five percent of their annual covered salary and the Town of Franklinton is required to contribute at an actuarially determined rate. The current rate is 14 percent of annual covered payroll. The Town of Franklinton's management has decided to pay two percent of the employee's part, thus increasing the Town of Franklinton's pension percentage to 16 percent. Contributions to the System also include one-fourth of one percent (except Orleans) of the taxes shown to be collectible by the tax rolls of each parish. Tax monies are apportioned between Plan A and Plan B in proportion to salaries of plan participants. Tax monies received from East Baton Rouge Parish are apportioned between the Municipal Employees' Retirement System and the Employees' Retirement System of the City of Baton Rouge. The System also receives revenue sharing funds each year as appropriated by the Legislature. These additional sources of income are used as additional employer contributions and considered support from non-employer contributing entities, but are not considered special funding situations. Non-employer contributions are recognized as revenue and excluded from pension expense for the year ended June 30, 2018. During the year ending October 31, 2018, the Town recognized revenue as a result of support received from non-employer contributing entities of \$32,557 for its participation in MERS-Plan B.

The Town of Franklinton contributions to the System under Plan B for the years ending October 31, 2018 and 2017 were \$132,828, and \$123,831, respectively, equal to the required contributions for each year.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: At October 31, 2018, the Town reported a liability of \$1,096,742 for its proportionate share of the net pension liability of the System. The net pension liability was measured as of June 30, 2018 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contribution of all participating, actuarially determined. At June 30, 2018, the Town's proportion was 1.296643%, which was a decrease of 0.027502% from its proportion measured as of June 30, 2017.

For the year ended October 31, 2018, the Town recognized pension expense for the MERS System of \$224,835 representing its proportionate share of the System's net expense, including amortization of deferred amounts.

At October 31, 2018, the Town reported deferred outflows of resources and deferred inflows of resources related to the MERS pension system from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,938	\$ (49,398)
Changes of Assumptions	41,042	-
Net difference between projected and actual earnings on pension plan investments	178,258	-
Changes in proportion and differences between Employer contributions and proportionate share of contributions	14,783	(14,892)
Employer contributions subsequent to the measurement date	44,362	-
Total	<u>\$ 281,383</u>	<u>\$ (64,290)</u>

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The Town reported a total of \$44,362 as deferred outflow of resources related to pension contributions made subsequent to the measurement period of June 30, 2018 which will be recognized as a reduction in net pension liability in the year ended October 31, 2019.

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

<u>Year</u>	
2019	\$ 99,252
2020	51,785
2021	16,163
2022	5,530
	<u>\$ 172,730</u>

Actuarial Assumptions. A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2018 is as follows:

Valuation Date	June 30, 2018
Actuarial Cost Method	Entry Age Normal

Actuarial Assumptions:

Expected Remaining Service Lives	3 years (Plan B)
Investment Rate of Return	7.275%, net of investment expense
Inflation Rate	2.6%
Projected Salary Increases	5.0%
Annuitant and beneficiary mortality	RP-2000 Healthy Annuitant Sex Distinct Mortality Tables set forward 2 years for males and set forward 1 year for females projected to 2028 using scale AA
Employee mortality	RP-2000 Employee Sex Distinct Table for set back 2 years for both males and females
Disabled lives mortality	RP-2000 Disabled Lives Mortality Table set back 5 years for males and set back 3 years for females

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

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Best estimates of arithmetic real rates of return for each major asset class included in the System's target asset allocation as of June 30, 2018 are summarized in the following table:

Asset Class	Target Asset Allocation	Long-Term Expected Portfolio Real Rate of Return
Public Equity	50%	2.20%
Public Fixed Income	35%	1.50%
Alternatives	15%	0.60%
Totals	<u>100%</u>	<u>4.30%</u>
Inflation		<u>2.70%</u>
Expected Arithmetic Nominal Rate		<u>7.00%</u>

The discount rate used to measure the total pension liability was 7.275%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates which are calculated in accordance with relevant statutes and approved by the Board of Trustees and the Public Retirement Systems' Actuarial Committee. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The effects of certain other changes in the net pension liability are required to be included in pension expense over the current future periods. The effects on the total pension liability of (1) changes of economic and demographic assumptions or of other inputs and (2) differences between expected and actual experience are required to be included in pension expense in a systematic and rational manner over a closed period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension plan (active employees and inactive employees), determined as of the beginning of the measurement period. The effect on net pension liability of differences between the projected earning on pension plan investments and actual experience with regard to those earnings is required to be included in pension expense in a systematic and rational manner over a closed period of five years, beginning with the current period. The Expected Remaining Service Lives (ERSL) for 2018 is 3 years for Plan B.

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Sensitivity of the Employer's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the net pension liability of the participating employers calculated using the discount rate of 7.275%, as well as what the employers' net pension liability would be if it were calculated using a discount rate that is one percentage point lower, or one percentage point higher than the current rate as of June 30, 2018:

	1% Decrease	Current Discount Rate	1% Increase
Rates	6.275%	7.275%	8.275%
Town of Franklinton Share of NPL	\$ 1,439,339	\$ 1,096,742	\$ 805,504

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

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

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

Retirement Benefits:

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

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

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

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

Membership Commencing January 1, 2013: Member eligibility for regular retirement, early retirement, disability and survivor benefits are based on Hazardous Duty and Non Hazardous Duty sub plans. Under the Hazardous Duty sub plan, a member is eligible for regular retirement after he has been a member of the System and has 25 years of creditable service at any age or has 12 years of creditable service at age 55.

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Under the Non Hazardous Duty sub plan, a member is eligible for regular retirement after he has been a member of the System and has 30 years of creditable service at any age, 25 years of creditable service at age 55, or 10 years of creditable service at age 60. Under both sub plans, a member is eligible for early retirement after he has been a member of the System for 20 years of creditable service at any age, with an actuarially reduced benefit from age 55.

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

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

Cost of Living Adjustments:

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

No regular retiree, survivor or beneficiary shall be eligible to receive a cost-of-living adjustment until benefits have been received at least one full fiscal year and the payment of such COLA, when authorized, shall not be effective until the lapse of at least one-half of the fiscal year. Members who elect early retirement are not eligible for a cost of living adjustment until they reach regular retirement age.

Deferred Retirement Option Plan:

A member is eligible to elect to enter the deferred retirement option plan (DROP) when he is eligible for regular retirement based on the members' sub plan participation. Upon filing the application for the program, the employee's active membership in the System is terminated. At the entry date into the DROP, the employee and employer contributions cease. The amount to be deposited into the DROP account is equal to the benefit computed under the retirement plan elected by the participant at date of application. The duration of participation in the DROP is thirty-six months or less. If employment is terminated after the three-year period the participant may receive his benefits by lump sum payment or a true annuity. If employment is not terminated, active contributing membership into the System shall resume and upon later termination, he shall receive additional retirement benefit based on the additional service. For those eligible to enter DROP prior to January 1, 2004, DROP accounts shall earn interest subsequent to the termination of DROP participation at a rate of half of one percentage point below the percentage rate of return of the System's investment portfolio as certified by the actuary on an annual basis but will never lose money. For those eligible to enter DROP subsequent to January 1, 2004, an irrevocable election is made to earn interest based on the System's investment portfolio return or a money market investment return. This could result in a negative earnings rate being applied to the account. If the member elects a money market investment return, the funds are transferred to a government money market account.

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Initial Benefit Option Plan:

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

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

Funding Policy. According to state statute, the Town of Franklinton is required to contribute at an actuarially determined rate but cannot be less than 9% of the employee's earnable compensation excluding overtime but including state supplemental pay. For the year ended June 30, 2018, total contributions due for employers and employees were 40.75%. The employer and employee contribution rates for members hired prior to January 1, 2013 and Hazardous Duty members hired after January 1, 2013 were 30.75% and 10%, respectively. The employer and employee contribution rates for all Non Hazardous Duty members hired after January 1, 2013 were 30.75% and 8%, respectively. The employer and employee contribution rates for members whose earnable compensation is less than or equal to poverty guidelines issued by the U.S. Department of Health and Human Services were 33.25% and 7.5%, respectively.

The System also receives insurance premium tax monies as additional employer contributions and considered support from a non-contributing entity. This tax is appropriated by the legislature each year based on an actuarial study. This additional source of income is used as additional employer contributions and considered support from non-employer contributing entities, but is not considered a special funding situation. Non-employer contributions are recognized as revenue and excluded from pension expense for the year ended June 30, 2018. During the year ending October 31, 2018, the Town recognized revenue as a result of support received from non-employer contributing entities of \$53,751 for its participation in MPERS.

The Town of Franklinton contributions to the System for the years ending October 31, 2018 and 2017 were \$260,601 and \$280,721 respectively, equal to the required contributions for each year.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: At October 31, 2018, the Town reported a liability of \$2,302,768 for its proportionate share of the net pension liability of the System. The net pension liability was measured as of June 30, 2018 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contribution of all participating, actuarially determined. At June 30, 2018, the Town's proportion was 0.272386%, which was a decrease of 0.020269% from its proportion measured as of June 30, 2017.

For the year ended October 31, 2018, the Town recognized pension expense for the MPERS System of \$255,982 representing its proportionate share of the System's net expense, including amortization of deferred amounts.

Town of Franklinton
Notes to the Financial Statements
As of and for the Year Ended October 31, 2018

At October 31, 2018, the Town reported deferred outflows of resources and deferred inflows of resources related to the MPERS pension system from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 10,381	\$ (117,676)
Changes of Assumptions	150,485	-
Net difference between projected and actual earnings on pension plan investments	110,390	-
Changes in proportion and differences between Employer contributions and proportionate share of contributions	13,609	(253,395)
Employer contributions subsequent to the measurement date	93,541	-
Total	\$ 378,406	\$ (371,071)

The Town reported a total of \$93,541 as deferred outflow of resources related to pension contributions made subsequent to the measurement period of June 30, 2018 which will be recognized as a reduction in net pension liability in the year ended October 31, 2019.

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

<u>Year</u>	
2019	\$ 19,695
2020	(8,718)
2021	(97,081)
2022	6,887
	\$ (79,217)

Actuarial Assumptions. A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2018 is as follows:

Valuation Date	June 30, 2018
Actuarial Cost Method	Entry Age Normal

Actuarial Assumptions:

Investment Rate of Return	7.20%, net of investment expense
Expected Remaining Service Lives	4 years
Inflation Rate	2.60%

Salary increases, including inflation & merit	Years of Service	Salary Growth Rate
	1-2	9.75%
	3-23	4.75%
	Over 23	4.25%

Mortality	RP-2000 Combined Healthy with Blue Collar Adjustment Sex Distinct Tables projected to 2029 by
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Town of Franklinton
Notes to the Financial Statements
As of and for the Year Ended October 31, 2018

Scale AA (set back 1 year for females) for healthy annuitants and beneficiaries.

RP-2000 Disabled Lives Table set back 5 years for males and set back 3 years for females for disabled annuitants.

RP-2000 Employee Table set back 4 years for males and 3 years for females for active members.

Cost of Living Adjustments

The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost-of-living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees.

The mortality rate assumption used was set based upon an experience study performed by the prior actuary on plan data for the period July 1, 2009 through June 30, 2014 and review of similar law enforcement mortality. 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 to those produced 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.

Best estimates of arithmetic nominal rates of return for each major asset class included in the System's target asset allocation as of June 30, 2018 are summarized in the following table:

Asset Class	Target Asset Allocation	Long-Term Expected Portfolio Real Rate of Return
Equity	52%	3.58%
Fixed Income	22%	0.46%
Alternatives	20%	1.07%
Other	6%	0.17%
Totals	<u>100%</u>	<u>5.28%</u>
Inflation		<u>2.75%</u>
Expected Arithmetic Nominal Rate		<u>8.03%</u>

The discount rate used to measure the total pension liability was 7.20%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates approved by PRSAC taking into consideration the recommendation of the System's actuary. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected

Town of Franklinton
Notes to the Financial Statements
As of and for the Year Ended October 31, 2018

rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Employer's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the net pension liability of the participating employers calculated using the discount rate of 7.20%, as well as what the employers' net pension liability would be if it were calculated using a discount rate that is one percentage point lower, or one percentage point higher than the current rate as of June 30, 2018:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Rates	6.200%	7.200%	8.200%
Town of Franklinton Share of NPL	\$ 3,236,026	\$ 2,302,768	\$ 1,519,800

C. Firefighters Retirement System of Louisiana (System)

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

Retirement Benefits:

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

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

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

Disability Benefits:

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

Town of Franklinton
Notes to the Financial Statements
As of and for the Year Ended October 31, 2018

Death Benefits:

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

Deferred Retirement Option Plan:

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

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

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

Initial Benefit Option:

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

Cost of Living Adjustments (COLAs):

Under the provisions of R.S. 11:246 and 11:2260(A)(7), the board of trustees is authorized to grant retired members and widows of members who have retired an annual cost of living increase of up to 3% of their current benefit, and all retired members and widows who are 65 years of age and older a 2% increase in their original benefit. In order for the board to grant either of these increases, the System must meet certain criteria detailed in the statute related to funding status and interest earnings (R.S. 11:243). In lieu of these COLAs, pursuant to R.S. 11:241, the board may also grant an increase in the form of "X * (A+B)," where "X" is any amount up to \$1 per month, and "A" is equal to the number of years of credited service accrued at retirement or at death of the member or retiree, and "B" is equal to the number of years since retirement or since death of the member or retiree to June 30th of the initial year of such increase.

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

Funding Policy. Plan members are required by state statute to contribute ten percent of their annual covered salary and the Town is required to contribute at an actuarially determined rate. The employer contribution rates were 26.50 percent and 25.25 percent of annual covered salary for the plan years ending in 2018 and 2017. The contribution requirements of plan members and the Town are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior year.

Town of Franklinton
Notes to the Financial Statements
As of and for the Year Ended October 31, 2018

According to state statute, the System receives insurance premium tax funds from the State of Louisiana. The tax is considered support from a non-employer contribution but is not considered a special funding situation. Non-employer contributions are recognized as revenue and excluded from pension expense for the year ended June 30, 2018. During the year ending October 31, 2018, the Town recognized revenue as a result of support received from non-employer contributing entities of \$- for its participation in FRS.

The Town's total contributions were \$- and \$- in the fiscal years ending October 31, 2018 and 2017, respectively.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions: At October 31, 2018, the Town reported a liability of \$- for its proportionate share of the net pension liability of the System. The net pension liability was measured as of June 30, 2018 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contribution of all participating, actuarially determined. At June 30, 2018, the Town's proportion was 0.0%, which was the same as its proportion measured as of June 30, 2017.

For the year ended October 31, 2018, the Town recognized pension expense for the FRS System of \$(21,546) representing its proportionate share of the System's net expense, including amortization of deferred amounts.

At October 31, 2018, the Town reported deferred outflows of resources and deferred inflows of resources related to the FRS pension system from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -
Changes of Assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	-
Changes in proportion and differences between Employer contributions and proportionate share of contributions	24,215	(114,313)
Employer contributions subsequent to the measurement date	-	-
Total	\$ 24,215	\$ (114,313)

The Town reported no deferred outflow of resources related to pension contributions made subsequent to the measurement period of June 30, 2018 which will be recognized as a reduction in net pension liability in the year ended October 31, 2019.

Town of Franklinton
Notes to the Financial Statements
As of and for the Year Ended October 31, 2018

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

<u>Year</u>	
2019	\$ (21,546)
2020	(21,549)
2021	(12,441)
2022	(15,340)
2023	(19,222)
2024	-
	<u>\$ (90,098)</u>

Actuarial Assumptions. A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2018 is as follows:

Valuation Date	June 30, 2018
Actuarial Cost Method	Entry Age Normal

Actuarial Assumptions:

Expected Remaining Service Lives	7 years
Investment Rate of Return	7.30%
Inflation Rate	2.700%
Salary Increases	Vary from 15.0% in the first two years of service to 4.75% after 25 years
Cost of Living Adjustments	For the purpose of determining the present value of benefits, COLAs were deemed not to be substantively automatic and only those previously granted were included.

The mortality rate assumption used was set based upon an experience study performed by the prior actuary on plan data for the period July 1, 2009 through June 30, 2014. 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. The RP-2000 Combined Healthy with Blue Collar Adjustment Sex Distinct Tables projected to 2031 using Scale AA were selected for employee, annuitant, and beneficiary mortality. The RP-2000 Disabled Lives Mortality Table set back five years for males and set back three years for females was selected for disabled annuitants. Setbacks in these tables were used to approximate mortality improvement.

The estimated long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected

Town of Franklinton
Notes to the Financial Statements
As of and for the Year Ended October 31, 2018

future real rates of return by the target asset allocation percentage and by adding expected inflation, 2.75%. The long-term expected nominal rate of return was 8.09% as of June 30, 2018.

Best estimates of real rates of return for each major asset class included in FRS' target asset allocation as of June 30, 2018 are summarized in the following table:

Asset Type		Target Asset Allocation	Long-Term Expected Portfolio Real Rate of Return
Equity	U.S. Equity	22%	6.14%
	Non-U.S. Equity	22%	7.46%
	Global Equity	10%	6.74%
Fixed Income	Fixed Income	26%	1.76%
Alternatives	Real Estate	6%	4.38%
	Private Equity	4%	8.73%
Multi-Asset Strategies	Global Tactical Asset Allocation	5%	4.31%
	Risk Parity	5%	4.89%
		<u>100%</u>	

The discount rate used to measure the total pension liability was 7.30%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers and non-employer contributing entities will be made at the actuarially determined rates approved by the Board of Trustees and by the Public Retirement Systems' Actuarial Committee taking into consideration the recommendation of the System's actuary. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Employer's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the net pension liability of the participating employers calculated using the discount rate of 7.3%, as well as what the employers' net pension liability would be if it were calculated using a discount rate that is one percentage point lower, or one percentage point higher than the current rate as of June 30, 2018:

Sensitivity of the Employer's Proportionate Share of the Net Pension Liability to

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Rates	6.30%	7.30%	8.30%
Town of Franklinton Share of NPL	\$ -	\$ -	\$ -

Town of Franklinton
Notes to the Financial Statements
As of and for the Year Ended October 31, 2018

17. Other Postemployment Benefits

General Information about the OPEB Plan

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

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

Employees Covered by Benefit Terms. As of October 31, 2018, the following employees were covered by the benefit terms:

Inactive employees currently receiving benefits	-
Inactive employees entitled to but not yet receiving benefits	-
Active employees	<u>53</u>
Total	<u><u>53</u></u>

Total OPEB Liability

The Town's total OPEB liability of \$637,251 was measured as of November 1, 2017, and was determined to by an actuarial valuation as of that date.

Actuarial assumptions and other inputs. Using the Alternative Measurement Method (AMM) permitted under GASB Statement 75, a simplified version of the Entry Age Normal with Level Percentage of Pay Actuarial Cost Method was used to determine the total OPEB liability. The total OPEB liability in the November 1, 2017 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	3.0%
Salary Increases	3.0%
Discount Rate	4.33%
Healthcare Cost Trend Rates	4.9% decreasing to 4.7% for 2025

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

Town of Franklinton
Notes to the Financial Statements
As of and for the Year Ended October 31, 2018

Mortality rates were based on the 2014 United States Life Tables.

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

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

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

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

Changes in the Total OPEB Liability

Balance at October 31, 2017	\$ <u>784,946</u>
Changes for the year:	
Service Cost	30,493
Interest	27,145
Changes of Benefit Terms	-
Difference between Expected and Actual Experience	(224,368)
Changes of Assumptions	19,035
Benefit Payments	<u>-</u>
Net Changes	<u>(147,695)</u>
Balance at October 31, 2018	<u><u>\$ 637,251</u></u>

Sensitivity of the Total OPEB Liability Changes in the Discount Rate. The following presents the total OPEB liability of the Town, as well as what the Town's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.33%) or 1-percentage-point higher (5.33%) than the current discount rate:

	<u>1% Decrease (3.33%)</u>	<u>Current Discount Rate (4.33%)</u>	<u>1% Increase (5.33%)</u>
Total OPEB Liability \$	\$ 704,084	\$ 637,251	\$ 575,686

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

Town of Franklinton
Notes to the Financial Statements
As of and for the Year Ended October 31, 2018

it were calculated using healthcare cost trend rates that are 1-percentage-point lower (3.9% decreasing to 3.7%) or 1-percentage-point higher (5.9% decreasing to 5.7%) than the current healthcare cost trend rates:

	1% Decrease (3.9% decreasing to 3.7%)	Current Healthcare Cost Trend Rate (4.9% decreasing to 4.7%)	1% Increase (5.9% decreasing to 5.7%)
Total OPEB Liability	\$ 554,528	\$ 637,251	\$ 735,975

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

For the year ended October 31, 2018, the Town recognized negative OPEB expense of \$147,695. At October 31, 2018, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ N/A*	\$ N/A*
Changes of assumptions	N/A*	N/A*
Net difference between projected and actual earnings	-	-
Contributions made subsequent to measurement date	-	-
Total	\$ -	\$ -

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

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

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

Town of Franklinton
Notes to the Financial Statements
As of and for the Year Ended October 31, 2018

18. Fund Balances and Net Position

At October 31, 2018, the General Fund had nonspendable fund balances of \$75,930 created from \$73,244 of prepaid insurance and \$2,686 in inventory for the streets and drainage department. Restricted fund balances for all governmental funds equaled \$1,786,480. Of this amount, \$1,786,271 is restricted due to legislation from sales taxes or ad valorem taxes and \$209 is restricted for debt service. Assigned fund balances of \$490,057 consisted of \$84,417 for insurance, \$51,490 for match for a grant, \$335,363 for fire activities, \$2,922 for police reserve, and \$15,865 for the airport. At October 31, 2018, the Enterprise Fund had restricted net position of \$273,535, representing the Town's funds restricted by revenue bond debt covenants and contracts with customers for meter deposits, net of any related liability.

19. Risk Management

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

In order to control insurance costs and concurrently manage the risks of loss, the Town of Franklinton has a deductible on general liability insurance and public officials' errors and omissions of \$25,000 for each loss occurrence, and \$50,000 per occurrence for law enforcement liability. As of October 31, 2018, a total of \$55,662 has been transferred to a separate insurance account designated for funding the deductible, and additional funds will be transferred to this account as funds become available.

20. Contingent Liabilities

At October 31, 2018, the Town has several suits pending or threatened litigation. As of the date of this report, the extent to which some of these suits are covered by insurance, the outcome of these suits, and any probable loss amount cannot be readily determinable.

21. On-Behalf Payments by the State of Louisiana

For the fiscal year ended October 31, 2018, the State of Louisiana made on behalf payments in the form of supplemental pay to the Town's policemen. In accordance with GASB 24, the Town recorded \$114,850 of on behalf payments as revenue and as an expenditure in the General Fund.

Town of Franklinton
Notes to the Financial Statements
As of and for the Year Ended October 31, 2018

22. Other Commitments

In December 2016, the Town entered into multiple contracts related to the sewer improvement project. There are three separate “contract” or projects related to the overall improvement project.

Contract A is for wastewater treatment plant improvements. Bids for this project were awarded as follows: Spangler Engineering-\$207,786 for engineering fees and Greenbriar-\$1,497,901 for the construction. The Town has incurred \$1,692,315 in costs related to Contract A, which included environmental testing not included in the previous mentioned bids. There is approximately \$170,334 remaining in contracts related to Contract A.

Contract B is for SSES and Infiltration/Inflow Repairs. Bids for this project were awarded as follows: Spangler Engineering-\$245,400 for engineering fees and Insituform Tech-\$1,550,715 for the repairs. The Town has incurred \$1,711,124 in costs related to Contract B. There is approximately \$84,990 remaining in contracts related to Contract B.

Contract C is for sewer system improvements. Bids for this project were awarded as follows: Spangler Engineering-\$206,825 for engineering fees and Greenbriar-\$1,070,881 for the construction. The Town has incurred \$1,329,408 in costs related to Contract C, which included environmental testing not included in the previous mentioned bids. There is nothing remaining in contracts related to Contract C.

During fiscal year ending October 31, 2018, the Town entered into multiple contracts related to Contract D. Contract D is for wastewater force main improvements. Bids for this project were awarded as follows: Spangler Engineering-\$91,397 for engineering fees and Lawson-Bonet-\$540,000 for the construction. The Town has incurred \$37,798 in costs related to Contract D. There is approximately \$593,599 remaining in contracts related to Contract D.

23. Prior Period Adjustments

The net position of the Governmental and Business-Type Activities have been adjusted due to the adoption of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, during the fiscal year ended October 31, 2018.

Government-Wide Activities:

Beginning Net Position Before Prior Period Adjustments	\$	4,627,012
Effect of GASB 75 Implementation		(142,560)
Beginning Net Position After Prior Period Adjustments	\$	4,484,452

Business-Type Activities

Enterprise Fund:

Beginning Net Position Before Prior Period Adjustments	\$	2,927,334
Effect of GASB 75 Implementation		(85,582)
Beginning Net Position After Prior Period Adjustments	\$	2,841,752

Town of Franklinton
Notes to the Financial Statements
As of and for the Year Ended October 31, 2018

24. Subsequent Events

Subsequent events have been evaluated by management through April 27, 2019, the date the financial statements were available to be issued and these financial statements considered subsequent events through such date. No events were noted that require recording or disclosure in the financial statements for the fiscal year ending October 31, 2018.

Required Supplemental Information (Part II)

Town of Franklinton
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
General Fund - Summary
For the year ended October 31, 2018

	Budgeted Amounts		Actual Amounts GAAP Basis	Variance
	Original	Final		Favorable (Unfavorable)
Revenues				
Taxes	\$ 2,698,850	\$ 2,588,110	\$ 2,648,616	\$ 60,506
Licenses and Permits	346,000	329,550	325,774	(3,776)
Intergovernmental	473,700	329,800	313,182	(16,618)
Charges for Services	305,100	300,800	300,953	153
Fines and Forfeitures	65,000	47,000	47,967	967
Interest	2,275	3,496	3,501	5
Miscellaneous	167,776	133,406	151,370	17,964
Total Revenues	4,058,701	3,732,162	3,791,363	59,201
Expenditures				
General Government	562,577	596,260	556,179	40,081
Public Safety:				
Police	2,192,725	2,122,821	2,102,764	20,057
Fire	239,650	242,865	231,909	10,956
Public Works	397,663	372,360	378,840	(6,480)
Sanitation	257,700	253,324	253,332	(8)
Health and Welfare	22,400	25,200	27,204	(2,004)
Transportation	8,250	7,090	7,386	(296)
Economic Development	-	-	-	-
Capital Outlays	255,000	49,120	56,742	(7,622)
Total Expenditures	3,935,965	3,669,040	3,614,356	54,684
Excess Revenues (Expenditures)	122,736	63,122	177,007	113,885

(Continued)

See independent auditor's report.

Town of Franklinton
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
General Fund - Summary
For the year ended October 31, 2018

	<u>Budgeted Amounts</u>		<u>Actual Amounts GAAP Basis</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Other Financing Sources (Uses)				
Operating Transfers In	165,000	150,000	150,000	-
Operating Transfers (Out)	(232,265)	(232,265)	(232,264)	1
Transfers to Other Governments	-	-	(55,000)	(55,000)
Sale of Capital Assets	4,500	2,000	-	(2,000)
Total Other Financing Sources (Uses)	<u>(62,765)</u>	<u>(80,265)</u>	<u>(137,264)</u>	<u>(56,999)</u>
Special Items				
Capital Lease Receivable Payments Received	11,415	5,708	5,701	(7)
Capital Lease Payments collected for and transferred to F.A.E.D.F.	(63,570)	(59,500)	(4,259)	55,241
Capital Lease Interest revenue collected for and transferred to F.A.E.D.F.	-	-	(22)	(22)
Total Special Items	<u>(52,155)</u>	<u>(53,792)</u>	<u>1,420</u>	<u>55,212</u>
Net Change in Fund Balances	<u>7,816</u>	<u>(70,935)</u>	<u>41,163</u>	<u>112,098</u>
Fund Balances, Beginning	<u>1,024,101</u>	<u>1,024,101</u>	<u>1,024,101</u>	<u>-</u>
Fund Balances, Ending	<u>\$ 1,031,917</u>	<u>\$ 953,166</u>	<u>\$ 1,065,264</u>	<u>\$ 112,098</u>

(Concluded)

See independent auditor's report.

Town of Franklinton
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
General Fund - Detail
For the year ended October 31, 2018

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> GAAP Basis	Variance
	<u>Original</u>	<u>Final</u>		Favorable (Unfavorable)
Taxes				
Ad Valorem	\$ 178,000	\$ 174,600	\$ 174,855	\$ 255
Sales Taxes	2,298,850	2,203,510	2,251,591	48,081
Franchise Taxes	222,000	210,000	222,170	12,170
Total Taxes	<u>2,698,850</u>	<u>2,588,110</u>	<u>2,648,616</u>	<u>60,506</u>
Intergovernmental				
Federal Grants	87,000	67,000	42,866	(24,134)
State Grants	128,700	8,700	13,578	4,878
Other	258,000	254,100	256,738	2,638
Total Intergovernmental	<u>473,700</u>	<u>329,800</u>	<u>313,182</u>	<u>(16,618)</u>
Other Revenues				
Licenses and Permits	346,000	329,550	325,774	(3,776)
Charges for Services	305,100	300,800	300,953	153
Fines and Forfeitures	65,000	47,000	47,967	967
Interest	2,275	3,496	3,501	5
Miscellaneous	167,776	133,406	151,370	17,964
Total Other Revenues	<u>886,151</u>	<u>814,252</u>	<u>829,565</u>	<u>15,313</u>
Total Revenues	<u>4,058,701</u>	<u>3,732,162</u>	<u>3,791,363</u>	<u>59,201</u>

(Continued)

See independent auditor's report.

Schedule 2

Town of Franklinton
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
General Fund - Detail
For the year ended October 31, 2018

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> GAAP Basis	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		<u>Favorable</u> <u>(Unfavorable)</u>
General Government				
Salaries	278,550	297,320	282,637	14,683
Benefits	56,885	96,568	90,731	5,837
Payroll Taxes	13,700	28,000	21,600	6,400
General and Administrative	3,800	2,500	2,143	357
Insurance	24,450	20,980	16,936	4,044
Vehicle Expenses	2,050	2,600	2,591	9
Other operating	35,642	32,772	29,179	3,593
Professional Fees	84,000	53,210	50,294	2,916
Repairs and Maintenance	15,000	18,200	17,610	590
Supplies	22,500	19,610	17,926	1,684
Utilities	26,000	24,500	24,532	(32)
Total General Government	<u>562,577</u>	<u>596,260</u>	<u>556,179</u>	<u>40,081</u>
Public Safety:				
Police				
Salaries	1,203,525	1,182,700	1,186,426	(3,726)
Benefits	490,100	436,760	436,008	752
Payroll Taxes	91,000	85,750	94,963	(9,213)
General and Administrative	67,800	23,750	23,382	368
Insurance	202,000	243,450	211,607	31,843
Vehicle Expenses	45,000	48,000	47,238	762
Other operating	13,300	14,580	16,453	(1,873)
Repairs and Maintenance	15,000	23,861	22,317	1,544
Supplies	18,000	13,070	13,273	(203)
Telephone	25,000	22,000	22,107	(107)
Utilities	22,000	28,900	28,990	(90)
Total Police	<u>2,192,725</u>	<u>2,122,821</u>	<u>2,102,764</u>	<u>20,057</u>
Fire				
Salaries	69,100	60,700	63,223	(2,523)
Benefits	16,900	8,300	8,291	9
Payroll Taxes	5,200	4,630	4,784	(154)
General and Administrative	2,500	1,350	-	1,350
Insurance	43,000	43,550	38,403	5,147
Vehicle Expenses	6,000	5,000	6,067	(1,067)
Other operating	15,450	13,185	13,218	(33)
Repairs and Maintenance	30,000	37,400	37,661	(261)
Supplies	32,000	48,450	39,786	8,664
Telephone	9,500	1,700	1,695	5
Utilities	10,000	18,600	18,781	(181)
Total Fire	<u>239,650</u>	<u>242,865</u>	<u>231,909</u>	<u>10,956</u>
Total Public Safety	<u>2,432,375</u>	<u>2,365,686</u>	<u>2,334,673</u>	<u>31,013</u>

(Continued)

See independent auditor's report.

Town of Franklinton
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
General Fund - Detail
For the year ended October 31, 2018

	Budgeted Amounts		Actual Amounts GAAP Basis	Variance Favorable (Unfavorable)
	Original	Final		
Public Works				
Salaries	164,763	161,515	163,401	(1,886)
Benefits	74,275	73,830	73,860	(30)
Payroll Taxes	12,100	11,320	12,278	(958)
General and Administrative	500	-	-	-
Insurance	51,000	41,330	35,408	5,922
Vehicle Expenses	8,500	11,580	13,213	(1,633)
Other operating	5,525	5,185	5,327	(142)
Repairs and Maintenance	15,000	10,350	11,010	(660)
Supplies	12,000	8,250	10,810	(2,560)
Utilities	54,000	49,000	53,533	(4,533)
Total Public Works	397,663	372,360	378,840	(6,480)
Sanitation				
Insurance	5,500	4,464	4,468	(4)
Other operating	252,200	248,860	248,864	(4)
Total Sanitation	257,700	253,324	253,332	(8)
Health and Welfare				
Salaries	14,000	15,800	16,387	(587)
Benefits	-	-	-	-
Payroll Taxes	1,100	1,100	1,222	(122)
General and Administrative	-	-	1,286	(1,286)
Insurance	750	200	140	60
Other operating	6,550	8,100	8,169	(69)
Total Health and Welfare	22,400	25,200	27,204	(2,004)
Transportation				
General and Administrative	2,400	2,400	2,400	-
Repairs and Maintenance	2,000	1,500	1,676	(176)
Utilities	3,850	3,190	3,310	(120)
Total Transportation	8,250	7,090	7,386	(296)
Capital Outlays	255,000	49,120	56,742	(7,622)
Total Expenditures	3,935,965	3,669,040	3,614,356	54,684
Excess Revenues (Expenditures)	122,736	63,122	177,007	113,885

(Continued)

See independent auditor's report.

Town of Franklinton
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
General Fund - Detail
For the year ended October 31, 2018

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> GAAP Basis	Variance
	<u>Original</u>	<u>Final</u>		Favorable (Unfavorable)
Other Financing Sources (Uses)				
Operating Transfers In	165,000	150,000	150,000	-
Operating Transfers (Out)	(232,265)	(232,265)	(232,264)	1
Transfers to Other Governments	-	-	(55,000)	(55,000)
Sale of Capital Assets	4,500	2,000	-	(2,000)
Total Other Financing Sources (Uses)	<u>(62,765)</u>	<u>(80,265)</u>	<u>(137,264)</u>	<u>(56,999)</u>
Special Items				
Capital Lease Receivable Payments	11,415	5,708	5,701	(7)
Capital Lease Payments collected for and transferred to F.A.E.D.F.	(63,570)	(59,500)	(4,259)	55,241
Capital Lease Interest revenue collected for and transferred to F.A.E.D.F.	-	-	(22)	(22)
Total Special Items	<u>(52,155)</u>	<u>(53,792)</u>	<u>1,420</u>	<u>55,212</u>
Net Change in Fund Balances	<u>7,816</u>	<u>(70,935)</u>	<u>41,163</u>	<u>112,098</u>
Fund Balances, Beginning	<u>1,024,101</u>	<u>1,024,101</u>	<u>1,024,101</u>	<u>-</u>
Fund Balances, Ending	<u>\$ 1,031,917</u>	<u>\$ 953,166</u>	<u>\$ 1,065,264</u>	<u>\$ 112,098</u>

(Concluded)

See independent auditor's report.

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

Total OPEB Liability	<u>2018</u>
Service Cost	\$ 30,493
Interest	27,145
Changes of Benefit Terms	-
Differences between Expected and Actual Experience	(224,368)
Changes of Assumptions	19,035
Benefit Payments	<u>-</u>
Net Change in Total OPEB Liability	(147,695)
Beginning OPEB Liability	<u>784,946</u>
Ending OPEB Liability	637,251
Covered-Employee Payroll	2,017,559
Total OPEB Liability as a Percentage of the Covered-Employee Payroll	31.59%

Notes to Required Supplementary Information (Schedule 3)

Benefit Changes: There were no changes of benefit terms for the year ended October 31, 2018.

Changes of Assumptions: The discount rate was changed from 4.0% to 4.33%.

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

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

See independent auditor's

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

Municipal Employees' Retirement System:

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Employer's Proportion of the Net Pension Liability (Assets)	1.337769%	1.316773%	1.324145%	1.296643%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$ 909,211	\$ 1,091,484	\$ 1,145,694	\$ 1,096,742
Employer's Covered-Employee Payroll	\$ 891,965	\$ 924,187	\$ 947,803	\$ 960,916
Employer's Proportionate Share of the Net Position Liability (Asset) as a Percentage of its Covered-Employee Payroll	101.933513%	118.102072%	120.878917%	114.135054%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	68.713552%	63.337630%	63.490937%	65.598132%

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

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

See independent auditor's report.

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

Municipal Police Employees' Retirement System:

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Employer's Proportion of the Net Pension Liability (Assets)	0.336217%	0.320693%	0.292655%	0.272386%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$ 2,633,909	\$ 3,005,797	\$ 2,555,002	\$ 2,302,768
Employer's Covered-Employee Payroll	\$ 942,844	\$ 974,304	\$ 969,385	\$ 894,845
Employer's Proportionate Share of the Net Position Liability (Asset) as a Percentage of its Covered-Employee Payroll	279.357879%	308.507098%	263.569376%	257.337081%
 Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	 70.7303%	 66.0422%	 70.0815%	 71.8871%

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

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

See independent auditor's report.

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

State of Louisiana Firefighters' Retirement System:

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Employer's Proportion of the Net Pension Liability (Assets)	0.020710%	0.026006%	0.000000%	0.000000%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$ 111,774	\$ 170,103	\$ -	\$ -
Employer's Covered-Employee Payroll	\$ 53,510	\$ 63,253	\$ -	\$ -
Employer's Proportionate Share of the Net Position Liability (Asset) as a Percentage of its Covered-Employee Payroll	208.884321%	268.924794%	-	-
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	72.45%	68.16%	73.58%	74.76%

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

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

See independent auditor's report.

Town of Franklinton
Schedule of the Town's Contributions - MERS Plan B
For the year ended October 31, 2018

Municipal Employees' Retirement System:

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Contractually required contribution	\$ 121,528	\$ 110,223	\$ 123,831	\$ 132,828
Contributions in relation to contractually required contributions	<u>121,528</u>	<u>110,223</u>	<u>123,831</u>	<u>132,828</u>
Contribution deficiency (excess)	-	-	-	-
Employer's Covered Employee Payroll	891,965	854,390	923,637	919,895
Contributions as a % of Covered Employee Payroll	13.6248%	12.9008%	13.4069%	14.4395%

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

See independent auditor's report.

Town of Franklinton
Schedule of the Town's Contributions - MPERS
For the year ended October 31, 2018

Municipal Police Employees' Retirement System:

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Contractually required contribution	\$ 279,265	\$ 275,625	\$ 280,721	\$ 260,601
Contributions in relation to contractually required contributions	<u>279,265</u>	<u>275,625</u>	<u>280,721</u>	<u>260,601</u>
Contribution deficiency (excess)	-	-	-	-
Employer's Covered Employee Payroll	906,885	967,897	955,783	888,452
Contributions as a % of Covered Employee Payroll	30.7939%	28.4767%	29.3708%	29.3320%

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

See independent auditor's report.

Town of Franklinton
Schedule of the Town's Contributions - FRS
For the year ended October 31, 2018

State of Louisiana Firefighters' Retirement System:

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Contractually required contribution	\$ 15,489	\$ 10,701	\$ -	\$ -
Contributions in relation to contractually required contributions	<u>15,489</u>	<u>10,701</u>	<u>-</u>	<u>-</u>
Contribution deficiency (excess)	-	-	-	-
Employer's Covered Employee Payroll	60,597	63,075	-	-
Contributions as a % of Covered Employee Payroll	25.5607%	16.9655%	-	-

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

See independent auditor's report.

Other Supplemental Information

Non-Major Governmental Funds

Special Revenue Funds:

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

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

Buildings and Facilities Sales Tax - To account for the receipt and disbursement of 20 percent of a one percent sales tax dedicated for the purposes of acquiring, constructing, improving, maintaining and operating public buildings and facilities.

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

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

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

Capital Projects Fund:

Grant Construction Fund is a capital projects fund that accounts for the use of grant funds and contributions for the construction of improvements and public facilities. This fund was created to account for construction projects that will not be financed by sales tax proceeds.

Streets and Drainage Construction Fund is a capital projects fund that accounts for the use of the proceeds spent from the 2011 sales tax bonds for the construction and improvements on streets and drainage projects.

Debt Service Funds:

Streets and Drainage Sinking Debt Service Fund accounts for resources set aside for payment of principal and interest on the Series 2011 Sales Tax Bonds

See independent auditor's report.

Town of Franklinton
Combining Balance Sheet -
Nonmajor Governmental Funds
As of October 31, 2018

	<u>Special Revenue Funds</u>	<u>Capital Project Funds</u>	<u>Debt Service Fund</u>	<u>Total Nonmajor Governmental Funds</u>
Assets				
Cash	\$ -	\$ -	\$ -	\$ -
Receivables, Net:				-
Intergovernmental	10,644	-	-	10,644
Accounts and Other	32	-	-	32
Due From Other Funds	-	-	-	-
Prepaid Insurance	8,242	-	-	8,242
Restricted Cash	1,610,358	-	209	1,610,567
Restricted Investmetns	91,454	-	-	91,454
Total Assets	<u>\$ 1,720,730</u>	<u>\$ -</u>	<u>\$ 209</u>	<u>\$ 1,720,939</u>
Liabilities and Fund Balances				
Liabilities:				
Accounts Payable	\$ 4,562	\$ -	\$ -	\$ 4,562
Retainage Payable	-	-	-	-
Constuction Payable	-	-	-	-
Due to Other Funds	-	-	-	-
Total Liabilities	<u>4,562</u>	<u>-</u>	<u>-</u>	<u>4,562</u>
Fund Balances:				
Restricted Fund Balances	1,716,168	-	209	1,716,377
Unassigned Fund Balances	-	-	-	-
Total Fund Balances	<u>1,716,168</u>	<u>-</u>	<u>209</u>	<u>1,716,377</u>
Total Liabilities and Fund Balances	<u>\$ 1,720,730</u>	<u>\$ -</u>	<u>\$ 209</u>	<u>\$ 1,720,939</u>

See independent auditor's report.

Town of Franklinton
Combining Balance Sheet -
Nonmajor Special Revenue Funds
As of October 31, 2018

	Special Revenue Funds						Total Nonmajor Special Revenue Funds
	Police Ad Valorem	Streets and Drainage Ad Valorem	Building and Facilities Sales Tax	Industrial Devel- opment Sales Tax	Rural Devel- opment Grant	Economic Development and Recreation Sales Tax	
Assets							
Cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Receivables, Net:							
Intergovernmental	-	-	-	-	-	10,644	10,644
Accounts and Other	32	-	-	-	-	-	32
Due From Other Funds	-	-	-	-	-	-	-
Prepaid Insurance	8,242	-	-	-	-	-	8,242
Restricted Cash	194,048	414,344	-	344,792	35,444	621,730	1,610,358
Restricted Investments	-	91,454	-	-	-	-	91,454
Total Assets	\$ 202,322	\$ 505,798	\$ -	\$ 344,792	\$ 35,444	\$ 632,374	\$ 1,720,730
Liabilities and Fund Balances							
Liabilities:							
Accounts Payable	\$ 2,676	\$ 805	\$ -	\$ -	\$ -	\$ 1,081	\$ 4,562
Due to Other Funds	-	-	-	-	-	-	-
Total Liabilities	2,676	805	-	-	-	1,081	4,562
Fund Balances:							
Restricted Fund Balances	199,646	504,993	-	344,792	35,444	631,293	1,716,168
Unassigned Fund Balances	-	-	-	-	-	-	-
Total Fund Balances	199,646	504,993	-	344,792	35,444	631,293	1,716,168
Total Liabilities and Fund Balances	\$ 202,322	\$ 505,798	\$ -	\$ 344,792	\$ 35,444	\$ 632,374	\$ 1,720,730

See independent auditor's report.

Town of Franklinton
Combining Balance Sheet -
Nonmajor Other Governmental Funds
As of October 31, 2018

	<u>Capital Project Funds</u>	<u>Debt Service Fund</u>	<u>Nonmajor Other Governmental Funds</u>
	<u>Streets and Drainage Construction</u>	<u>Streets and Drainage Sinking</u>	
Assets			
Cash	\$ -	\$ -	\$ -
Receivables, Net:			
Intergovernmental	-	-	-
Accounts and Other	-	-	-
Restricted Cash	-	209	209
Restricted Investments	-	-	-
Total Assets	<u>\$ -</u>	<u>\$ 209</u>	<u>\$ 209</u>
Liabilities and Fund Balances			
Liabilities:			
Accounts Payable	\$ -	\$ -	\$ -
Retainage Payable	-	-	-
Construction Payable	-	-	-
Due to Other Funds	-	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:			
Restricted Fund Balances	-	209	209
Unassigned Fund Balances	-	-	-
Total Fund Balances	<u>-</u>	<u>209</u>	<u>209</u>
Total Liabilities and Fund Balances	<u>\$ -</u>	<u>\$ 209</u>	<u>\$ 209</u>

See independent auditor's report.

Town of Franklinton
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Nonmajor Governmental Funds
For the year ended October 31, 2018

	<u>Special Revenue Funds</u>	<u>Capital Project Funds</u>	<u>Debt Service Fund</u>	<u>Total Nonmajor Governmental Funds</u>
Revenues				
Ad Valorem Taxes	\$ 303,902	\$ -	\$ -	\$ 303,902
Sales Tax	117,821	-	-	117,821
Grants	-	-	-	-
Interest	2,437	-	106	2,543
Other	9,249	-	-	9,249
Unrealized Gain (Loss) on Investments	-	-	-	-
Total Revenues	<u>433,409</u>	<u>-</u>	<u>106</u>	<u>433,515</u>
Expenditures				
General Government	2,924	-	350	3,274
Public Safety				
Police	98,356	-	-	98,356
Fire	-	-	-	-
Public Works	20,848	717	-	21,565
Health and Welfare	-	-	-	-
Transportation	-	-	-	-
Recreation	18,160	-	-	18,160
Economic Development	14,736	-	-	14,736
Capital Outlays	26,761	-	-	26,761
Total Expenditures	<u>181,785</u>	<u>717</u>	<u>350</u>	<u>182,852</u>
Excess of Revenues Over (Under) Expenditures	<u>251,624</u>	<u>(717)</u>	<u>(244)</u>	<u>250,663</u>
Other Financing Sources (Uses)				
Bond Principal Payments	-	-	(210,000)	(210,000)
Interest Expense	-	-	(22,264)	(22,264)
Sale of Fixed Assets	-	-	-	-
Operating Transfers In	-	-	232,264	232,264
Operating Transfers Out	(75,000)	-	-	(75,000)
Total Other Financing Sources (Uses)	<u>(75,000)</u>	<u>-</u>	<u>-</u>	<u>(75,000)</u>
Net Change in Fund Balances	<u>176,624</u>	<u>(717)</u>	<u>(244)</u>	<u>175,663</u>
Fund Balances, Beginning				
Before Prior Period Adjustments	1,539,544	717	453	1,540,714
Prior Period Adjustments (Note 23)	-	-	-	-
Fund Balances, Beginning	1,539,544	717	453	1,540,714
Fund Balances, Ending	<u>\$ 1,716,168</u>	<u>\$ -</u>	<u>\$ 209</u>	<u>\$ 1,716,377</u>

See independent auditor's report.

Town of Franklinton
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Nonmajor Special Revenue Funds
For the year ended October 31, 2018

	<u>Special Revenue Funds</u>						<u>Total Nonmajor Special Revenue Funds</u>
	<u>Police Ad Valorem</u>	<u>Streets and Drainage Ad Valorem</u>	<u>Building and Facilities Sales Tax</u>	<u>Industrial Development Sales Tax</u>	<u>Rural Develop- ment Grant</u>	<u>Economic Development and Recreation Sales Tax</u>	
Revenues							
Ad Valorem Taxes	\$ 126,748	\$ 177,154	\$ -	\$ -	\$ -	\$ -	\$ 303,902
Sales Tax	-	-	-	-	-	117,821	117,821
Grants	-	-	-	-	-	-	-
Interest	173	1,418	-	242	25	579	2,437
Other	8,400	-	-	-	-	849	9,249
Unrealized Gain (Loss) on Investments	-	-	-	-	-	-	-
Total Revenues	<u>135,321</u>	<u>178,572</u>	<u>-</u>	<u>242</u>	<u>25</u>	<u>119,249</u>	<u>433,409</u>
Expenditures							
General Government	-	-	2	2,922	-	-	2,924
Public Safety							
Police	98,356	-	-	-	-	-	98,356
Fire	-	-	-	-	-	-	-
Public Works	-	20,848	-	-	-	-	20,848
Health and Welfare	-	-	-	-	-	-	-
Transportation	-	-	-	-	-	-	-
Recreation	-	-	-	-	-	18,160	18,160
Economic Development	-	-	-	-	-	14,736	14,736
Capital Outlays	26,761	-	-	-	-	-	26,761
Total Expenditures	<u>125,117</u>	<u>20,848</u>	<u>2</u>	<u>2,922</u>	<u>-</u>	<u>32,896</u>	<u>181,785</u>
Excess of Revenues Over (Under) Expenditures	<u>10,204</u>	<u>157,724</u>	<u>(2)</u>	<u>(2,680)</u>	<u>25</u>	<u>86,353</u>	<u>251,624</u>
Other Financing Sources (Uses)							
Bond Principal Payments	-	-	-	-	-	-	-
Interest Expense	-	-	-	-	-	-	-
Sale of Fixed Assets	-	-	-	-	-	-	-
Operating Transfers In	-	-	-	-	-	-	-
Operating Transfers Out	-	(75,000)	-	-	-	-	(75,000)
Transfers to Other Governments	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>(75,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(75,000)</u>
Net Change in Fund Balances	<u>10,204</u>	<u>82,724</u>	<u>(2)</u>	<u>(2,680)</u>	<u>25</u>	<u>86,353</u>	<u>176,624</u>
Fund Balances, Beginning							
Before Prior Period Adjustments	189,442	422,269	2	347,472	35,419	544,940	1,539,544
Prior Period Adjustments (Note 23)	-	-	-	-	-	-	-
Fund Balances, Beginning	189,442	422,269	2	347,472	35,419	544,940	1,539,544
Fund Balances, Ending	<u>\$ 199,646</u>	<u>\$ 504,993</u>	<u>\$ -</u>	<u>\$ 344,792</u>	<u>\$ 35,444</u>	<u>\$ 631,293</u>	<u>\$ 1,716,168</u>

See independent auditor's report.

Schedule 7.2

Town of Franklinton
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Nonmajor Other Governmental Funds
For the year ended October 31, 2018

	<u>Capital Project Funds</u>	<u>Debt Service Fund</u>	<u>Total Nonmajor Other Governmental Funds</u>
	<u>Streets and Drainage Construction</u>	<u>Streets and Drainage Sinking</u>	
Revenues			
Ad Valorem Taxes	\$ -	\$ -	\$ -
Sales Tax	-	-	-
Grants	-	-	-
Interest	-	106	106
Other	-	-	-
Unrealized Gain (Loss) on Investments	-	-	-
Total Revenues	<u>-</u>	<u>106</u>	<u>106</u>
Expenditures			
General Government	-	350	350
Public Safety			-
Police	-	-	-
Fire	-	-	-
Public Works	717	-	717
Health and Welfare	-	-	-
Transportation	-	-	-
Recreation	-	-	-
Economic Development	-	-	-
Capital Outlays	-	-	-
Total Expenditures	<u>717</u>	<u>350</u>	<u>1,067</u>
Excess of Revenues Over (Under) Expenditures	<u>(717)</u>	<u>(244)</u>	<u>(961)</u>
Other Financing Sources (Uses)			
Bond Principal Payments	-	(210,000)	(210,000)
Interest Expense	-	(22,264)	(22,264)
Sale of Fixed Asset	-	-	-
Operating Transfers In	-	232,264	232,264
Operating Transfers Out	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	<u>(717)</u>	<u>(244)</u>	<u>(961)</u>
Fund Balances, Beginning	717	453	1,170
Fund Balances, Ending	<u>\$ -</u>	<u>\$ 209</u>	<u>\$ 209</u>

See independent auditor's report.

Town of Franklinton
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Special Revenue Fund - Police Ad Valorem
For the year ended October 31, 2018

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>GAAP Basis</u>	<u>Favorable (Unfavorable)</u>
Revenues				
Ad Valorem Taxes	\$ 125,000	\$ 126,750	\$ 126,748	\$ (2)
Interest	165	174	173	(1)
Miscellaneous	12,000	8,400	8,400	-
Total Revenues	<u>137,165</u>	<u>135,324</u>	<u>135,321</u>	<u>(3)</u>
Expenditures				
Public Safety:				
Police				
Other operating	61,000	46,120	56,144	(10,024)
Repairs and Maintenance	30,500	47,200	37,785	9,415
Supplies	6,500	4,600	4,427	173
Capital Outlays	35,000	32,170	26,761	5,409
Total Expenditures	<u>133,000</u>	<u>130,090</u>	<u>125,117</u>	<u>4,973</u>
Excess Revenues (Expenditures)	<u>4,165</u>	<u>5,234</u>	<u>10,204</u>	<u>4,970</u>
Other Financing Sources (Uses)				
Sale of Fixed Assets	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	<u>4,165</u>	<u>5,234</u>	<u>10,204</u>	<u>4,970</u>
Fund Balances, Beginning	<u>189,442</u>	<u>189,442</u>	<u>189,442</u>	<u>-</u>
Fund Balances, Ending	<u>\$ 193,607</u>	<u>\$ 194,676</u>	<u>\$ 199,646</u>	<u>\$ 4,970</u>

See independent auditor's report.

Town of Franklinton
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Special Revenue Fund - Streets and Drainage Ad Valorem
For the year ended October 31, 2018

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>GAAP Basis</u>	<u>Favorable (Unfavorable)</u>
Revenues				
Ad Valorem Taxes	\$ 175,000	\$ 177,200	\$ 177,154	\$ (46)
Interest	600	1,370	1,418	48
Total Revenues	<u>175,600</u>	<u>178,570</u>	<u>178,572</u>	<u>2</u>
Expenditures				
Public Works	34,500	21,672	20,848	824
Capital Outlays	30,000	-	-	-
Total Expenditures	<u>64,500</u>	<u>21,672</u>	<u>20,848</u>	<u>824</u>
Excess Revenues (Expenditures)	<u>111,100</u>	<u>156,898</u>	<u>157,724</u>	<u>826</u>
Other Financing Sources (Uses)				
Operating Transfers In	-	-	-	-
Operating Transfers (Out)	(90,000)	-	(75,000)	(75,000)
Total Other Financing Sources (Uses)	<u>(90,000)</u>	<u>-</u>	<u>(75,000)</u>	<u>(75,000)</u>
Net Change in Fund Balances	<u>21,100</u>	<u>156,898</u>	<u>82,724</u>	<u>(74,174)</u>
Fund Balances, Beginning	<u>422,269</u>	<u>422,269</u>	<u>422,269</u>	<u>-</u>
Fund Balances, Ending	<u>\$ 443,369</u>	<u>\$ 579,167</u>	<u>\$ 504,993</u>	<u>\$ (74,174)</u>

See independent auditor's report.

Town of Franklinton
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Special Revenue Fund - Buildings and Facilities Sales Tax Fund
For the year ended October 31, 2018

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>GAAP Basis</u>	<u>Favorable (Unfavorable)</u>
Revenues				
Sales Taxes	\$ -	\$ -	\$ -	\$ -
Interest	-	-	-	-
Total Revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures				
General Government	-	-	2	(2)
Public Safety:				
Police	-	-	-	-
Fire	-	-	-	-
Capital Outlays	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>2</u>	<u>(2)</u>
Net Change in Fund Balances	<u>-</u>	<u>-</u>	<u>(2)</u>	<u>(2)</u>
Fund Balances, Beginning	<u>2</u>	<u>2</u>	<u>2</u>	<u>-</u>
Fund Balances, Ending	<u>\$ 2</u>	<u>\$ 2</u>	<u>\$ -</u>	<u>\$ (2)</u>

See independent auditor's report.

Town of Franklinton
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Special Revenue Fund - Industrial Development Sales Tax Fund
For the year ended October 31, 2018

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>GAAP Basis</u>	<u>Favorable (Unfavorable)</u>
Revenues				
Interest	\$ 265	\$ 242	\$ 242	\$ -
Miscellaneous	-	-	-	-
Total Revenues	<u>265</u>	<u>242</u>	<u>242</u>	<u>-</u>
Expenditures				
General Government	4,600	2,935	2,922	13
Economic Development	-	-	-	-
Capital Outlays	1,000	-	-	-
Total Expenditures	<u>5,600</u>	<u>2,935</u>	<u>2,922</u>	<u>13</u>
Net Change in Fund Balances	<u>(5,335)</u>	<u>(2,693)</u>	<u>(2,680)</u>	<u>13</u>
Fund Balances, Beginning	<u>347,472</u>	<u>347,472</u>	<u>347,472</u>	<u>-</u>
Fund Balances, Ending	<u>\$ 342,137</u>	<u>\$ 344,779</u>	<u>\$ 344,792</u>	<u>\$ 13</u>

See independent auditor's report.

Town of Franklinton
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Special Revenue Fund - Rural Development Grant Fund
For the year ended October 31, 2018

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>GAAP Basis</u>	<u>Favorable (Unfavorable)</u>
Revenues				
Interest	\$ 26	\$ 25	\$ 25	\$ -
Miscellaneous	-	-	-	-
Total Revenues	<u>26</u>	<u>25</u>	<u>25</u>	<u>-</u>
Expenditures				
Capital Outlays	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	<u>26</u>	<u>25</u>	<u>25</u>	<u>-</u>
Fund Balances, Beginning	<u>35,419</u>	<u>35,419</u>	<u>35,419</u>	<u>-</u>
Fund Balances, Ending	<u><u>\$ 35,445</u></u>	<u><u>\$ 35,444</u></u>	<u><u>\$ 35,444</u></u>	<u><u>\$ -</u></u>

See independent auditor's report.

Town of Franklinton
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Special Revenue Fund - Economic Development and Recreation Sales Tax Fund
For the year ended October 31, 2018

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>GAAP Basis</u>	<u>Favorable (Unfavorable)</u>
Revenues				
Sales Taxes	\$ 120,400	\$ 115,800	\$ 117,821	\$ 2,021
Interest	500	577	579	2
Miscellaneous	-	849	849	-
Total Revenues	<u>120,900</u>	<u>117,226</u>	<u>119,249</u>	<u>2,023</u>
Expenditures				
Recreation	15,000	16,143	18,160	(2,017)
Economic Development	2,000	14,736	14,736	-
Capital Outlays	5,000	-	-	-
Total Expenditures	<u>22,000</u>	<u>30,879</u>	<u>32,896</u>	<u>(2,017)</u>
Net Change in Fund Balances	<u>98,900</u>	<u>86,347</u>	<u>86,353</u>	<u>6</u>
Fund Balances, Beginning	<u>544,940</u>	<u>544,940</u>	<u>544,940</u>	<u>-</u>
Fund Balances, Ending	<u>\$ 643,840</u>	<u>\$ 631,287</u>	<u>\$ 631,293</u>	<u>\$ 6</u>

See independent auditor's report.

Town of Franklinton
Schedule of Net Position - Proprietary Fund Type
As of October 31, 2018
(With Comparative Totals as of October 31, 2017)

	Enterprise Funds	
	2018	2017 (Restated)
Assets		
Current Assets:		
Cash and Cash Equivalents	\$ 696,961	\$ 444,500
Investments	2,408,099	2,394,942
Receivables, Net		
Accounts	317,638	374,012
Other Receivables	134,268	-
Inventory - Gas and Supplies	98,131	119,437
Prepaid Insurance	24,355	20,471
Total Current Assets	<u>3,679,452</u>	<u>3,353,362</u>
Restricted Assets:		
Restricted Cash and Cash Equivalents	672,544	901,878
Restricted Investments - Customer Deposits	59,735	58,717
Total Restricted Assets	<u>732,279</u>	<u>960,595</u>
Property, Plant, and Equipment		
Land	3,300	3,300
Property, Plant and Equipment, Net	2,501,689	2,812,045
Construction in Progress	5,026,040	3,952,531
Total Property, Plant, and Equipment	<u>7,531,029</u>	<u>6,767,876</u>
Total Assets	<u>11,942,760</u>	<u>11,081,833</u>
Deferred Outflows of Resources		
Pension Related	177,244	228,459
Total Deferred Outflows of Resources	<u>177,244</u>	<u>228,459</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 12,120,004</u>	<u>\$ 11,310,292</u>
Liabilities		
Current Liabilities (Payable From Current Assets):		
Accounts Payable	\$ 41,616	\$ 41,435
Compensated Absences Payable	19,125	19,197
Other Accrued Payables	159,800	902,567
Retainage Payable	155,707	166,020
Due To Other Funds	26,384	25,157
Total Current Liabilities (Payable From Current Assets)	<u>402,632</u>	<u>1,154,376</u>
Current Liabilities (Payable From Restricted Assets):		
Customer Deposits	135,709	136,169
Revenue Bonds Payable	113,397	3,529,109
Interest Payable on Long Term Debt	40,190	-
Total Current Liabilities (Payable From Restricted Assets)	<u>289,296</u>	<u>3,665,278</u>
Long Term Liabilities:		
Bonds Payable	6,314,630	2,491,037
Net Pension Liability	691,082	719,964
Other Post Employment Benefits Obligation	250,809	294,512
Compensated Absences Payable	110,719	118,668
Total Long Term Liabilities	<u>7,367,240</u>	<u>3,624,181</u>
Total Liabilities	<u>8,059,168</u>	<u>8,443,835</u>
Deferred Inflows of Resources		
Pension Related	39,621	24,705
Total Deferred Inflows of Resources	<u>39,621</u>	<u>24,705</u>
Net Position		
Investment in Capital Assets	1,375,028	(2,645,329)
Restricted for:		
Debt Service	273,535	264,854
Unrestricted	2,372,652	5,222,227
Total Net Position	<u>4,021,215</u>	<u>2,841,752</u>
Total Liabilities, Deferred Outflows of Resources, and Net Position	<u>\$ 12,120,004</u>	<u>\$ 11,310,292</u>

See independent auditor's report.

Town of Franklinton
Schedule of Revenues, Expenses and Changes in Net Position
Proprietary Fund Type
As of October 31, 2018
(With Comparative Totals as of October 31, 2017)

	Enterprise Funds	
	2018	2017
Operating Revenues		(Restated)
Gas Sales	\$ 856,584	\$ 761,577
Less Cost of Gas Sold	(350,551)	(296,090)
Gross Profit on Gas Sales	506,033	465,487
Water Sales	697,571	652,530
Sewer Service Charges	909,814	773,619
Penalties	41,678	33,259
Intergovernmental	953,124	39,488
Other	63,997	49,530
Total Operating Revenues	3,172,217	2,013,913
Operating Expenses		
Bad Debts	17,908	7,554
Depreciation	334,445	393,563
Employee Benefits	260,987	376,796
Insurance	88,028	110,422
Meter Reading	17,490	24,672
Repairs and Maintenance	81,608	64,655
Professional Fees	76,298	59,445
Salaries and Wages	564,114	624,369
Supplies	95,781	81,326
Utilities	148,373	126,558
Other	112,358	119,380
Total Operating Expenses	1,797,390	1,988,740
Operating Income (Loss)	1,374,827	25,173
Nonoperating Revenues (Expenses)		
Unrealized Gain (Loss) on Investments	300	300
Bond Issuance Costs	(19,408)	(38,332)
Interest Income	15,061	6,976
Interest Expense	(116,317)	(119,500)
Total Nonoperating Revenues (Expenses)	(120,364)	(150,556)
Income (Loss) Before Contributions and Transfers	1,254,463	(125,383)
Contributions and Transfers		
Capital Contributions	-	-
Operating Transfers In	-	-
Operating Transfers Out	(75,000)	(75,000)
Change in Net Position	1,179,463	(200,383)
Total Net Position, Beginning		
Before Prior Period Adjustments	2,927,334	3,122,923
Prior Period Adjustments (Note 23)	(85,582)	(80,788)
Total Net Position, Beginning, After Prior Period Adjustments	2,841,752	3,042,135
Total Net Position, Ending	\$ 4,021,215	\$ 2,841,752

See independent auditor's report.

Town of Franklinton
Schedule of Cash Flows
Proprietary Fund Type
As of October 31, 2018
(With Comparative Totals as of October 31, 2017)

	<u>Enterprise Funds</u>	
	<u>2018</u>	<u>2017</u>
Cash Flows From Operating Activities		
Received From Customers	\$ 2,562,021	\$ 2,177,535
Paid for Meter Deposit Fees	(460)	19,239
Other Receipts	882,853	91,843
Receipt (Paid) for Interfund Services	1,227	369
Payments for Operations	(966,374)	(868,942)
Payments to Employees	(835,944)	(922,188)
Net Cash Provided (Used) by Operating Activities	<u>1,643,323</u>	<u>497,856</u>
Cash Flows From Noncapital Financing Activities		
Transfers From (To) Other Funds	<u>(75,000)</u>	<u>(75,000)</u>
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(75,000)</u>	<u>(75,000)</u>
Cash Flows From Capital and Related Financing Activities		
Payments for Capital Acquisitions	(1,858,728)	(2,910,290)
(Payments for) Bond Issuance Costs	(19,408)	(38,332)
Principal Proceeds from (Repayments for) Long Term Debt	407,881	3,394,744
Interest Payments for Long Term Debt	(76,127)	(119,500)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(1,546,382)</u>	<u>326,622</u>
Cash Flows From Investing Activities		
Receipt of Interest	15,061	6,976
Proceeds from sale (Payments) for Investments	<u>(13,875)</u>	<u>(6,182)</u>
Net Cash Provided by Investing Activities	<u>1,186</u>	<u>794</u>
Net Increase (Decrease) in Cash and Cash Equivalents	23,127	750,272
Cash and Cash Equivalents, Beginning of Year	<u>1,346,378</u>	<u>596,106</u>
Cash and Cash Equivalents, End of Year	<u>\$ 1,369,505</u>	<u>\$ 1,346,378</u>
Reconciliation of Cash and Cash Equivalents to the Statement of Net Position:		
Cash and Cash Equivalents, Unrestricted	\$ 696,961	\$ 444,600
Cash and Cash Equivalents, Restricted	<u>672,544</u>	<u>901,778</u>
Total Cash and Cash Equivalents	<u>\$ 1,369,505</u>	<u>\$ 1,346,378</u>

(Continued)

See independent auditor's report.

Town of Franklinton
Schedule of Cash Flows
Proprietary Fund Type
As of October 31, 2018
(With Comparative Totals as of October 31, 2017)

	Enterprise Funds	
	2018	2017
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities		
Operating Income (Loss)	\$ 1,374,827	\$ 25,173
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:		
Depreciation	334,445	393,563
(Increase) Decrease in Accounts Receivable	56,374	(43,450)
(Increase) Decrease in Other Receivable	(134,268)	2,825
(Increase) Decrease in Inventory	21,306	1,655
(Increase) Decrease in Prepaid Insurance	(3,884)	7,249
(Increase) Decrease in Deferred Outflows of Resources	51,215	14,297
(Increase) Decrease in Due (to) and from Other Funds	1,227	369
Increase (Decrease) in Accounts Payable	181	2,557
Increase (Decrease) in Compensated Absences	(8,021)	1,573
Increase (Decrease) in Deferred Inflows of Resources	14,916	(3,076)
Increase (Decrease) in Accrued Expenses	(64,535)	75,882
Increase (Decrease) in Customer Deposits	(460)	19,239
Net Cash Provided by Operating Activities	<u>\$ 1,643,323</u>	<u>\$ 497,856</u>

See independent auditor's report.
(Concluded)

Town of Franklinton
Combining Schedule of Net Position - Proprietary Fund Type - By Department
For the year ended October 31, 2018

	<u>Gas</u>	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Assets				
Current Assets:				
Cash and Cash Equivalents	\$ -	\$ 696,961	\$ -	\$ 696,961
Investments	1,443,420	436,474	528,205	2,408,099
Accounts Receivables, Net	31,944	242,059	43,635	317,638
Other Receivables	-	134,268	-	134,268
Inventory	17,829	59,075	21,227	98,131
Prepaid Insurance	6,659	8,511	9,185	24,355
Total Current Assets	<u>1,499,852</u>	<u>1,577,348</u>	<u>602,252</u>	<u>3,679,452</u>
Restricted Assets:				
Restricted Cash and Cash Equivalents	7,327	173,903	491,314	672,544
Restricted Investments - Customer Deposits	33,800	25,935	-	59,735
Total Restricted Assets	<u>41,127</u>	<u>199,838</u>	<u>491,314</u>	<u>732,279</u>
Property, Plant, and Equipment				
Land	-	3,300	-	3,300
Property, Plant and Equipment, Net	56,410	173,389	2,271,890	2,501,689
Construction in Progress	-	-	5,026,040	5,026,040
Total Property, Plant, and Equipment	<u>56,410</u>	<u>176,689</u>	<u>7,297,930</u>	<u>7,531,029</u>
Total Assets	<u>1,597,389</u>	<u>1,953,875</u>	<u>8,391,496</u>	<u>11,942,760</u>
Deferred Outflows of Resources				
Pension Related	59,081	59,081	59,081	177,244
Total Deferred Outflows of Resources	<u>59,081</u>	<u>59,081</u>	<u>59,081</u>	<u>177,244</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 1,656,470</u>	<u>\$ 2,012,956</u>	<u>\$ 8,450,577</u>	<u>\$ 12,120,004</u>
Liabilities				
Current Liabilities (Payable From Current Assets):				
Accounts Payable	\$ 19,493	\$ 12,151	\$ 9,972	\$ 41,616
Compensated Absences Payable	6,501	6,824	5,800	19,125
Other Accrued Payables	4,116	30,030	281,361	315,507
Due To Other Funds	-	-	26,384	26,384
Total Current Liabilities (Payable From Current Assets)	<u>30,110</u>	<u>49,005</u>	<u>323,517</u>	<u>402,632</u>
Current Liabilities (Payable From Restricted Assets):				
Customer Deposits	40,004	59,125	36,580	135,709
Revenue Bonds Payable	-	31,564	81,833	113,397
Interest Payable on Long Term Debt	-	-	40,190	40,190
Total Current Liabilities (Payable From Restricted Assets)	<u>40,004</u>	<u>90,689</u>	<u>158,603</u>	<u>289,296</u>
Long Term Liabilities:				
Bonds Payable	-	802,948	5,511,682	6,314,630
Net Pension Liability	230,361	230,361	230,361	691,082
Other Post Employment Benefits Obligation	83,603	83,603	83,603	250,809
Compensated Absences Payable	26,560	74,993	9,166	110,719
Total Long Term Liabilities	<u>340,524</u>	<u>1,191,905</u>	<u>5,834,812</u>	<u>7,367,240</u>
Total Liabilities	<u>410,638</u>	<u>1,331,599</u>	<u>6,316,932</u>	<u>8,059,168</u>
Deferred Inflows of Resources				
Pension Related	13,207	13,207	13,207	39,621
Total Deferred Inflows of Resources	<u>13,207</u>	<u>13,207</u>	<u>13,207</u>	<u>39,621</u>
Net Position				
Investment in Capital Assets				1,375,028
Restricted for:				
Capital Projects and Debt Service				273,535
Unrestricted				<u>2,372,652</u>
Total Net Position				<u>4,021,215</u>
Total Liabilities, Deferred Outflows of Resources, and Net Position				<u>\$ 12,120,004</u>

See independent auditor's report.

Town of Franklinton
Combining Schedule of Revenues, Expenses and Changes in Net Position
Proprietary Fund Type - By Department
For the year ended October 31, 2018

	<u>Gas</u>	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Operating Revenues				
Gas Sales	\$ 856,584	\$ -	\$ -	\$ 856,584
Less Cost of Gas Sold	<u>(350,551)</u>	<u>-</u>	<u>-</u>	<u>(350,551)</u>
Gross Profit on Gas Sales	506,033	-	-	506,033
Water Sales	-	697,571	-	697,571
Sewer Service Charges	-	-	909,814	909,814
Penalties	13,946	11,913	15,819	41,678
Intergovernmental	6,184	6,709	940,231	953,124
Other	<u>4,380</u>	<u>40,755</u>	<u>18,862</u>	<u>63,997</u>
Total Operating Revenues	<u>530,543</u>	<u>756,948</u>	<u>1,884,726</u>	<u>3,172,217</u>
Operating Expenses				
Bad Debts	3,009	6,929	7,970	17,908
Depreciation	19,659	38,455	276,331	334,445
Employee Benefits	89,649	84,165	87,173	260,987
Insurance	27,783	32,061	28,184	88,028
Meter Reading	5,830	5,830	5,830	17,490
Repairs and Maintenance	7,021	36,304	38,283	81,608
Professional Fees	16,875	15,075	44,348	76,298
Salaries and Wages	209,812	246,767	107,535	564,114
Supplies	31,242	46,245	18,294	95,781
Utilities	-	51,841	96,532	148,373
Other	<u>56,202</u>	<u>34,149</u>	<u>22,007</u>	<u>112,358</u>
Total Operating Expenses	<u>467,082</u>	<u>597,821</u>	<u>732,487</u>	<u>1,797,390</u>
Operating Income (Loss)	<u>63,461</u>	<u>159,127</u>	<u>1,152,239</u>	<u>1,374,827</u>
Nonoperating Revenues (Expenses)				
Unrealized Gain (Loss) on Investments	234	32	34	300
Bond Issuance Costs	-	-	(19,408)	(19,408)
Interest Income	11,678	1,885	1,498	15,061
Interest Expense	<u>-</u>	<u>(43,215)</u>	<u>(73,102)</u>	<u>(116,317)</u>
Total Nonoperating Revenues (Expenses)	<u>11,912</u>	<u>(41,298)</u>	<u>(90,978)</u>	<u>(120,364)</u>
Income (Loss) Before Transfers	<u>75,373</u>	<u>117,829</u>	<u>1,061,261</u>	<u>1,254,463</u>
Transfers				
Operating Transfers In	-	-	-	-
Operating Transfers Out	<u>(30,000)</u>	<u>(25,000)</u>	<u>(20,000)</u>	<u>(75,000)</u>
Change in Net Position	<u>\$ 45,373</u>	<u>\$ 92,829</u>	<u>\$ 1,041,261</u>	1,179,463
Total Net Position, Beginning				2,927,334
Prior Period Adjustment (Note 23)				<u>(85,582)</u>
Total Net Position, Ending				<u>\$ 4,021,215</u>

See independent auditor's report.

Town of Franklinton
Schedule of Revenues, Expenses and Changes in Net Position
Budget (GAAP Basis) and Actual, Proprietary Fund Type, Gas Utility System
For the year ended October 31, 2018

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Operating Revenues			
Gas Sales	\$ 868,850	\$ 856,584	\$ (12,266)
Less Cost of Gas Sold	<u>(350,800)</u>	<u>(350,551)</u>	<u>249</u>
Gross Profit on Gas Sales	518,050	506,033	(12,017)
Penalties	13,500	13,946	446
Intergovernmental	-	6,184	6,184
Other	<u>4,475</u>	<u>4,380</u>	<u>(95)</u>
Total Operating Revenues	<u>536,025</u>	<u>530,543</u>	<u>(5,482)</u>
Operating Expenses			
Bad Debts	-	3,009	(3,009)
Depreciation	20,050	19,659	391
Employee Benefits	90,850	89,649	1,201
Insurance	31,200	27,783	3,417
Meter Reading	6,360	5,830	530
Repairs and Maintenance	7,100	7,021	79
Professional Fees	16,875	16,875	-
Salaries and Wages	206,650	209,812	(3,162)
Supplies	22,075	31,242	(9,167)
Other	<u>51,865</u>	<u>56,202</u>	<u>(4,337)</u>
Total Operating Expenses	<u>453,025</u>	<u>467,082</u>	<u>(14,057)</u>
Operating Income (Loss)	<u>83,000</u>	<u>63,461</u>	<u>(19,539)</u>
Nonoperating Revenues (Expenses)			
Unrealized Gain (Loss) on Investments	-	234	234
Interest Income	<u>10,250</u>	<u>11,678</u>	<u>1,428</u>
Total Nonoperating Revenues (Expenses)	<u>10,250</u>	<u>11,912</u>	<u>1,662</u>
Income (Loss) Before Transfers	<u>93,250</u>	<u>75,373</u>	<u>(17,877)</u>
Transfers			
Operating Transfers In	-	-	-
Operating Transfers Out	<u>(30,000)</u>	<u>(30,000)</u>	<u>-</u>
Change in Net Position	<u>\$ 63,250</u>	<u>\$ 45,373</u>	<u>\$ (17,877)</u>

See independent auditor's report.

Town of Franklinton
Schedule of Revenues, Expenses and Changes in Net Position
Budget (GAAP Basis) and Actual, Proprietary Fund Type, Water Utility System
For the year ended October 31, 2018

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Operating Revenues			
Water Sales	\$ 712,400	\$ 697,571	\$ (14,829)
Penalties	11,100	11,913	813
Intergovernmental	-	6,709	6,709
Other	34,775	40,755	5,980
Total Operating Revenues	<u>758,275</u>	<u>756,948</u>	<u>(1,327)</u>
Operating Expenses			
Bad Debts	-	6,929	(6,929)
Depreciation	106,800	38,455	68,345
Employee Benefits	86,450	84,165	2,285
Insurance	38,300	32,061	6,239
Meter Reading	6,350	5,830	520
Repairs and Maintenance	22,500	36,304	(13,804)
Professional Fees	15,075	15,075	-
Salaries and Wages	203,250	246,767	(43,517)
Supplies	65,200	46,245	18,955
Utilities	52,100	51,841	259
Other	33,925	34,149	(224)
Total Operating Expenses	<u>629,950</u>	<u>597,821</u>	<u>32,129</u>
Operating Income (Loss)	<u>128,325</u>	<u>159,127</u>	<u>30,802</u>
Nonoperating Revenues (Expenses)			
Unrealized Gain (Loss) on Investments	-	32	32
Interest Income	1,300	1,885	585
Interest Expense	(42,200)	(43,215)	(1,015)
Total Nonoperating Revenues (Expenses)	<u>(40,900)</u>	<u>(41,298)</u>	<u>(398)</u>
Income (Loss) Before Transfers	<u>87,425</u>	<u>117,829</u>	<u>30,404</u>
Transfers			
Operating Transfers In	-	-	-
Operating Transfers Out	(25,000)	(25,000)	-
Change in Net Position	<u>\$ 62,425</u>	<u>\$ 92,829</u>	<u>\$ 30,404</u>

See independent auditor's report.

Town of Franklinton
Schedule of Revenues, Expenses and Changes in Net Position
Budget (GAAP Basis) and Actual, Proprietary Fund Type, Sewer Utility System
For the year ended October 31, 2018

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Operating Revenues			
Sewer Charges	\$ 932,400	\$ 909,814	\$ (22,586)
Penalties	14,200	15,819	1,619
Intergovernmental	-	940,231	940,231
Other	16,165	18,862	2,697
Total Operating Revenues	<u>962,765</u>	<u>1,884,726</u>	<u>921,961</u>
Operating Expenses			
Bad Debts	-	7,970	(7,970)
Depreciation	325,000	276,331	48,669
Employee Benefits	69,850	87,173	(17,323)
Insurance	34,400	28,184	6,216
Meter Reading	6,360	5,830	530
Repairs and Maintenance	28,400	38,283	(9,883)
Professional Fees	45,775	44,348	1,427
Salaries and Wages	159,300	107,535	51,765
Supplies	16,300	18,294	(1,994)
Utilities	95,400	96,532	(1,132)
Other	38,485	22,007	16,478
Total Operating Expenses	<u>819,270</u>	<u>732,487</u>	<u>86,783</u>
Operating Income (Loss)	<u>143,495</u>	<u>1,152,239</u>	<u>1,008,744</u>
Nonoperating Revenues (Expenses)			
Unrealized Gain (Loss) on Investments	-	34	34
Bond Issuance Costs	(19,500)	(19,408)	92
Interest Income	830	1,498	668
Interest Expense	(73,180)	(73,102)	78
Total Nonoperating Revenues (Expenses)	<u>(91,850)</u>	<u>(90,978)</u>	<u>872</u>
Income (Loss) Before Transfers	<u>51,645</u>	<u>1,061,261</u>	<u>1,009,616</u>
Transfers and Capital Contributions			
Operating Transfers In	-	-	-
Operating Transfers Out	(20,000)	(20,000)	-
Change in Net Position	<u>\$ 31,645</u>	<u>\$ 1,041,261</u>	<u>\$ 1,009,616</u>

See independent auditor's report.

Schedule 22

**Town of Franklinton
Schedule of Gas, Water and Sewer Rates
Proprietary Fund Type
For the year ended October 31, 2018**

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

See independent auditor's report.

**Schedule of Number of Customers
Proprietary Fund Type
For the year ended October 31, 2018**

	<u>Residential</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Total</u>
Gas	699	200	3	902
Water	1,152	400	3	1,555
Sewer	1,170	372	3	1,545
Total	3,021	972	9	4,002

See independent auditor's report.

**Town of Franklinton
Schedule of Insurance
For the year ended October 31, 2018**

<u>Insurance Company / Policy Number</u>	<u>Coverage</u>	<u>Amount</u>	<u>Period</u>	
Chubb D38641797-02	Commercial Property	\$ 4,208,690	4/4/2018 to	4/4/2019
Liberty Mutual BMW-17-57 043599	Inland Marine (Scheduled)	696,398	4/4/2018 to	4/4/2019
CNA 68486705	Fidelity Bond: Mayor	100,000	4/9/2018 to	4/9/2019
68486705	Fidelity Bond: Clerk	100,000	4/9/2018 to	4/9/2019
01166022A	Fidelity Bond: Limit each of two Assistant Clerks	15,000	9/14/2018 to	9/14/2019
Atlantic Speciality Insurance 791-00-15-19-0001	Commercial Automobile-Large Fleet	1,000,000	4/4/2018 to	4/4/2019
Atlantic Speciality Insurance 791-00-15-21-0001	Commercial Automobile-Small Fleet	1,000,000	4/4/2018 to	4/4/2019
Atlantic Speciality Insurance 791-00-15-19-0001	Commerical General Liability	1 mil/2mil	4/4/2018 to	4/4/2019
Louisiana Workers Comp Corporation LWCC 72437	Workers Compensation at Statutory Limitations: Employers Liability (each accident) Employees Liability (each accident) Disease, Policy Limit	100,000 100,000	11/15/2018 to	11/15/2019
Old Republic PR-00149119	Airport Liability	1,000,000	2/19/2018 to	2/19/2019
Atlantic Speciality Insurance 791-00-15-19-0001	Law Enforcement Liability	1 mil/ 2 mil	4/4/2018 to	4/4/2019
791-00-15-19-0001	Public Officials Errors & Omissions	1 mil/ 2 mil	4/4/2018 to	4/4/2019

See independent auditor's report.

Town of Franklinton
Schedule of Compensation Paid to Board Members
For the year ended October 31, 2018

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

See independent auditor's report.

Schedule 25

Town of Franklinton
Schedule of Compensation, Benefits, and Other Payments to Agency Head
For the year ended October 31, 2018

Agency Head Name: Richard Dillon, Mayor

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 29,500
Benefits-Insurance	68
Benefits-Retirement	4,573
Employer Paid Medicare & Social Security	2,257
Travel/Lodging	109
Registration Fees	100
Fuel Expense	1,861
Business Meals	186
	<u>\$ 38,654</u>

See independent auditor's report.

Town of Franklinton
Schedule of Federal Awards
For the year ended October 31, 2018

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass Through Grantor's Number</u>	<u>Federal Expenditures</u>	<u>Totals</u>
<u>U.S. Department of Transportation:</u>				
Passed through Louisiana Highway Safety Commission State and Community Highway Safety	20.600	2018-30-21	\$ 41,866	41,866
Total U.S. Department of Transportation				<u>41,866</u>
<u>U.S. Department of Agriculture:</u>				
Water and Waste Disposal Systems for Rural Communities	10.760	N/A	\$ 933,915	933,915
Total U.S. Department of Agriculture				<u>933,915</u>
Total Expenditures of Federal Awards				\$ <u>975,781</u>

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal loan and grant activity of the Town of Franklinton for the year ended October 31, 2018. The information in this schedule is presented in accordance with the requirements Title 2 US *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the Town, it is not intended and does not present the financial position, changes in net assets, or cash flows of the Town.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported on the schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance.

Note 3 - Indirect Cost Rate

The Town has elected not use the 10-percent de Minimis indirect cost rate allowed under the Uniform Guidance.

See independent auditor's report.

Minda B. Raybourn

Certified Public Accountant

Limited Liability Company

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Fax (985) 839-4402
wrcpa@huntbrothers.com

Member
AICPA

Member
LCPA

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

To the Honorable Mayor Richard Dillon
And Board of Aldermen
Town of Franklinton, LA

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Louisiana, Franklinton, as of and for the year ended October 31, 2018 and the related notes to the financial statements, which collectively comprise the Town of Franklinton, Louisiana's basic financial statements and have issued I report thereon dated April 27, 2019.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

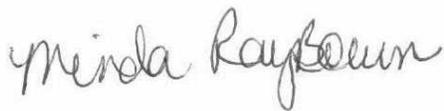
As part of obtaining reasonable assurance about whether the Town of Franklinton's financial statements are free from material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item 2018-001.

Town of Franklinton's Response to Findings

Town of Franklinton's response to the findings identified in my audit is described in the accompanying schedule of findings and questioned costs. The Town of Franklinton's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Franklinton, LA

April 27, 2019

Minda B. Raybourn

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Honorable Mayor Richard Dillon
And Board of Aldermen
Town of Franklinton, LA

Report on Compliance for Each Major Federal Program

I have audited the Town of Franklinton, Louisiana's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Town of Franklinton, Louisiana's major federal programs for the year ended October 31, 2018. Town of Franklinton, Louisiana's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

My responsibility is to express an opinion on compliance for each of the Town of Franklinton, Louisiana's major federal programs based on our audit of the types of compliance requirements referred to above. I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town of Franklinton, Louisiana's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

I believe that my audit provides a reasonable basis for my opinion on compliance for each major federal program. However, my audit does not provide a legal determination of the Town of Franklinton, Louisiana's compliance.

Opinion on Each Major Federal Program

In my opinion, the Town of Franklinton, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended October 31, 2018.

Report on Internal Control over Compliance

Management of the Town of Franklinton, Louisiana, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, I considered the Town of Franklinton, Louisiana's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of the Town of Franklinton, Louisiana's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of my testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Franklinton, LA
April 27, 2019

**TOWN OF FRANKLINTON, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED OCTOBER 31, 2018**

FEDERAL AWARDS

1. The auditor's report expresses an unmodified opinion on whether the financial statements of Town of Franklinton, Louisiana were prepared in accordance with generally accepted accounting principles.
2. No material weaknesses or significant deficiencies were disclosed during the audit of the financial statements.
3. One instance of noncompliance material to the financial statements of Town of Franklinton, Louisiana which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit (as item 2018-001).
4. No significant deficiencies or material weaknesses were identified during the audit of the major federal award program.
5. The auditor's report on compliance for the major federal award programs for Town of Franklinton expresses an unmodified opinion on all major federal award programs.
6. The program tested as a major program was the United States Department of Agriculture Water and Waste Disposal Systems for Rural Communities (10.760).
7. The threshold for the distinguishing Types A and B programs is as follows:

Type A- \$750,000 or more of federal awards expended
Type B- Any program that does not meet the threshold of Type A programs.
8. For the period ending October 31, 2018, Town of Franklinton, Louisiana was determined not to be a low-risk auditee.

Town of Franklinton, Louisiana
Schedule of Current Year Audit Findings & Questioned Costs
For the Year Ended October 31, 2018

Noncompliance Finding

Finding 2018-001 Noncompliance with Local Government Budget Act

Criteria:

The Town must comply with certain provisions of the Local Government Budget Act set forth in state law, LSA R.S. 39:1301-1314. The Act contains various budget requirements for the General Fund and special revenue funds regarding public notification and disclosure, and requires budget to be amended when:

- 1) Total revenues, or other sources plus projected revenue and other sources for the remainder of the year are failing to meet total budgeted revenues and other sources by five percent or more.
- 2) Total actual expenditures and other uses plus projected expenditures and other uses for the remainder of the year are failing to meet total budgeted expenditures and other uses by five percent or more.
- 3) Actual beginning fund balance within a fund, fails to meet estimated beginning fund balance by five percent or more and fund balance is being used to fund current year expenditures.

Condition:

For the fiscal year ended October 31, 2018 in the streets and drainage ad valorem special revenue fund, actual expenditures and other uses of funds were over budget by 342% or \$74,176.

Effect:

If the budget is not monitored on a monthly basis and amended as required and if expenditures exceed available funds, an entity is in violation of the Local Government Budget Act.

Cause:

A transfer in the amount of \$75,000 from the streets and drainage ad valorem special revenue fund to the general fund was not budgeted as an operating use of funds.

Recommendation:

The Town needs to insure before year end that the budget is amended properly for all transfer of funds.

Management Response:

Management concurs with the recommendation.

Town of Franklinton, Louisiana
Schedule of Prior Year Audit Findings & Responses
For the Year Ended October 31, 2017

Significant Deficiencies

Finding 2017-001 Customer Deposits

CRITERIA

Utility customer records in the billing system should reflect the deposit the customer paid. Records should reflect the date paid, for what service, and the amount paid.

CONDITION

The customer deposits in the Town's utility billing system are not complete. The Town's does not have an accurate customer liability report in its utility billing system

CAUSE OF CONDITION

The Town has been working on gathering customer deposit records on some of its current utility customers. However, the customer deposits are still incomplete.

POTENTIAL EFFECT OF CONDITION

Utility customers whom have services disconnected and are seeking customer refunds will possibly not have current or accurate information in the utility billing system. Employees looking for this information may under pay or over pay customer deposits when utilities are closed or cut off.

RECOMMENDATION

The Town should take its current customer base and research what each customer would have paid at the date of connection. The customer accounts in the utility billing system should be updated to reflect the amount.

CLIENT RESPONSE

The Town will take steps to put in place the auditor's recommendation.

STATUS:

Resolved.

Town of Franklinton, Louisiana
Schedule of Prior Year Audit Findings & Responses
For the Year Ended October 31, 2017

FINDING 2017-002 Expenditures and Purchase Orders

CRITERIA

Internal controls dictate that purchase orders are matched with invoices prior to processing for payment.

CONDITION

During the testing of disbursements, I noted the following:

- One disbursement had four invoices for various supplies for which one had a purchase order and the other three did not.
- One disbursement had 26 invoices for various supplies. Some had purchase orders and some did not.

CAUSE OF CONDITION

Unknown

POTENTIAL EFFECT OF CONDITION

Without a properly executed purchase order, it is possible unauthorized purchases could be made and expenditures could be incurred that go over budget limits.

RECOMMENDATION

The Town should implement in its disbursement policies that prior to payment, properly executed purchase orders are matched up with the invoice.

CLIENT RESPONSE

The Town will implement the recommended procedure.

STATUS:

Resolved.

Minda B. Raybourn

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MEMBER
A.I.C.P.A.

MEMBER
L.C.P.A.

**INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES**

To the Honorable Richard Dillon
And Board of Aldermen
and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by Town of Franklinton (Entity) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period November 1, 2017 through October 31, 2018. The Entity's management is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain and inspect the entity's written policies and procedures and observe that 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
 - 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.

- c) **Disbursements**, including processing, reviewing, and approving
- 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).
- e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
- 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
- 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)
- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers
- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.
- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

No exceptions noted.

Board or Finance Committee

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

The board meets on the second and fourth Tuesday of each month.

- b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds.

The minutes referenced financial statements and budget reports.

- c) For governmental entities, obtain the prior year audit report and observe the unrestricted fund balance in the general fund. If the general fund had a negative ending unrestricted 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 unrestricted fund balance in the general fund.

There was no negative fund balance in the general fund in the prior year.

Bank Reconciliations

- 3. Obtain a listing of client 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 selected each account, and observe that:

A listing of bank accounts and management's representation were obtained.

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

Bank reconciliations are prepared monthly.

- 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

Bank reconciliations were noted with the mayor's initials.

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

No exceptions noted.

Collections

- 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).

A listing of deposit sites and management's representation were obtained.

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 listing of collection locations and management's representation were obtained. Written policies and procedures were obtained.

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

Cash drawers are not shared.

- 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.

A separate person is responsible for preparing and making the bank deposit and reconciling collection documents.

- 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.

A separate person is responsible for posting collection entries.

- 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 verifies the reconciliation.

A separate person is responsible for reconciling cash collections by revenue source and is not responsible for collection of cash.

6. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.

No exceptions noted.

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). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:

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

Computerized receipts are used for utility and tax collections.

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

No exceptions noted.

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

No exceptions noted.

- d) Observe that 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).

No exceptions noted.

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

No exceptions noted.

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).

Locations that process payments and management's representation were obtained.

- 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.

The person approving the purchase order is different than the person initiating a purchase request.

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

The administrative clerk processes payments to vendors. The mayor and at least two aldermen approve payments to vendors.

- 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.

The town clerk will make any additions to the vendor files prior to the administrative clerk processing payments.

- 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.

No exceptions noted.

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

The non-payroll disbursement transaction population and management's representation were obtained.

- a) Observe that the disbursement matched the related original invoice/billing statement.

No exceptions noted.

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

No exceptions noted.

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

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

A listing of active credit cards and management's representation were used. Debit cards, fuel cards, and P-cards are not used.

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

- a) Observe that 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) was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.)]

No exceptions noted.

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

No exceptions noted.

13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe that 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).

No exceptions noted.

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

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

A listing of travel expense reimbursements and management's representation were obtained.

a) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).

Per diems were within the rates established by the State.

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

No transactions for actual cost reimbursement were in the sample.

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

No exceptions noted.

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

No exceptions noted.

Contracts

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

A listing of contracts and management's representation were obtained.

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

No exceptions noted.

- c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.

No exceptions noted.

- 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 that the invoice and related payment agreed to the terms and conditions of the contract.

No exceptions noted.

Payroll and Personnel

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

A listing of employees/elected officials and management's representation were obtained.

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

- a) Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)

Daily attendance was documented. There were four instances of sick leave not documented and one instance of vacation leave not documented with required leave slips.

- b) Observe that supervisors approved the attendance and leave of the selected employees/officials.

Supervisors approve daily attendance. There were four instances of sick leave not documented and one instance of vacation leave not documented with required leave slips.

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

No exceptions noted.

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

No exceptions noted.

19. Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

No exceptions noted.

Ethics

20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain ethics documentation from management, and:
 - a. Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.

No exceptions noted.

- b. Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.

No exceptions noted.

Debt Service

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

Not applicable as the 2018 Sewer Revenue Bonds were approved October 20, 2016 by the State Bond Commission.

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

No exceptions noted.

Other

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

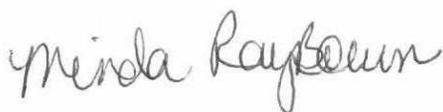
Management asserted no misappropriations occurred during the fiscal year.

24. Observe that 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.

No exceptions noted.

We were not engaged to and did not conduct an examination or review, 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.

The purpose of this report is 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.



Minda Raybourn CPA
Franklinton, LA 70438

April 27, 2019