

TOWN OF FRANKLINTON

Annual Financial Statements

For the Year Ended October 31, 2021

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MEMBER
AICPA

MEMBER
LCPA

INDEPENDENT AUDITOR'S REPORT

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

I have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Town of Franklinton, Louisiana, as of and for the year ended October 31, 2021, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

My responsibility is to express opinions on these financial statements based on our audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Franklinton, Louisiana, as of October 31, 2021, 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 4-12), the budgetary comparison information (page 80), the Schedule of changes in Net OPEB Liability and Related Ratios (page 81), the Schedule of the Town's Proportionate Share of Net Pension Liability (pages 82-83) and Schedule of the Town's Contributions (pages 84-85) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

The introductory section, combining and individual fund financial statements, statistical sections, schedule of insurance, schedule of compensation paid to board members, and schedule of compensation, benefits, other payments to the agency head, and other payments to the agency head, and justice funding schedule-collecting/disbursing entity are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing

standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, I have also issued my report dated August 10, 2022 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
August 10, 2022

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

TOWN OF FRANKLINTON

Management's Discussion and Analysis

INTRODUCTION

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

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

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

Financial Highlights

- At October 31, 2021, the Town's assets exceeded its liabilities by \$11,270,024 (net position). The Town reported a balance of \$1,227,436 in total unrestricted net position.
- The most significant on-going continuing revenue sources for governmental activities of the Town consisted of \$2,948,239 in sales tax revenues, \$524,346 in property taxes, \$205,327 in public utility franchise taxes, and \$334,846 for business licenses and permits. Charges for business-type activities of the utility fund were \$914,651 in gas charges, \$691,609 in water charges and \$870,979 in sewer charges.
- The Town's significant expenditures in the current year for governmental activities included \$716,716 for general governmental activities, \$2,573,914 for police and fire protection, and \$1,066,356 for public works, including streets, drainage maintenance, and hurricane recovery. Expenses for business-type activities of the gas, water, and sewer departments totaled \$2,492,490.
- For the year ended October 31, 2021, the Town's bonds payable in long-term debt increased by issuance of bonds less principal payments of \$1,498,649, resulting in ending bonds payable of \$7,896,084.

OVERVIEW OF THE ANNUAL FINANCIAL REPORT

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

TOWN OF FRANKLINTON

Management's Discussion and Analysis

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

Government-Wide Financial Statements

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

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

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

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

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

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

TOWN OF FRANKLINTON

Management's Discussion and Analysis

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

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Assets						
Current Assets	\$ 5,264,436	\$ 3,720,599	\$ 7,120,677	\$ 5,196,167	\$ 12,385,113	\$ 8,916,766
Capital Assets	4,755,815	5,235,687	7,482,774	7,622,526	12,238,589	12,858,213
Total Assets	10,020,251	8,956,286	14,603,451	12,818,693	24,623,702	21,774,979
Deferred Outflows of Resources	394,276	543,393	46,422	110,045	440,698	653,438
Liabilities						
Current and Other Liabilities	444,597	442,041	664,518	523,134	1,109,115	965,175
Long-Term Liabilities	2,490,679	3,539,950	8,453,427	6,925,812	10,944,106	10,465,762
Total Liabilities	2,935,276	3,981,991	9,117,945	7,448,946	12,053,221	11,430,937
Deferred Inflows of Resources	1,609,295	345,823	131,860	80,888	1,741,155	426,711
Net Position						
Net Investment in Capital Assets	4,732,011	4,958,918	1,294,190	1,729,588	6,026,201	6,688,506
Restricted	2,066,678	1,819,610	1,949,709	300,379	4,016,387	2,119,989
Unrestricted	(928,733)	(1,606,663)	2,156,169	3,368,937	1,227,436	1,762,274
Total Net Position	\$ 5,869,956	\$ 5,171,865	\$ 5,400,068	\$ 5,398,904	\$ 11,270,024	\$ 10,570,769

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

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

At the end of the current fiscal year, the Town was able to report positive balances in all three categories of net position, for business-type activities. The unrestricted net position for governmental activities had a deficit of \$928,733 due to the implementation of GASB 68 and 75. The Town's activities increased its total net position by \$699,255, with governmental activities increasing net position by \$698,091, and business-type activities increasing net position by \$1,164.

TOWN OF FRANKLINTON

Management's Discussion and Analysis

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.

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues						
Program Revenues						
Charges for Services	\$ 520,810	\$ 317,910	\$ 2,477,239	\$ 2,290,718	\$ 2,998,049	\$ 2,608,628
Operating Grants and Contributions	859,851	342,175	15,625	14,819	875,476	356,994
Capital Grants and Contributions	-	1,557	-	176,312	-	177,869
General Revenues						
Taxes	3,677,912	3,386,974	-	-	3,677,912	3,386,974
Licenses and Permits	334,846	332,498	-	-	334,846	332,498
Fines and Forfeitures	47,453	36,615	-	-	47,453	36,615
Net Increase (Decrease) in Fair Value of Investments	-	-	(1,525)	(2,855)	(1,525)	(2,855)
Interest Income	1,532	5,417	2,315	31,044	3,847	36,461
Miscellaneous	24,729	107,428	-	48,367	24,729	155,795
Gain (Loss) on Sale of Assets	15,828	(841)	-	-	15,828	(841)
Total Revenues	\$ 5,482,961	\$ 4,529,733	\$ 2,493,654	\$ 2,558,405	\$ 7,976,615	\$ 7,088,138
Expenses						
General Government	716,716	541,601	-	-	716,716	541,601
Public Safety	2,573,914	2,787,073	-	-	2,573,914	2,787,073
Public Works	1,066,356	661,675	-	-	1,066,356	661,675
Sanitation	317,365	278,308	-	-	317,365	278,308
Health and Welfare	24,481	35,098	-	-	24,481	35,098
Transportation	14,539	8,200	-	-	14,539	8,200
Recreation	21,008	17,484	-	-	21,008	17,484
Economic Development	32,952	37,778	-	-	32,952	37,778
Interest Expense	7,838	13,611	-	-	7,838	13,611
Water, Gas, and Sewer Utility	-	-	2,492,490	2,180,587	2,492,490	2,180,587
Total Expenses	4,775,169	4,380,828	2,492,490	2,180,587	7,267,659	6,561,415
Change in Net Position Before Transfers	707,792	148,905	1,164	377,818	708,956	526,723
Transfers In (Out)	-	75,000	-	(75,000)	-	-
Transfers to Other Governments	(9,701)	(47,150)	-	-	(9,701)	(47,150)
Change in Net Position	698,091	176,755	1,164	302,818	699,255	479,573
Net Position, Beginning of Year	5,171,865	4,995,110	5,398,904	5,096,086	10,570,769	10,091,196
Net Position, End of Year	\$ 5,869,956	\$ 5,171,865	\$ 5,400,068	\$ 5,398,904	\$ 11,270,024	\$ 10,570,769

TOWN OF FRANKLINTON

Management's Discussion and Analysis

Fund Financial Statements

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

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

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

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

Notes to the Financial Statements

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

The Town's governmental net position increased by \$698,091 as compared to a prior fiscal year net position increase of \$176,755. The most significant factor in this change in net position is an increase of revenue of 19.1% while expenses increased 8.1%.

Charges for Services increased by 64% or \$202,900. Operating grant revenues increased \$517,676. Tax revenues increased by 9% or \$290,938. Total governmental expenses increased by 8% to \$4,775,169

The Town's business-type net position increased by \$1,164. Charges for services increased by 8% or \$186,521. Total expenses for the utility fund increased by 14% or \$311,903.

TOWN OF FRANKLINTON

Management's Discussion and Analysis

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

Governmental Funds

The focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the Town's net resources available for spending at the end of the year. At the end of the current year, the Town's governmental funds reported combined ending fund balances of \$4,151,094. Fund balance was as follows: non-spendable \$112,912, restricted \$2,066,678, assigned \$531,755, and unassigned \$1,439,749. This represents an increase of \$619,571, for all governmental funds, from the prior year's ending fund balance. All funds except for the Police Ad Valorem Special Revenue Fund had positive ending fund balances.

The General Fund is the chief operating fund of the Town. At the end of the current year, the total fund balance for the General Fund was \$2,098,213. The General Fund had \$1,461,788 in unassigned fund balance. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. The general fund unassigned fund balance represents thirty-four percent of total general fund expenditures.

Proprietary Funds

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

Governmental Fund Budgetary Highlights

General Fund original budgeted revenues were increased, \$370,622 mostly due to sales tax revenues. Actual revenues were over the final budget by \$571,308 mostly due to Hurricane Ida FEMA reimbursements.

General Fund original budgeted expenditures were increased \$111,636. Actual expenditures in the General Fund were \$471,124 more than the final amended budget, primarily due to expenditures related to Hurricane Ida.

TOWN OF FRANKLINTON

Management's Discussion and Analysis

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The Town's capital assets for its governmental and business-type activities as of October 31, 2021 amounts to \$12,238,589 (net of depreciation). The total decrease in the Town's capital assets for the current fiscal year was \$619,624 (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) 2021 and 2020

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Capital Assets						
Land	\$ 481,801	\$ 481,801	\$ 3,300	\$ 3,300	\$ 485,101	\$ 485,101
Buildings and Improvements	5,018,521	5,006,671	-	-	5,018,521	5,006,671
Office Furniture and Equipment	290,149	289,075	-	-	290,149	289,075
Machinery and Equipment	2,279,957	2,209,755	-	-	2,279,957	2,209,755
Vehicles	2,123,015	2,213,117	-	-	2,123,015	2,213,117
Infrastructure	4,332,466	4,332,466	-	-	4,332,466	4,332,466
Construction in Progress	42,492	26,088	155,150	9,302	197,642	35,390
Gas Utility System	-	-	1,222,741	1,208,137	1,222,741	1,208,137
Water Utility System	-	-	3,088,291	2,947,225	3,088,291	2,947,225
Sewer Utility System	-	-	14,829,327	14,814,723	14,829,327	14,814,723
Subtotal Capital Assets	14,568,401	14,558,973	19,298,809	18,982,687	33,867,210	33,541,660
Less: Accumulated Depreciation	(9,812,586)	(9,323,286)	(11,816,035)	(11,360,161)	(21,628,621)	(20,683,447)
Capital Assets, Net	\$ 4,755,815	\$ 5,235,687	\$ 7,482,774	\$ 7,622,526	\$ 12,238,589	\$ 12,858,213

Long-Term Debt

At October 31, 2021, the Town had total debt outstanding of \$7,919,888. Of this total, \$211,638 (including current bond and leases payable) is due within one year and \$7,708,250 is due in greater than one year.

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

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Capital Leases	\$ 23,804	\$ 46,769	\$ -	\$ -	\$ 23,804	\$ 46,769
Revenue Bonds	-	230,000	7,896,084	6,167,435	7,896,084	6,397,435
Total Outstanding Debt	\$ 23,804	\$ 276,769	\$ 7,896,084	\$ 6,167,435	\$ 7,919,888	\$ 6,444,204

TOWN OF FRANKLINTON

Management's Discussion and Analysis

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

Contacting the Town's Financial Management

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

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

TOWN OF FRANKLINTON
Statement of Net Position
October 31, 2021

Statement A

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and Cash Equivalents	\$ 1,700,059	\$ 1,595,445	\$ 3,295,504
Investments	160,793	1,201,927	1,362,720
Receivables, Net			
Intergovernmental	1,008,273	-	1,008,273
Accounts and Other	389	347,443	347,832
Franchise Taxes	58,066	-	58,066
Internal Balances	158,103	(158,103)	-
Inventory	7,678	139,135	146,813
Prepaid Expenses	105,234	39,816	145,050
Restricted Cash and Cash Equivalents	1,972,140	3,686,568	5,658,708
Restricted Investments	93,701	268,446	362,147
Capital Assets, Not Being Depreciated	524,293	158,450	682,743
Capital Assets, Net of Accumulated Depreciation	4,231,522	7,324,324	11,555,846
Total Assets	10,020,251	14,603,451	24,623,702
Deferred Outflows of Resources			
Pension Related	394,276	46,422	440,698
Total Deferred Outflows of Resources	394,276	46,422	440,698

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

TOWN OF FRANKLINTON
Statement of Net Position (Continued)
October 31, 2021

Statement A

	Governmental Activities	Business-Type Activities	Total
Liabilities			
Accounts Payable	\$ 221,614	\$ 151,882	\$ 373,496
Accrued Expenses	160,047	53,352	213,399
Customer Deposits	-	260,281	260,281
Noncurrent Liabilities, Due within One Year			
Compensated Absences Payable	39,132	11,169	50,301
Bonds Payable	-	187,834	187,834
Capital Leases	23,804	-	23,804
Noncurrent Liabilities, Due in More than One Year			
Compensated Absences Payable	257,727	74,207	331,934
Bonds Payable	-	7,708,250	7,708,250
Net Pension Liability	1,692,146	353,353	2,045,499
Other Post Employment Benefits Obligation	540,806	317,617	858,423
Total Liabilities	2,935,276	9,117,945	12,053,221
Deferred Inflows of Resources			
Resources Received before Timing			
Requirements Met	692,549	-	692,549
Pension Related	916,746	131,860	1,048,606
Total Deferred Inflows of Resources	1,609,295	131,860	1,741,155
Net Position			
Net Investment in Capital Assets	4,732,011	1,294,190	6,026,201
Restricted for:			
Dedicated Sales Taxes	1,247,598	-	1,247,598
Dedicated Millages	783,493	-	783,493
Rural Development Grant	35,523	-	35,523
Debt Service	64	1,675,095	1,675,159
Construction	-	274,614	274,614
Unrestricted	(928,733)	2,156,169	1,227,436
Total Net Position	\$ 5,869,956	\$ 5,400,068	\$ 11,270,024

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

TOWN OF FRANKLINTON
Statement of Activities
For the Year Ended October 31, 2021

Statement B

Functions / Programs	Expenses	Program Revenues		Net Revenue (Expense) and Change in Net Position		
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities						
General Government	\$ 716,716	\$ -	\$ 85,515	\$ (631,201)	\$ -	\$ (631,201)
Public Safety - Police	2,247,856	79,783	170,740	(1,997,333)	-	(1,997,333)
Public Safety - Fire	326,058	-	38,905	(287,153)	-	(287,153)
Public Works	1,066,356	-	564,691	(501,665)	-	(501,665)
Sanitation	317,365	434,476	-	117,111	-	117,111
Health and Welfare	24,481	-	-	(24,481)	-	(24,481)
Transportation	14,539	6,551	-	(7,988)	-	(7,988)
Recreation	21,008	-	-	(21,008)	-	(21,008)
Economic Development	32,952	-	-	(32,952)	-	(32,952)
Interest Expense	7,838	-	-	(7,838)	-	(7,838)
Total Governmental Activities	4,775,169	520,810	859,851	(3,394,508)	-	(3,394,508)
Business-Type Activities						
Gas	794,634	914,651	5,082	-	125,099	125,099
Water	597,476	691,609	5,461	-	99,594	99,594
Sewer	1,100,380	870,979	5,082	-	(224,319)	(224,319)
Total Business-Type Activities	\$ 2,492,490	\$ 2,477,239	\$ 15,625	-	374	374
General Revenues and Transfers						
Taxes						
Property Taxes				524,346	-	524,346
Sales and Use Taxes				2,948,239	-	2,948,239
Franchise Taxes				205,327	-	205,327
Licenses and Permits				334,846	-	334,846
Fines and Forfeitures				47,453	-	47,453
Net Increase (Decrease) in Fair Value of Investments				-	(1,525)	(1,525)
Interest Income				1,532	2,315	3,847
Miscellaneous				24,729	-	24,729
Gain on Sale of Assets				15,828	-	15,828
Transfers to Other Governments				(9,701)	-	(9,701)
Total General Revenues and Transfers				4,092,599	790	4,093,389
Change in Net Position				698,091	1,164	699,255
Net Position, Beginning of Year				5,171,865	5,398,904	10,570,769
Net Position, End of Year				\$ 5,869,956	\$ 5,400,068	\$ 11,270,024

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

**BASIC FINANCIAL STATEMENTS
FUND FINANCIAL STATEMENTS**

TOWN OF FRANKLINTON
Balance Sheet
Governmental Funds
October 31, 2021

Statement C

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets			
Cash and Cash Equivalents	\$ 1,700,059	\$ -	\$ 1,700,059
Investments	160,793	-	160,793
Receivables, Net			
Intergovernmental	994,574	13,731	1,008,305
Accounts and Other	357	-	357
Franchise Taxes	58,066	-	58,066
Due from Other Funds	198,236	-	198,236
Inventory	7,678	-	7,678
Prepaid Expenses	96,992	8,242	105,234
Restricted Cash	-	1,972,140	1,972,140
Restricted Investments	-	93,701	93,701
Total Assets	\$ 3,216,755	\$ 2,087,814	\$ 5,304,569
Liabilities and Fund Balances			
Liabilities			
Accounts Payable	\$ 213,666	\$ 7,948	\$ 221,614
Compensated Absences	39,132	-	39,132
Other Accrued Expenses	160,047	-	160,047
Due to Other Funds	13,148	26,985	40,133
Total Liabilities	425,993	34,933	460,926
Deferred Inflows of Resources			
Resources Received before Timing Requirements Met	692,549	-	692,549
Fund Balances			
Nonspendable	104,670	8,242	112,912
Restricted	-	2,066,678	2,066,678
Assigned	531,755	-	531,755
Unassigned	1,461,788	(22,039)	1,439,749
Total Fund Balances	2,098,213	2,052,881	4,151,094
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 3,216,755	\$ 2,087,814	\$ 5,304,569

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

TOWN OF FRANKLINTON
Reconciliation of the Governmental Funds Balance
Sheet to the Statement of Net Position
October 31, 2021

Statement D

Fund Balances - Total Governmental Funds	\$ 4,151,094
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>	
<p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds:</p>	
Governmental Capital Assets	14,568,401
Less: Accumulated Depreciation	(9,812,586)
<p>Deferred inflows of resources - pension used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.</p>	
	(916,746)
<p>Deferred outflows of resources - pension used in governmental activities are not due and payable in the current period and, therefore, are not reported in the governmental funds.</p>	
	394,276
<p>Long-term liabilities, including net pension liability, are not due and payable in the current period and, therefore, are not reported in the governmental funds.</p>	
	<u>(2,514,483)</u>
Net Position of Governmental Activities	<u>\$ 5,869,956</u>

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

TOWN OF FRANKLINTON
Statement of Revenues, Expenditures, and
Changes in Fund Balances
Governmental Funds
For the Year Ended October 31, 2021

Statement E

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues			
Taxes			
Sales and Use Taxes	\$ 2,807,685	\$ 140,554	\$ 2,948,239
Property Taxes	197,127	327,219	524,346
Franchise Taxes	205,327	-	205,327
Federal Grants - Hurricane	593,233	-	593,233
Licenses and Permits	334,846	-	334,846
Intergovernmental	275,219	-	275,219
Charges for Services	441,027	-	441,027
Fines and Forfeitures	47,453	-	47,453
Other Revenues	14,709	10,020	24,729
Interest Income	670	862	1,532
Total Revenues	4,917,296	478,655	5,395,951
Expenditures			
General Government	657,927	23	657,950
Public Safety			
Police	2,164,620	178,114	2,342,734
Fire	267,025	-	267,025
Public Works	756,656	11,058	767,714
Sanitation	317,365	-	317,365
Health and Welfare	24,481	-	24,481
Transportation	14,539	-	14,539
Recreation	-	17,726	17,726
Economic Development	-	12,640	12,640
Capital Outlay	83,517	16,013	99,530
Total Expenditures	4,286,130	235,574	4,521,704
Excess of Revenues Over Expenditures	631,166	243,081	874,247

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

TOWN OF FRANKLINTON
Statement of Revenues, Expenditures, and
Changes in Fund Balances (Continued)
Governmental Funds
For the Year Ended October 31, 2021

Statement E

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Other Financing Sources (Uses)			
Bond Principal	-	(230,000)	(230,000)
Bond Interest Expense	-	(6,128)	(6,128)
Operating Transfers In	-	236,019	236,019
Operating Transfers Out	(236,019)	-	(236,019)
Transfer to Other Governments	-	(9,701)	(9,701)
Proceeds from Sale of Capital Assets	15,828	-	15,828
Capital Lease Principal	(22,965)	-	(22,965)
Capital Lease Interest	(1,710)	-	(1,710)
Total Other Financing Sources (Uses)	(244,866)	(9,810)	(254,676)
Net Change in Fund Balances	386,300	233,271	619,571
Fund Balances, Beginning of Year	1,711,913	1,819,610	3,531,523
Fund Balances, End of Year	\$ 2,098,213	\$ 2,052,881	\$ 4,151,094

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

TOWN OF FRANKLINTON
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds to
the Statement of Activities
For the Year Ended October 31, 2021

Statement F

Change in Fund Balances - Total Governmental Funds		\$ 619,571
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures; however, in the statement of activities, the cost of those assets is allocated over their estimated useful lives through depreciation expense. This is the amount by which depreciation exceeded capital outlay expense in the current period.		(479,872)
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.)		13,986
Increases in unfunded post-employment benefit obligations for medical insurance expected in future periods are not recorded for governmental funds on the fund basis.		(39,967)
Non-Employer Contributions to Cost-Sharing Pension Plan		71,182
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 - Capital Leases	22,965	
Principal Payments - Long-Term Debt	<u>230,000</u>	
		252,965
Governmental funds report retirement contributions as expenditures, but pension expense on the statement of activities includes the change in net pension liability as well as the change in deferred inflows and outflows related to pensions.		<u>260,226</u>
Change in Net Position of Governmental Activities		<u>\$ 698,091</u>

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

TOWN OF FRANKLINTON
Statement of Net Position
Proprietary Funds
October 31, 2021

Statement G

	Enterprise Fund
Assets	
Current Assets	
Cash and Cash Equivalents	\$ 1,595,445
Investments	1,201,927
Accounts Receivable, Net	347,443
Due from Other Funds	13,148
Inventory - Gas and Supplies	139,135
Prepaid Expenses	<u>39,816</u>
Total Current Assets	<u>3,336,914</u>
Restricted Assets	
Restricted Cash and Cash Equivalents	3,686,568
Restricted Investments	<u>268,446</u>
Total Restricted Assets	<u>3,955,014</u>
Capital Assets	
Land	3,300
Capital Assets, Net	7,324,324
Construction in Progress	<u>155,150</u>
Total Capital Assets	<u>7,482,774</u>
Total Assets	<u>14,774,702</u>
Deferred Outflows of Resources	
Pension Related	<u>46,422</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 14,821,124</u>

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

TOWN OF FRANKLINTON
Statement of Net Position (Continued)
Proprietary Funds
October 31, 2021

Statement G

	Enterprise Fund
Current Liabilities Payable from	
Current Assets	
Accounts Payable	\$ 151,882
Compensated Absences Payable	11,169
Accrued Expenses	16,428
Due to Other Funds	<u>171,251</u>
Total Current Liabilities	<u>350,730</u>
Current Liabilities Payable from	
Restricted Assets	
Customer Deposits	260,281
Accrued Interest Payable	36,924
Revenue Bonds Payable	<u>187,834</u>
Total Current Liabilities Payable from Restricted Assets	<u>485,039</u>
Long-Term Liabilities	
Bonds Payable	7,708,250
Net Pension Liability	353,353
Other Post Employment Benefits Obligation	317,617
Compensated Absences Payable	<u>74,207</u>
Total Long-Term Liabilities	<u>8,453,427</u>
Total Liabilities	<u>9,289,196</u>
Deferred Inflows of Resources	
Pension Related	<u>131,860</u>
Net Position	
Net Investment in Capital Assets	1,294,190
Restricted - Debt Service	1,675,095
Restricted - Construction	274,614
Unrestricted Net Position	<u>2,156,169</u>
Total Net Position	<u>5,400,068</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 14,821,124</u>

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

TOWN OF FRANKLINTON
Statement of Revenues, Expenses, and
Changes in Net Position
Proprietary Funds
For the Year Ended October 31, 2021

Statement H

	Enterprise Fund
<hr/>	
Operating Revenues	
Gas Sales	\$ 913,388
Less: Cost of Gas Sold	<u>(390,759)</u>
Gross Profit on Gas Sales	522,629
Water Sales	652,049
Sewer Service Charges	855,216
Penalties	22,518
Intergovernmental	15,625
Other	<u>34,068</u>
Total Operating Revenues	<u>2,102,105</u>
Operating Expenses	
Bad Debts	31,788
Depreciation	455,874
Employee Benefits	167,371
Insurance	103,560
Meter Reading	25,658
Repairs and Maintenance	76,166
Salaries and Wages	483,413
Supplies	146,492
Utilities	155,986
Other	<u>136,916</u>
Total Operating Expenses	<u>1,783,224</u>
Operating Income	<u>318,881</u>

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

TOWN OF FRANKLINTON
Statement of Revenues, Expenses, and
Changes in Net Position (Continued)
Proprietary Funds
For the Year Ended October 31, 2021

Statement H

	Enterprise Fund
Nonoperating Revenues (Expenses)	
Net Increase (Decrease) in Fair Value of Investments	(1,525)
Interest Income	2,315
Interest Expense	(179,245)
Bond Issuance Costs	<u>(139,262)</u>
Total Nonoperating Revenues (Expenses)	<u>(317,717)</u>
Change in Net Position	<u>1,164</u>
Net Position, Beginning of Year	<u>5,398,904</u>
Net Position, End of Year	<u>\$ 5,400,068</u>

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

TOWN OF FRANKLINTON
Statement of Cash Flows
Proprietary Funds
For the Year Ended October 31, 2021

Statement I

	Enterprise Fund
Cash Flows from Operating Activities	
Received From Customers	\$ 2,442,530
Payments to Suppliers	(928,774)
Payments to Employees	<u>(704,463)</u>
Net Cash Provided by Operating Activities	<u>809,293</u>
Cash Flows from Non-Capital Financing Activities	
Grant Income and Other Contributions	15,625
Interfund Borrowings and Transfers from Other Funds	<u>118,052</u>
Net Cash Provided by Non-Capital Financing Activities	<u>133,677</u>
Cash Flows from Capital and Related Financing Activities	
Payments for Capital Acquisitions	(316,122)
Payments for Bond Issuance Costs	(139,262)
Proceeds from Issuance of Public Improvement Bonds	1,700,000
Net Proceeds (Refunding) of Revenue Refunding Bonds	144,986
Interest Paid on Capital Debt	(142,321)
Principal Paid on Capital Debt	<u>(116,337)</u>
Net Cash Provided by Capital and Related Financing Activities	<u>1,130,944</u>
Cash Flows from Investing Activities	
Receipt of Interest	2,315
Proceeds from Sale (Payments) for Investments	<u>1,065,439</u>
Net Cash Provided by Investing Activities	<u>1,067,754</u>
Net Increase in Cash and Cash Equivalents	3,141,668
Cash and Cash Equivalents, Beginning of Year	<u>2,140,345</u>
Cash and Cash Equivalents, End of Year	<u>\$ 5,282,013</u>

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

TOWN OF FRANKLINTON
Statement of Cash Flows (Continued)
Proprietary Funds
For the Year Ended October 31, 2021

Statement I

	Enterprise Fund
Reconciliation of Operating Income to Net Cash Provided by Operating Activities	
Operating Income	\$ 318,881
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities	
Depreciation	455,874
Bad Debt Expense	31,788
(Increase) Decrease in:	
Accounts Receivable	(42,987)
Prepaid Insurance	(6,259)
Deferred Outflows of Resources	63,623
Increase (Decrease) in:	
Accounts Payable	125,294
Compensated Absences	3,002
Deferred Inflows of Resources	50,972
Accrued Expenses	436
Customer Deposits	(7,347)
Other Post Employment Benefits Obligation	23,781
Net Pension Liability	(195,493)
	<u>809,293</u>
Net Cash Provided by Operating Activities	\$ 809,293
Reconciliation of Total Cash and Cash Equivalents	
Cash and Cash Equivalents, Unrestricted	\$ 1,595,445
Cash and Cash Equivalents, Restricted	<u>3,686,568</u>
Total Cash and Cash Equivalents	\$ 5,282,013

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

NOTES TO FINANCIAL STATEMENTS

TOWN OF FRANKLINTON

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies

Introduction

The Town of Franklinton (the Town) was incorporated March 7, 1861, under the provisions of a Special Legislative Charter. The Town operates under a Mayor-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 3,643 by the U.S. Census Bureau, Census 2020. The Town provides police and fire protection, services to maintain or develop streets, drainage, and sanitation, support of recreation activities, general and administrative services, and utilities services for area residents. Utility services are provided for 827 gas customers, 1,352 water customers, and 1,560 sewer customers. The Town paid 62 employees in the last quarter of the fiscal year, including board members.

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

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

TOWN OF FRANKLINTON

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies

Reporting Entity

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

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

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

Basic Financial Statements - Government-Wide Financial Statements

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

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

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

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

TOWN OF FRANKLINTON

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies

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

GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, effective for financial statement periods ending after December 15, 2012, provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related disclosures. Concepts Statement No. 4, *Elements of Financial Statements*, introduced and defined *Deferred Outflows of Resources* as a consumption of net assets by the government that is applicable to a future reporting period, and *Deferred Inflows of Resources* as an acquisition of net assets by the government that is applicable to a future reporting period. Previous financial reporting standards do not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities. GASB Concepts Statement 4 identifies net position as the residual of all other elements presented in a statement of financial position. This Statement amends the net asset reporting requirements in Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets. The definition and reporting of net position are further described in Note 1 under subtopic Net Position and Fund Equity. The Town had deferred outflows and deferred inflows of resources related to pension of \$440,698 and \$1,048,606, respectively, at October 31, 2021. At October 31, 2021, the Town had deferred inflows related to unused ARPA grant funds of \$692,549.

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

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

Basic Financial Statements - Fund Financial Statements

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

TOWN OF FRANKLINTON

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies

Basic Financial Statements - Fund Financial Statements (Continued)

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

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 fund:

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

Additionally, the government reports the following fund types:

Special Revenue Funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specific purposes other than debt service or capital projects. For the current fiscal year, each special revenue fund is a non-major fund.

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

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

TOWN OF FRANKLINTON

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

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

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

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

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

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

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

TOWN OF FRANKLINTON

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

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

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

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

Deposits and Investments

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

Investments for the Town are reported at fair value, except for the money market accounts. The state investment pool, 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.

Receivables and Payables

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

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

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

TOWN OF FRANKLINTON

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Receivables and Payables (Continued)

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

	Authorized Millage	Levied Millage	Collected Millage
General Corporate Purposes	7.22 mills	\$ 185,345	\$ 197,127
Police Ad Valorem	5.16 mills	132,463	136,566
Street and Drainage Ad Valorem	7.22 mills	185,345	190,653

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

- 1) 40 percent for constructing, improving and maintaining streets, and drainage facilities and improvements in the Town.
- 2) 30 percent for supporting the police department of the Town and providing public safety.
- 3) 20 percent for supporting the fire department of the Town.
- 4) 10 percent for promoting and encouraging the location and development of commerce and industry and supporting recreation in the Town, with the proceeds of the tax to be subject to being funded into bonds. With the rededication, this was changed to 5 percent for promoting economic development and recreation and 5 percent for supporting the Town's facilities and facilities maintenance.

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.

TOWN OF FRANKLINTON

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Restricted Assets

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

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

Capital Assets

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

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

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

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

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

TOWN OF FRANKLINTON

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Compensated Absences

Prior to the fiscal year ending October 31, 2003, employees of the municipality earned annual leave at varying rates according to years of service. Accrued unused annual leave earned by an employee was carried forward to the succeeding calendar year until a maximum of twenty days accumulation. On March 9, 2004, the 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.

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.

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

TOWN OF FRANKLINTON

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Net Position and Fund Equity

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

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

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

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

TOWN OF FRANKLINTON

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Net Position and Fund Equity (Continued)

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

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

Comparative Data/Reclassifications

The financial statements are presented with certain prior year summarized comparative information. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Town's financial statements for the year ended October 31, 2020, from which the summarized information was derived.

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

Extraordinary and Special Items

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

TOWN OF FRANKLINTON

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Estimates

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

Reconciliations of Government-Wide and Fund Financial Statements

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

Recently Issued Accounting Pronouncements

The GASB issued Statement No. 87, *Leases*. The objective of GASB 87 is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. In May 2020, the GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, postponing the effective date of GASB 87 to reporting periods beginning after June 15, 2021.

The GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. The objectives of GASB 89 are to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and to simplify accounting for interest cost incurred before the end of a construction period. This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. In May 2020, the GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, postponing the effective date of GASB 89 to reporting periods beginning after December 15, 2020.

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

TOWN OF FRANKLINTON

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Recently Issued Accounting Pronouncements (Continued)

The GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. The Statement amends Questions 4.3 and 4.5 of Implementation Guide 201-2. The requirements of this Statement related to the accounting and financial reporting for Internal Revenue Code Section 457 plans are effective June 15, 2021.

Budget

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

During the year ended October 31, 2021, General Fund actual expenditures of \$4,546,824 exceeded budgeted expenditures of \$4,075,703 resulting in an unfavorable variance of \$471,124 or 12%.

TOWN OF FRANKLINTON

Notes to Financial Statements

Note 2. Cash and Cash Equivalents

At October 31, 2021, the Town has cash and cash equivalents (book balances), as follows:

Demand Deposits	
Unrestricted	\$ 3,295,504
Restricted	<u>5,658,708</u>
Total	<u>\$ 8,954,212</u>

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

Custodial credit risk as it relates to cash deposits is the risk that in the event of a bank failure, the government's deposits may not be returned. The Town does not have a formal policy for custodial risk. However, under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance, or the pledge of securities owned by the fiscal agent bank. At October 31, 2021, the Town has \$9,526,103 in deposits (collected bank balances), within one bank, consisting of demand deposits. The demand deposits are secured from risk by \$250,000 of federal deposit insurance and \$9,275,103 of pledged securities. The \$9,275,103 is exposed to custodial credit risk because while the amount is secured by pledged securities, such securities are held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

TOWN OF FRANKLINTON

Notes to Financial Statements

Note 3. Investments

At October 31, 2021, the Town had investments which include \$1,724,867 invested in money market funds and in the Louisiana Asset Management Pool (LAMP), a local government investment pool. The following table provides information on the credit ratings, maturity dates, and fair values associated with the Town's investments at October 31, 2021:

<u>Investment</u>	<u>Rating</u>	<u>Maturity</u>	<u>Net Asset Value</u>
Money Market	N/A	Varies	\$ 800,566
LAMP	AAA/Aaa/AAA	N/A	924,301
Total			<u>\$ 1,724,867</u>

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

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

Custodial Credit Risk - Custodial credit risk for investments is the risk that, in the event of a failure, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investments are exposed to custodial credit risk if they are uninsured, are not registered in the Town's name, and are held by either the counterparty to the investment purchase or the counterparty's trust department or agent but not held in the Town's name. The Town has a formal investment policy regarding investment credit risk, and the investments of the Town owned at October 31, 2021 were not subject to custodial credit risk.

Concentration of Credit Risk - The Town has a formal limit on the amount the Town may invest in any one issuer. It is the policy of the Town to diversify its investment portfolio. Assets shall be diversified to reduce the risk of loss resulting from the over concentration of assets in a specific maturity, a specific issuer, or a specific class of securities. The only issuer comprising 5% or more of the Town's investments at October 31, 2021 was LAMP at 54%.

TOWN OF FRANKLINTON

Notes to Financial Statements

Note 3. Investments (Continued)

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

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

The following facts are relevant for investment pools:

- Credit Risk: LAMP is rated AAAm by Standard & Poor's.
- Custodial Credit Risk: LAMP participants' investments in the pool are evidenced by shares of the pool. Investments in pools should be disclosed, but not categorized because they are not evidenced by securities that exist in physical or book-entry form. The Town's investment is with the pool, not the securities that make up the pool; therefore, no public disclosure is required.
- Concentration of Credit Risk: Pooled investments are excluded from the five percent disclosure requirement.
- Interest Rate Risk: LAMP is designed to be highly liquid to give its participants immediate access to their account balances. LAMP prepares its own interest rate risk disclosure using the weighted average maturity (WAM) method. The WAM of LAMP assets is restricted to not more than 60 days and consists of no securities with a maturity in excess of 397 days or two years (762 days) for U.S. Government floating/variable rate investments. The WAM for LAMP's total investments is 52 days as of October 31, 2021.
- Foreign Currency Risk: Not applicable.

TOWN OF FRANKLINTON

Notes to Financial Statements

Note 3. Investments (Continued)

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

Note 4. Accounts Receivable

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

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

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

The Governmental Fund receivables at October 31, 2021 consist of the following:

	General Fund	Special Revenue Funds	Total
Government Receivables			
Accounts	\$ 357	\$ 32	\$ 389
Taxes			
Sales Tax Receivable	253,474	13,699	267,173
Franchise Tax	58,066	-	58,066
Intergovernmental			
FEMA	564,691	-	564,691
Washington Parish School Board	79,783	-	79,783
State of Louisiana	21,684	-	21,684
USDA Grant	74,942	-	74,942
Total Government Receivables	\$ 1,052,997	\$ 13,731	\$ 1,066,728

TOWN OF FRANKLINTON

Notes to Financial Statements

Note 4. Accounts Receivable (Continued)

The Enterprise Fund accounts receivable at October 31, 2021 consist of the following:

	Enterprise Fund
Accounts Receivable	
Current	\$ 224,923
31 - 60 Days	27,412
61 - 90 Days	24,725
Over 90 Days	99,480
Subtotal	376,540
Less Allowance for Bad Debt	(99,480)
Accounts Receivables	277,060
Unbilled Receivables	70,383
Total Accounts Receivable	\$ 347,443

Note 5. Restricted Assets

The following is a listing of the restricted assets for the fund financial statements on October 31, 2021:

	General Fund	Special Revenue Funds	Debt Service Fund	Enterprise Fund	Total
Restricted Assets					
Cash and Cash Equivalents					
Customer Deposits	\$ -	\$ -	\$ -	\$ 199,133	\$ 199,133
Bond Reserve Account	-	-	-	1,377,093	1,377,093
Bond Contingency Account	-	-	-	77,363	77,363
Bond Sinking Account	-	-	64	57,641	57,705
Bond Short-Lived Assets Account	-	-	-	189,671	189,671
Construction Account	-	-	-	274,614	274,614
As Valorem Account	-	691,908	-	-	691,908
Sales Tax Account	-	1,244,645	-	-	1,244,645
Rural Development Grant	-	35,523	-	-	35,523
Investments					
Bond Reserve Account	-	-	-	137,605	137,605
Bond Proceeds	-	-	-	1,519,666	1,519,666
Bond Sinking	-	-	-	60,480	60,480
Customer Deposits	-	-	-	61,748	61,748
Ad Valorem	-	93,701	-	-	93,701
Total Restricted Assets	\$ -	\$ 2,065,777	\$ 64	\$ 3,955,014	\$ 6,020,855

TOWN OF FRANKLINTON

Notes to Financial Statements

Note 6. Interfund Receivables/Payables

The following is a detailed list of interfund balances for fund financial statements on October 31, 2021.

	Due From Other Funds	Due To Other Funds
Interfund Balances		
General Fund		
Ad Valorem Police	\$ 18,954	\$ -
Ad Valorem Streets and Drainage	133	-
Economic Development and Recreation Sales Tax	7,898	-
Enterprise Fund	171,251	13,148
Special Revenue Funds		
Ad Valorem Police		
General Fund	-	18,954
Ad Valorem Streets and Drainage		
General Fund	-	133
Economic Development and Recreation Sales Tax		
General Fund	-	7,898
Enterprise Fund		
General Fund	13,148	171,251
Total Interfund Balances	\$ 211,384	\$ 211,384

TOWN OF FRANKLINTON

Notes to Financial Statements

Note 7. Capital Assets

The following is a summary of changes in capital assets for the governmental activities for the fiscal year ended October 31, 2021:

Governmental Activities	Balance October 31, 2020	Increases	Decreases	Adjustments	Balance October 31, 2021
Capital Assets Not Depreciated					
Land	\$ 481,801	\$ -	\$ -	\$ -	\$ 481,801
Construction in Progress	26,088	16,404	-	-	42,492
Total Capital Assets Not Depreciated	507,889	16,404	-	-	524,293
Capital Assets Being Depreciated					
Buildings and Improvements	5,006,671	11,850	-	-	5,018,521
Machinery and Equipment	2,209,755	70,202	-	-	2,279,957
Office Equipment and Furniture	289,075	1,074	-	-	290,149
Vehicles	2,213,117	-	(90,102)	-	2,123,015
Infrastructure	4,332,466	-	-	-	4,332,466
Total Capital Assets Being Depreciated	14,051,084	83,126	(90,102)	-	14,044,108
Less Accumulated Depreciation for:					
Buildings and Improvements	(3,369,372)	(73,959)	-	-	(3,443,331)
Machinery and Equipment	(2,018,693)	(69,262)	-	-	(2,087,955)
Office Equipment and Furniture	(268,317)	(12,788)	-	-	(281,105)
Vehicles	(1,749,408)	(113,243)	90,102	-	(1,772,549)
Infrastructure	(1,917,496)	(310,150)	-	-	(2,227,646)
Total Accumulated Depreciation	(9,323,286)	(579,402)	90,102	-	(9,812,586)
Total Capital Assets Being Depreciated, Net	4,727,798	(496,276)	-	-	4,231,522
Total	\$ 5,235,687	\$ (479,872)	\$ -	\$ -	\$ 4,755,815

Depreciation was charged to governmental functions as follows:

General Government	\$ 75,589
Public Safety - Police	110,196
Public Safety - Fire	71,381
Public Works	298,642
Recreation	3,282
Economic Development	20,312
Total	\$ 579,402

TOWN OF FRANKLINTON

Notes to Financial Statements

Note 7. Capital Assets (Continued)

The following is a summary of changes in capital assets for business-type activities for fiscal year ended October 31, 2021:

Business-Type Activities	Balance October 31, 2020	Increases	Decreases	Balance October 31, 2021
Capital Assets Not Depreciated				
Land	\$ 3,300	\$ -	\$ -	\$ 3,300
Construction in Progress	9,302	145,848	-	155,150
Total Capital Assets Not Depreciated	12,602	145,848	-	158,450
Capital Assets Being Depreciated				
Gas Utility System	1,208,137	14,604	-	1,222,741
Water Utility System	2,947,225	141,066	-	3,088,291
Sewer Utility System	14,814,723	14,604	-	14,829,327
Total Capital Assets Being Depreciated	18,970,085	170,274	-	19,140,359
Less Accumulated Depreciation for:				
Gas Utility System	(1,183,110)	(11,513)	-	(1,194,623)
Water Utility System	(2,809,692)	(30,871)	-	(2,840,563)
Sewer Utility System	(7,367,359)	(413,490)	-	(7,780,849)
Total Accumulated Depreciation	(11,360,161)	(455,874)	-	(11,816,035)
Total Capital Assets Being Depreciated, Net	7,609,924	(285,600)	-	7,324,324
Total	\$ 7,622,526	\$ (139,752)	\$ -	\$ 7,482,774

Note 8. Leases

On December 23, 2013, the Town of Franklinton entered into a lease agreement with the State of Louisiana through the Military Department, State of Louisiana. The Military Department agreed to lease Lot 3 and a portion of Lot 4, consisting of a total of 12.392 acres of the Town's Industrial Park #2. The term of the agreement is for a period of ninety-nine years commencing on December 24, 2013 and ending on September 30, 2112 with the consideration Tr 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.

TOWN OF FRANKLINTON

Notes to Financial Statements

Note 8. Leases (Continued)

Capital Leases Payable as of October 31, 2021 is as follows:

	Capital Lease Payable End of Year	Due Within One Year
The Town entered into a lease purchase agreement to purchase a 2011 International Fire Truck for a lease amount of \$69,345. The lease is payable in three annual payments of \$24,675.46 due on the 28th day of August of each year. The fire truck is being depreciated over its estimated useful life of 10 years. This lease is recorded within the governmental funds as a capital lease in the General Fund.	\$ 23,804	\$ 23,804

Note 9. Interfund Transfers

The following is a detailed list of interfund transfers reported in the fund financial statements on October 31, 2021:

	Transfers In	Transfers Out
Interfund Transfers		
General Fund		
Streets and Drainage Sinking Debt Service Fund	\$ -	\$ 236,019
Streets and Drainage Sinking Debt Service Fund		
General Fund	236,019	-
Total Interfund Transfers	\$ 236,019	\$ 236,019

Note 10. Accounts, Salaries, and Other Payables

The Governmental Fund payables at October 31, 2021 are as follows:

	General Fund	Special Revenue Funds	Total
Governmental Funds Payable			
Accounts	\$ 213,666	\$ 7,948	\$ 221,614
Accrued Salaries	64,981	-	64,981
Insurance	35,962	-	35,962
Retirement Payable	42,024	-	42,024
Compensated Absences Payable	39,132	-	39,132
Other	17,080	-	17,080
Total Government Funds Payable	\$ 412,845	\$ 7,948	\$ 420,793

TOWN OF FRANKLINTON

Notes to Financial Statements

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

The Enterprise Fund payables at October 31, 2021 are as follows:

	Gas Utility	Water Utility	Sewer Utility	Total Enterprise Fund
Enterprise Funds Payable				
Accounts	\$ 54,460	\$ 68,840	\$ 21,906	\$ 145,206
Accrued Salaries	6,272	4,110	6,046	16,428
Accrued Interest	-	35,337	1,587	36,924
Compensated Absences Payable	4,617	4,592	1,960	11,169
Sales Taxes Payable	3,612	3,064	-	6,676
Total Enterprise Funds Payable	\$ 68,961	\$ 115,943	\$ 31,499	\$ 216,403

Note 11. Long-Term Obligations

The following is a summary of long-term obligation transactions for the year ended October 31, 2021:

	Governmental Activities		Business-Type Activities		Total Long-Term Obligations
	Capital Leases	Revenue Bonds	Capital Leases	Revenue Bonds	
Beginning Balance	\$ 46,769	\$ 230,000	\$ -	\$ 6,167,435	\$ 6,444,204
Additions	-	-	-	4,145,000	4,145,000
Deletions	(22,965)	(230,000)	-	(2,416,351)	(2,669,316)
Ending Balance	\$ 23,804	\$ -	\$ -	\$ 7,896,084	\$ 7,919,888

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

	Governmental Activities			Business-Type Activities			Total Long-Term Obligations
	Current Portion	Long-Term Portion	Total	Current Portion	Long-Term Portion	Total	
Governmental Activities							
Capital Leases	\$ 23,804	\$ -	\$ 23,804	\$ -	\$ -	\$ -	\$ 23,804
Revenue Bonds	-	-	-	187,834	7,708,250	7,896,084	7,896,084
Compensated Absences Payable	39,132	257,727	296,859	11,169	74,207	85,376	382,235
Net Pension Liability	-	1,692,146	1,692,146	-	353,353	353,353	2,045,499
Other Post Employment Benefit Obligation	-	540,806	540,806	-	317,617	317,617	858,423
Total	\$ 62,936	\$ 2,490,679	\$ 2,553,615	\$ 199,003	\$ 8,453,427	\$ 8,652,430	\$ 11,206,045

TOWN OF FRANKLINTON

Notes to Financial Statements

Note 11. Long-Term Obligations (Continued)

Bonds Payable as of October 31, 2021 are as follows:

Revenue Bonds

\$3,937,000 Sewer Revenue Bonds, Series 2018, due in monthly installments with interest payments at 1.75% per annum through March 22, 2058, secured by the revenues of the Enterprise Fund. \$ 3,751,084

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

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

Total \$ 7,896,084

The annual requirements to amortize all debt outstanding at October 31, 2021, including interest payments of \$2,531,610 are as follows:

Year Ending October 31,	Revenue Bonds		Public Improvement Bonds		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2022	\$ 149,334	\$ 102,077	\$ 38,500	\$ 50,120	\$ 187,834	\$ 152,197
2023	190,645	115,898	43,250	49,240	233,895	165,138
2024	191,979	111,113	45,750	48,280	237,729	159,393
2025	198,338	106,305	47,750	47,245	246,088	153,550
2026	204,720	101,320	49,750	46,120	254,470	147,440
2027-2031	1,085,489	466,723	270,750	212,080	1,356,239	678,803
2032-2036	1,043,591	354,684	448,000	149,620	1,491,591	504,304
2037-2041	725,493	258,843	756,250	66,840	1,481,743	325,683
2042-2046	791,988	195,912	-	-	791,988	195,912
2047-2051	846,038	23,287	-	-	846,038	23,287
2052-2056	689,605	7,295	-	-	689,605	7,295
2057-2061	78,864	18,608	-	-	78,864	18,608
Total	<u>\$ 6,196,084</u>	<u>\$ 1,862,065</u>	<u>\$ 1,700,000</u>	<u>\$ 669,545</u>	<u>\$ 7,896,084</u>	<u>\$ 2,531,610</u>

During the year ended October 31, 2021, the Town issued \$2,445,000 in Revenue Refunding Bonds which was used to currently refund the remaining bonds outstanding of the Series 1997 Water Revenue Bonds, the Series 2002 Sewer Revenue Bonds and the Series 2008 Sewer Revenue Bonds.

TOWN OF FRANKLINTON

Notes to Financial Statements

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

Sewer Revenue Bonds - Series 2002

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

Principal payments of \$11,902 and interest payments of \$8,565 were made and incurred as interest expense on the sewer bonds. The gross sewer utility revenue recognized during the current period was \$870,979.

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

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 \$17,798 and interest payments of \$18,811 were made and incurred as interest expense on the water bonds. The gross water utility revenue recognized during the current period was \$691,609.

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 2021 was \$42,710.

TOWN OF FRANKLINTON

Notes to Financial Statements

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

Water Revenue Bonds (Continued)

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

The Contingency Fund is established to care for depreciation, extensions, additions, improvements, renewals and replacements necessary to operate properly the System, by transferring from the Water Revenue Fund on or before the twentieth day of each month of each year a sum of \$321, provided such sum is available as provided in the Resolution. In addition to caring for depreciation, extensions, additions, improvements, renewals and replacements necessary to properly operate the System, the money in the Contingency Fund may also be used to pay the principal of and the interest on the bonds including any additional pari passu bonds issued hereafter in the manner provided by the Resolution, for the payment of which there is not sufficient money in the Sinking Fund or Reserve Funds. The total amount transferred to the Water Contingency Fund during the fiscal year 2021 was \$2,247. During the year ended October 31, 2021, the remaining maturities of the Series 1996 Water Revenue Bonds were refunded with the issuance of 2021 Series Water and Sewer Revenue Refunding Bonds.

Series 2008 - Sewer Bonds

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

Principal payments of \$13,592 and interest payments of \$31,203 were made and incurred as interest expense on the sewer bonds. The gross sewer utility revenue recognized during the current period was \$870,979. During the year ended October 31, 2021, the remaining maturities of the Series 2008 Sewer Revenue Bonds were refunded with the issuance of 2021 Series Water and Sewer Revenue Refunding Bonds.

TOWN OF FRANKLINTON

Notes to Financial Statements

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

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 March 20, 2021, the voters of the Town of Franklinton renewed the one percent sales tax for a period of ten years. This one percent sales tax was dedicated as follows:

1. Forty percent for constructing, improving and maintaining streets, and drainage facilities and improvements. Collections for 2021, including State P&M sales tax collections, were \$588,268.
2. Thirty percent for supporting the police department of the Town and providing public safety. Collections for 2021, including State P&M sales tax collections, were \$441,199.
3. Twenty percent for supporting the fire department of the Town. Collections for 2021, including State P&M sales tax collections, were \$294,133.
4. Ten Percent for promoting and encouraging the location and development of commerce and industry and supporting recreation in the Town. Collections for 2021, including State P&M sales tax collections, were \$140,554.

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 \$230,000 and interest payments of \$5,819 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. During the year ended October 31, 2021, the Town retired the Series 2011 Sales Tax Bonds.

TOWN OF FRANKLINTON

Notes to Financial Statements

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

Series 2018 - Sewer Bonds

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

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

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

Principal payments of \$73,045 and interest payments of \$67,922 were made and incurred as interest expense on the sewer bonds. The gross sewer utility revenue recognized during the current period was \$870,979. 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 2021.

TOWN OF FRANKLINTON

Notes to Financial Statements

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

Series 2020 – Taxable Public Improvement Bonds

On November 20, 2020, the Town was approved the Louisiana State Bond Commission for Taxable Public Improvement Bonds in the amount of \$1,700,000. The purpose is to provide funding for acquiring, constructing and installing equipment, fixtures, improvements, and replacements of the waterworks system. The bonds will mature annually no later than December 31, 2040 and bear interest at a rate or rates not exceeding 5% per year.

The bonds shall be secured by and payable solely from a pledge and dedication of the excess annual revenues of the Town, including balances brought forward, above statutory, necessary and usual charges in each of the fiscal years during which the bonds are outstanding.

The Series 2020 bonds require a sinking fund for payment of principal and interest on the bonds. At the end of October 31, 2021, the account was funded.

Upon delivery of the bonds, the Town shall establish and maintain with Hancock Whitney Bank an account in the initial principal amount of \$1,275,000 (the Investment Account) which amount may be reduced by the Issuer each year by the amount of principal paid on the bonds. The funds are set aside to pay principal or any replacement if there are insufficient moneys in the Sinking fund. At October 31, 2021, the Investment Account was \$1,273,730.

The bonds have a requirement that the net excess of general revenues over expenditures must not be less than 1.25 times the highest annual debt service in any succeeding fiscal year. For October 31, 2021, the Town met the requirement.

Interest payments of \$41,225 were incurred as interest expense during the fiscal year ended October 31, 2021. The gross water utility revenue recognized during the current period was \$691,609.

Series 2021 - Water and Sewer Revenue Refunding Bonds

The Series 2021 bonds was issued for the purposes of financing the refunding and redemption of the refunded bonds, funding the Reserve Fund, and paying the cost of issuance of the bonds, including the costs of an insurance policy. The following table summarizes the application of the proceeds of the bonds:

TOWN OF FRANKLINTON

Notes to Financial Statements

SOURCES OF FUNDS	
Par Amount of the Bonds	\$ 2,445,000.00
Plus Net Reoffering Premium	21,080.75
Transfers from Refunded Bonds debt service fund	96,140.76
Total Sources of Funds	<u>\$ 2,562,221.51</u>
USES OF FUNDS	
Deposit to Refunding Account	\$ 2,307,597.25
Deposit to Reserve Fund	137,592.33
Pay Costs of Issuance	117,031.92
Total Uses of Funds	<u>\$ 2,562,221.50</u>

The bonds have a requirement that the net revenues are equal to at least 120% of the maximum annual debt service requirements. For October 31, 2021, the Town met the requirement.

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

Interest payments of \$28,162 were incurred as interest expense during the year ended October 31, 2021. The gross water and sewer utility revenue recognized during the current period was \$1,562,588.

Note 13. Employee Pension Plans

Municipal Employees' Retirement System of Louisiana

Plan Description

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

TOWN OF FRANKLINTON

Notes to Financial Statements

Benefits Provided

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

TOWN OF FRANKLINTON

Notes to Financial Statements

Note 13. Employee Pension Plans (Continued)

Municipal Employees' Retirement System of Louisiana (Continued)

Contributions

Per Act 788 of the 1978 Regular Session of the Louisiana Legislature, contribution rates for employees are established by state law and employer contribution rates are actuarially determined each year by the System's Board of Trustees. Employees are required to contribute 5% of their annual pay. The Town's contractually required contribution rate for the year ended October 31, 2021 was 15.50% of annual payroll. Contributions to the System from the Town were \$116,909 for the year ended October 31, 2021. Non-employer contributions during the year ended June 30, 2021 were \$23,820.

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

At October 31, 2021, the Town reported a liability of \$552,114 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liability was based on a projection of the Town's June 30, 2021 contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2021, the proportion was .953056%, which was an increase of 0.0181833% from its proportion measured as of June 30, 2020.

For the year ended October 31, 2021, the Town recognized a pension benefit of \$21,122. At October 31, 2021, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	\$ -	\$ 22,784
Changes of Assumptions	22,345	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	149,203
Changes in Proportion and Differences between Employer Contributions and Proportionate Share of Contributions	9,637	34,044
Employer Contributions Subsequent to the Measurement Date	40,553	-
Total	\$ 72,535	\$ 206,031

The Town reported \$40,553 as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date which will be recognized as a reduction of the net pension liability in the year ending October 31, 2022.

TOWN OF FRANKLINTON

Notes to Financial Statements

Note 13. Employee Pension Plans (Continued)

Municipal Employees' Retirement System of Louisiana (Continued)

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

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

Year Ending October 31,	Amount
2022	\$ (55,507)
2023	(27,415)
2024	(38,698)
2025	(52,429)
Total	\$ (174,049)

Actuarial Assumptions

The total pension liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation Date	June 30, 2021
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions	
Investment Rate of Return	6.85%, net of investment expense, including inflation
Inflation Rate	2.50%
Projected Salary Increases	
- 1 to 4 Years	7.40% (2.50% inflation, 4.90% merit)
- More than 4 Years	4.90% (2.50% inflation, 2.40% merit)
Mortality Rates	PubG-2010(B) Employee and Healthy Retiree tables set equal to 120% for males and females using their respective male and female MP2018 scale. PubNS-2010(B) Disabled Retiree Table set equal to 120% for males and females with the full generational MP2018 scale.
Expected Remaining Service Lives	3 years
Cost-of-Living Adjustments	The present value of future retirement benefits is based on benefits currently being paid into the System and includes previously granted cost-of-living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees.

TOWN OF FRANKLINTON

Notes to Financial Statements

Note 13. Employee Pension Plans (Continued)

Municipal Employees' Retirement System of Louisiana (Continued)

Actuarial Assumptions (Continued)

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.6% and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return was 6.95% for the year ended June 30, 2021.

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

Asset Class	Target Asset Allocation	Long-Term Expected Portfolio Real Rate of Return
Public Equity	53%	2.31%
Public Fixed Income	38%	1.65%
Alternatives	9%	0.39%
Totals	100%	2.70%
Inflation		2.60%
Expected Arithmetic Nominal Return		5.30%

TOWN OF FRANKLINTON

Notes to Financial Statements

Note 13. Employee Pension Plans (Continued)

Municipal Employees' Retirement System of Louisiana (Continued)

Discount Rate

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

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

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

	1% Decrease (5.85%)	Current Discount Rate (6.85%)	1% Increase (7.85%)
Town's Proportionate Share of the Net Pension Liability	\$ 847,057	\$ 552,114	\$ 302,604

Pension Plan Fiduciary Net Position

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

Payables to the Pension Plan

As of October 31, 2021, the Town owed approximately \$12,238 to the System for the Town's October 2021 payroll.

TOWN OF FRANKLINTON

Notes to Financial Statements

Note 13. Employee Pension Plans (Continued)

Municipal Police Employees' Retirement System of Louisiana

Plan Description

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

Benefits Provided

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

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

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

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

TOWN OF FRANKLINTON

Notes to Financial Statements

Note 13. Employee Pension Plans (Continued)

Municipal Police Employees' Retirement System of Louisiana

Contributions

Per Act 189 of the 1973 Regular Session of the Louisiana Legislature, contribution rates for employees are established by state law and employer contribution rates are actuarially determined each year by the Police System's Board of Trustees. Employees are required to contribute 10% of their annual pay. The Town's contractually required contribution rate for the period from November 1, 2021 to June 30, 2021 was 33.75% of annual payroll. For the period from July 1, 2021 to October 31, 2021, the contractually required contribution rate was 29.75%. Contributions to the Police System from the Town were \$301,350 for the year ended October 31, 2021. Non-employer contributions for the year ended June 30, 2021 were \$62,607.

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

At October 31, 2021, the Town reported a liability of \$1,493,385 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liability was based on a projection of the Town's June 30, 2021 contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2021, the Town's proportion was 0.280156%, which was a decrease of 0.015587% from its proportion measured as of June 30, 2020.

For the year ended October 31, 2021, the Town recognized pension expense of \$101,405. At October 31, 2021, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	\$ -	\$ 45,992
Changes of Assumptions	165,384	42,600
Net Difference between Projected and Actual Earnings on Pension Plan Investments		
Changes in Proportion and Differences between Employer Contributions and Proportionate Share of Contributions	-	697,293
Employer Contributions Subsequent to the Measurement Date	105,349	18,249
	93,644	-
Total	\$ 364,377	\$ 804,134

The Town reported \$93,644 as deferred outflows of resources related to pensions resulting from the Town contributions subsequent to the measurement date which will be recognized as a reduction of the net pension liability in the year ended October 31, 2022.

TOWN OF FRANKLINTON

Notes to Financial Statements

Note 13. Employee Pension Plans (Continued)

Municipal Police Employees' Retirement System of Louisiana (Continued)

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

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

Year Ending October 31,	Amount
2022	\$ (95,344)
2023	(97,880)
2024	(99,944)
2025	<u>(240,233)</u>
Total	<u>\$ (533,401)</u>

Actuarial Assumptions

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2021 are as follows:

Valuation Date	June 30, 2021
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions	
Investment Rate of Return	6.75%, net of investment expense
Inflation Rate	2.50%
Projected Salary Increases	
- 1 to 2 Years	12.30%
- Over 2 Years	4.70%
Mortality Rates	Pub-2010 Public Retirement Plan Mortality Table for Safety Below-Median Healthy Retirees multiplied by 115% for males and 125% for females, each with full generational projection using the MP 2019 scale for employees, annuitants, and beneficiaries. Pub-2010 Public Retirement Plans Mortality Table for Safety Disabled Retirees multiplied by 105% for males and 115% for females, each with full generational projection using the MP 2019 scale for disabled lives.

TOWN OF FRANKLINTON

Notes to Financial Statements

Note 13. Employee Pension Plans (Continued)

Municipal Police Employees' Retirement System of Louisiana (Continued)

Actuarial Assumptions (Continued)

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

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

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

Asset Class	Target Asset Allocation	Long-Term Expected Portfolio Real Rate of Return
Equity	55.50%	3.47%
Fixed Income	30.50%	0.59%
Alternative	14.00%	1.02%
Totals	<u>100%</u>	5.08%
Inflation		<u>2.22%</u>
Expected Arithmetic Nominal Return		<u>7.30%</u>

TOWN OF FRANKLINTON

Notes to Financial Statements

Note 13. Employee Pension Plans (Continued)

Municipal Police Employees' Retirement System of Louisiana (Continued)

Discount Rate

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

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

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

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Town's Proportionate Share of the Net Pension Liability	\$ 2,602,733	\$ 1,493,385	\$ 567,453

Pension Plan Fiduciary Net Position

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

Payables to the Pension Plan

As of October 31, 2021, the Town owed approximately \$29,000 to the Police System for the Town's October 2021 payroll.

TOWN OF FRANKLINTON

Notes to Financial Statements

Note 13. Employee Pension Plans (Continued)

Firefighters' Retirement System of Louisiana

Plan Description

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

Benefits Provided

The Fire System provides retirement, disability, and death benefits. Retirement benefits are determined as 3 $\frac{1}{3}$ % of the employee's average final compensation based on the 36 consecutive months of highest pay multiplied by the employee's years of creditable service, not to exceed 100%. Employees with 25 years of service are eligible to retire at any age. Employees with a minimum of 12 years of service are eligible to retire at age 55. Employees are eligible for disability benefits if totally disabled from injury received in the line of duty. Employees who are disabled or incapacitated, but not in the line of duty, are eligible for disability benefits with 5 years of service. Cost-of-living increases are not provided.

Contributions

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

Employees are required to contribute 10% of their annual pay. The Town had no contributions in the fiscal year ended October 31, 2021.

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

At October 31, 2021, the Town had no liability to report for its proportionate share of the net pension liability of the System. The net pension liability was measured as of Jun 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liability was based on a projection of the Town's October 31, 2021 contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At October 31, 2021, the Town's proportion was 0.0%, which was the same as at October 31, 2020.

TOWN OF FRANKLINTON

Notes to Financial Statements

Note 14. Employee Pension Plans (Continued)

Firefighters' Retirement System of Louisiana (Continued)

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

For the year ended October 31, 2021, the Town recognized pension benefit of (\$12,348). At October 31, 2021, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Proportion and Differences between Employer Contributions and Proportionate Share of Contributions	\$ 3,786	\$ 38,441
Total	<u>\$ 3,786</u>	<u>\$ 38,441</u>

The Town reported no deferred outflow of resources related to pension contributions subsequent to the measurement period of June 30, 2021 which will be recognized as a reduction of the net pension liability in the year ended October 31, 2022.

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

Year Ending October 31,	Amount
2022	\$ (15,433)
2023	<u>(19,222)</u>
Total	<u>\$ (34,655)</u>

TOWN OF FRANKLINTON

Notes to Financial Statements

Note 14. Employee Pension Plans (Continued)

Firefighters' Retirement System of Louisiana (Continued)

Actuarial Assumptions

The total pension liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

Mortality rates were based on the Pub-2010 Public Retirement Plans Mortality Table for Safety Below-Median Employees. The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2019.

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed Income - U.S. Core	18.00%	0.97%
Fixed Income - U.S. TIPS	3.00%	0.40%
Fixed Income - Emerging Market Debt	5.00%	2.75%
Equity - U.S.	27.50%	5.86%
Equity - Non-U.S.	11.50%	6.44%
Equity - Global	10.00%	6.40%
Equity - Emerging Market	7.00%	8.64%
Alternatives - Real Estate	6.00%	5.31%
Alternatives - Private Equity	9.00%	9.53%
Alternatives - Real Assets	3.00%	
Other - Global Tactical Asset Allocation	0.00%	4.17%
Other - Risk Parity	0.00%	4.17%
Total	100.00%	

TOWN OF FRANKLINTON

Notes to Financial Statements

Note 14. Employee Pension Plans (Continued)

Firefighters' Retirement System of Louisiana (Continued)

Discount Rate

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

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

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

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

Pension Plan Fiduciary Net Position

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

Note 15 Other Postemployment Benefits

General Information about the OPEB Plan

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

TOWN OF FRANKLINTON

Notes to Financial Statements

Note 15 Other Postemployment Benefits (Continued)

General Information about the OPEB Plan (Continued)

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

The Town's total OPEB liability of \$858,423 was measured as of November 1, 2019 and was determined to by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs. Using the Alternative Measurement Method (AMM) permitted under GASB Statement 75, a simplified version of the Entry Age Normal with Level Percentage of Pay Actuarial Cost Method was used to determine the total OPEB liability. The total OPEB liability in the November 1, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

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

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

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

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

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

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

TOWN OF FRANKLINTON

Notes to Financial Statements

Note 15 Other Postemployment Benefits (Continued)

Changes in the Total OPEB Liability

	Net Liability
Balance at January 1, 2021	\$ 794,674
Changes for the Year	
Service Cost	45,869
Interest Cost	17,880
Benefit Payments	-
Net Changes for the Year	<u>63,749</u>
Balance as of December 31, 2021	<u>\$ 858,423</u>

Sensitivity of the Total OPEB Liability Changes in the Discount Rate. The following presents the total OPEB liability of the Town, as well as what the Town's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (1.79%) or one percentage point higher (3.79%) than the current discount rate:

	1.0% Decrease 1.79%	Discount Rate 2.79%	1.0% Increase 3.79%
Net OPEB Liability	\$ 657,052	\$ 858,423	\$ 580,767

Sensitivity of the Total OPEB Liability Changes in the Healthcare Cost Trend Rates. The following presents the total OPEB liability of the Town, as well as what the Town's total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower (3.9% decreasing to 3.7%) or one percentage point higher (5.9% decreasing to 5.7%) than the current healthcare cost trend rates (4.9% decreasing to 4.7%):

	1.0% Decrease	Healthcare Cost Trend Rates	1.0% Increase
Net OPEB Liability	\$ 577,117	\$ 858,423	\$ 668,735

TOWN OF FRANKLINTON

Notes to Financial Statements

Note 15 Other Postemployment Benefits (Continued)

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

For the year ended October 31, 2021, the Town recognized OPEB expense of \$63,749. At October 31, 2021, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

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

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

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

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

TOWN OF FRANKLINTON

Notes to Financial Statements

Note 16. Fund Balances and Net Position

At October 31, 2020, the General Fund had nonspendable fund balances of \$104,910 consisting of \$96,992 of prepaid expenses and \$7,918 in inventory for the streets and drainage department. Restricted fund balances for all governmental funds equaled \$2,066,678. Of this amount, \$2,031,091 is restricted due to legislation from sales taxes or ad valorem taxes, \$35,523 is restricted for grants and \$64 is restricted for debt service. Assigned fund balances of \$531,755 consisted of \$55,035 for insurance, \$26,567 for match for a grant, \$428,177 for fire activities, \$6,029 for police reserve, and \$15,947 for the airport. At October 31, 2021, the Enterprise Fund had restricted net position of \$1,949,709, representing the Town's funds restricted by revenue bond debt covenants and restricted construction balances.

Note 17. Risk Management

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

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

Note 18. Contingent Liabilities

A claim was made against the Town with the United States Department of Housing and Urban Development ("HUD"), by Cullen Reeves and Qual Run 2019, LP, alleging discriminatory housing practices under the Federal Fair housing Law, 42 U.S.C. Sections 3601-3619. As of the date of the financial statements, pursuant with the Town's insurance policy, the carrier has provided the Town with legal defense as it relates to this claim. The claim made against the Town by HUD has been resolved. However, the matter was shifted to the Department of Justice Investigation and is pending as of the date of the financial statements. The matter remains unresolved and no probable loss amount can be readily determinable.

At October 31, 2021, the Town has other 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.

TOWN OF FRANKLINTON

Notes to Financial Statements

Note 19. On Behalf Payments by the State of Louisiana

For the fiscal year ended October 31, 2021, the State of Louisiana made on behalf payments in the form of supplemental pay to the Town's policemen and firemen. In accordance with GASB 24, the Town recorded \$122,333.

Note 20. Commitments

On March 19, 2021 Griner Drilling was awarded the contract to construct a water well at Bene Street. The total contract award was \$1,558,500. During the fiscal year, \$61,750 was incurred in costs towards the project. The total contract balance at October 31, 2021 was \$1,496,750. The contract for engineering fees totaled \$112,665. Engineering fees incurred were \$92,615 with a balance of \$20,014 left on the contract.

Note 21. Subsequent Events

On December 14, 2021, the Town approved a bond resolution for the issuance of sales tax revenue bonds in the amount of \$3,250,000.

Subsequent events have been evaluated by management through August 10, 2022, the date the report was available for issuance. No other events were noted that require recording or disclosure in the financial statements for the fiscal year end October 31, 2021.

REQUIRED SUPPLEMENTARY INFORMATION (PART II)

TOWN OF FRANKLINTON, LOUISIANA
Schedule of Revenues, Expenditures, and Changes in
Fund Balance - Budget and Actual
General Fund
For the Year Ended October 31, 2021

Schedule 1

	Original Budget	Final Budget	Actual Amounts	Final Budget Variance Favorable (Unfavorable)
Revenues				
Taxes				
Sales Taxes	\$ 2,353,290	\$ 2,736,930	\$ 2,807,685	\$ 70,755
Property Taxes	191,000	199,682	197,127	(2,555)
Franchise Taxes	209,800	195,645	205,327	9,682
Federal Grant - Hurricane	-	-	593,233	593,233
Licenses and Permits	322,200	334,102	334,846	744
Intergovernmental Revenue	210,700	146,064	275,219	129,155
Charges for Services	411,000	432,227	441,027	8,800
Fines and Forfeitures	35,000	52,154	47,453	(4,701)
Other Revenues	74,776	83,535	14,709	(68,826)
Interest Income	2,600	649	670	21
Total Revenues	3,810,366	4,180,988	4,917,296	736,308
Expenditures				
Current				
General Government	601,825	622,277	657,927	(35,650)
Public Safety				
Police	2,162,160	2,200,563	2,164,620	35,943
Fire	286,635	242,413	267,025	(24,612)
Public Works	359,565	466,594	756,656	(290,062)
Sanitation	296,363	289,122	317,365	(28,243)
Health and Welfare	-	-	24,481	(24,481)
Transportation	17,700	14,915	14,539	376
Capital Outlay	-	-	83,517	(83,517)
Total Expenditures	3,724,248	3,835,884	4,286,130	(450,246)
Excess (Deficiency) of Revenues Over Expenditures	86,118	345,104	631,166	286,062
Other Financing Sources (Uses)				
Transfer in	165,000	165,000	-	(165,000)
Transfers Out	(235,819)	(235,819)	(236,019)	200
Proceeds from Sale of Capital Assets	-	15,828	15,828	-
Payments to Other Governments	(4,000)	(4,000)	-	(4,000)
Capital Lease - Principal	-	-	(22,965)	(22,965)
Capital Lease - Interest	-	-	(1,710)	(1,710)
Total Other Financing Sources (Uses)	(74,819)	(58,991)	(244,866)	(193,475)
Net Change in Fund Balance	11,299	286,113	386,300	100,187
Fund Balance, Beginning of Year	1,711,913	1,711,913	1,711,913	-
Fund Balance, End of Year	\$ 1,723,212	\$ 1,998,026	\$ 2,098,213	\$ 100,187

See independent auditor's report.

TOWN OF FRANKLINTON, LOUISIANA
Schedule of Changes in Net OPEB Liability and Related Ratios
For the Year Ended October 31, 2021

Schedule 2

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

Notes to Schedule:

Benefit Changes. There were no changes of benefit terms for the year ended October 31, 2021

Changes in Assumptions. The discount rate as of October 31, 2021 was 2.25% and it increased from 2.12% at November 1, 2020.

This 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, LOUISIANA
Schedule of the Town's Proportionate Share
of the Net Pension Liability
For the Year Ended October 31, 2021

Schedule 3

Municipal Employees' Retirement System of Louisiana

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

Firefighters' Retirement System of Louisiana

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

See independent auditor's report.

TOWN OF FRANKLINTON, LOUISIANA
Schedule of the Town's Proportionate Share
of the Net Pension Liability (Continued)
For the Year Ended October 31, 2021

Schedule 3

Municipal Police Employees' Retirement System of Louisiana

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

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

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

See independent auditor's report.

TOWN OF FRANKLINTON, LOUISIANA
Schedule of the Town's Contributions to Defined
Benefit Pension Plans
For the Year Ended October 31, 2021

Schedule 4

Municipal Employees' Retirement System of Louisiana

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

Firefighters' Retirement System of Louisiana

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

See independent auditor's report.

TOWN OF FRANKLINTON, LOUISIANA
Schedule of the Town's Contributions to Defined
Benefit Pension Plans (Continued)
For the Year Ended October 31, 2021

Schedule 4

Municipal Police Employees' Retirement System of Louisiana

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

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

See independent auditor's report.

OTHER SUPPLEMENTARY INFORMATION

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

Non-Major Governmental Funds

Special Revenue Funds:

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

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

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

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

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

Debt Service Funds:

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

TOWN OF FRANKLINTON, LOUISIANA
Non-Major Governmental Funds
Combining Balance Sheet
October 31, 2021

Schedule 5

	Special Revenue Funds					Debt Service Fund	Total Non-Major Funds
	Police Ad Valorem	Streets and Drainage Ad Valorem	Industrial Development Sales Tax	Rural Development Grant	Economic Development and Recreation Sales Tax	Street and Drainage Sinking	
Assets							
Cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Receivables, Net							
Intergovernmental	32	-	-	-	13,699	-	13,731
Prepaid Expenses	8,242	-	-	-	-	-	8,242
Restricted Cash	1,983	689,925	341,043	35,523	903,602	64	1,972,140
Restricted Investments	-	93,701	-	-	-	-	93,701
Total Assets	\$ 10,257	\$ 783,626	\$ 341,043	\$ 35,523	\$ 917,301	\$ 64	\$ 2,087,814
Liabilities and Fund Balances							
Liabilities							
Accounts Payable	\$ 5,100	\$ -	\$ -	\$ -	\$ 2,848	\$ -	\$ 7,948
Due to Other Funds	18,954	133	-	-	7,898	-	26,985
Total Liabilities	24,054	133	-	-	10,746	-	34,933
Fund Balances							
Nonspendable	8,242	-	-	-	-	-	8,242
Restricted	-	783,493	341,043	35,523	906,555	64	2,066,678
Unassigned	(22,039)	-	-	-	-	-	(22,039)
Total Fund Balances	(13,797)	783,493	341,043	35,523	906,555	64	2,052,881
Total Liabilities and Fund Balances	\$ 10,257	\$ 783,626	\$ 341,043	\$ 35,523	\$ 917,301	\$ 64	\$ 2,087,814

See independent auditor's report.

TOWN OF FRANKLINTON, LOUISIANA
Non-Major Governmental Funds
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances
For the Year Ended October 31, 2021

Schedule 6

	Special Revenue Funds					Debt Service Fund	Total Non-Major Funds
	Police Ad Valorem	Streets and Drainage Ad Valorem	Industrial Development Sales Tax	Rural Development Grant	Economic Development and Recreation Sales Tax	Streets and Drainage Sinking	
Revenues							
Ad Valorem Taxes	\$ 136,566	\$ 190,653	\$ -	\$ -	\$ -	\$ -	\$ 327,219
Sales Taxes	-	-	-	-	140,554	-	140,554
Other Revenues	9,720	-	-	-	300	-	10,020
Interest Income	35	311	145	15	356	-	862
Total Revenues	146,321	190,964	145	15	141,210	-	478,655
Expenditures							
General Government	-	-	23	-	-	-	23
Public Safety							
Police	178,114	-	-	-	-	-	178,114
Public Works	-	11,058	-	-	-	-	11,058
Recreation	-	-	-	-	17,726	-	17,726
Economic Development	-	-	-	-	12,640	-	12,640
Capital Outlays	16,013	-	-	-	-	-	16,013
Total Expenditures	194,127	11,058	23	-	30,366	-	235,574
Excess (Deficiency) of Revenues Over Expenditures	(47,806)	179,906	122	15	110,844	-	243,081
Other Financing Sources (Uses)							
Payments to Other Governments	-	-	-	-	(9,701)	-	(9,701)
Bond Principal Payments	-	-	-	-	-	(230,000)	(230,000)
Interest Expense	-	-	-	-	-	(6,128)	(6,128)
Transfers In	-	-	-	-	-	236,019	236,019
Total Other Financing Sources (Uses)	-	-	-	-	(9,701)	(109)	(9,810)
Net Change in Fund Balances	(47,806)	179,906	122	15	101,143	(109)	233,271
Fund Balances, Beginning of Year	34,009	603,587	340,921	35,508	805,412	173	1,819,610
Fund Balances, End of Year	\$ (13,797)	\$ 783,493	\$ 341,043	\$ 35,523	\$ 906,555	\$ 64	\$ 2,052,881

See independent auditor's report.

TOWN OF FRANKLINTON, LOUISIANA
Proprietary Funds - Enterprise Fund
Schedule of Net Position
For the Year Ended October 31, 2021 and 2020

Schedule 7

	Enterprise Fund	
	2021	2020
Assets		
Current Assets		
Cash and Cash Equivalents	\$ 1,595,445	\$ 1,217,538
Investments	1,201,927	2,475,622
Accounts Receivable, Net	347,443	351,869
Due from Other Funds	13,148	6,196
Inventory - Gas and Supplies	139,135	126,863
Prepaid Expenses	39,816	33,557
Total Current Assets	3,336,914	4,211,645
Restricted Assets		
Restricted Cash and Cash Equivalents	3,686,568	922,807
Restricted Investments	268,446	61,715
Total Restricted Assets	3,955,014	984,522
Capital Assets		
Land	3,300	3,300
Capital Assets, Net	7,324,324	7,609,924
Construction in Progress	155,150	9,302
Total Capital Assets	7,482,774	7,622,526
Total Assets	14,774,702	12,818,693
Deferred Outflows of Resources		
Pension Related	46,422	110,045
Total Assets and Deferred Outflows of Resources	14,821,124	12,928,738

See independent auditor's report.

TOWN OF FRANKLINTON, LOUISIANA
Proprietary Funds - Enterprise Fund
Schedule of Net Position (Continued)
For the Year Ended October 31, 2021 and 2020

Schedule 7

	Enterprise Fund	
	2021	2020
Current Liabilities Payable from		
Current Assets		
Accounts Payable	\$ 151,882	\$ 26,588
Compensated Absences Payable	11,169	14,367
Accrued Expenses	16,428	15,992
Due to Other Funds	171,251	46,247
Total Current Liabilities	350,730	103,194
Current Liabilities Payable from		
Restricted Assets		
Customer Deposits	260,281	267,628
Accrued Interest Payable	36,924	-
Revenue Bonds Payable	187,834	152,312
Total Current Liabilities Payable from Restricted Assets	485,039	419,940
Long-Term Liabilities		
Bonds Payable	7,708,250	6,015,123
Net Pension Liability	353,353	548,846
Other Post Employment Benefits Obligation	317,617	293,836
Compensated Absences Payable	74,207	68,007
Total Long-Term Liabilities	8,453,427	6,925,812
Total Liabilities	9,289,196	7,448,946
Deferred Inflows of Resources		
Pension Related	131,860	80,888
Net Position		
Net Investment in Capital Assets	1,294,190	1,729,588
Restricted - Debt Service	1,675,095	300,379
Restricted - Construction	274,614	-
Unrestricted Net Position	2,156,169	3,368,937
Total Net Position	5,400,068	5,398,904
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 14,821,124	\$ 12,928,738

See independent auditor's report.

TOWN OF FRANKLINTON, LOUISIANA
Proprietary Funds - Enterprise Fund
Schedule of Revenues, Expenses, and Changes in Net Position
For the Year Ended October 31, 2021 and 2020

Schedule 8

	Enterprise Fund	
	2021	2020
Operating Revenues		
Gas Sales	\$ 913,388	\$ 732,638
Less: Cost of Gas Sold	(390,759)	(254,080)
Gross Profit on Gas Sales	522,629	478,558
Water Sales	652,049	671,628
Sewer Service Charges	855,216	886,452
Penalties	22,518	24,167
Intergovernmental	15,625	191,131
Other	34,068	24,200
Total Operating Revenues	2,102,105	2,276,136
Operating Expenses		
Bad Debts	31,788	16,898
Depreciation	455,874	468,044
Employee Benefits	167,371	211,866
Insurance	103,560	105,712
Meter Reading	25,658	16,766
Repairs and Maintenance	76,166	61,277
Salaries and Wages	483,413	456,184
Supplies	146,492	76,316
Utilities	155,986	146,099
Other	136,916	190,052
Total Operating Expenses	1,783,224	1,749,214
Operating Income	318,881	526,922

See independent auditor's report.

TOWN OF FRANKLINTON, LOUISIANA
Proprietary Funds - Enterprise Fund
Schedule of Revenues, Expenses, and Changes
in Net Position (Continued)
For the Year Ended October 31, 2021 and 2020

Schedule 8

	Enterprise Fund	
	2021	2020
Nonoperating Revenues (Expenses)		
Net Increase (Decrease) in Fair Value of Investments	(1,525)	-
Interest Income	2,315	(2,855)
Interest Expense	(179,245)	31,044
Transfers Out	-	(75,000)
Bond Issuance Costs	(139,262)	(177,293)
Total Nonoperating Revenues (Expenses)	(317,717)	(224,104)
Change in Net Position	1,164	302,818
Net Position, Beginning of Year	5,398,904	5,096,086
Net Position, End of Year	\$ 5,400,068	\$ 5,398,904

See independent auditor's report.

TOWN OF FRANKLINTON, LOUISIANA
Proprietary Funds - Enterprise Fund
Schedule of Cash Flows
For the Year Ended October 31, 2021 and 2020

Schedule 9

	Enterprise Fund	
	2021	2020
Cash Flows from Operating Activities		
Received From Customers	2,442,530	2,591,254
Payments to Suppliers	(928,774)	(866,368)
Payments to Employees	(704,463)	(669,278)
Net Cash Provided by Operating Activities	809,293	1,055,608
Cash Flows from Non-Capital Financing Activities		
Grant Income and Other Contributions	15,625	-
Interfund Borrowings and Transfers from Other Funds	118,052	(75,000)
Net Cash Provided by (Used in) Non-Capital Financing Activities	133,677	(75,000)
Cash Flows from Capital and Related Financing Activities		
Payments for Capital Acquisitions	(316,122)	(204,232)
Payments for Bond Issuance Costs	(139,262)	-
Proceeds from Issuance of Revenue Bonds	1,700,000	-
Net Proceeds (Refunding) of Revenue Refunding Bonds	144,986	-
Interest Paid on Capital Debt	(142,321)	(177,293)
Principal Paid on Capital Debt	(116,337)	(147,184)
Net Cash Provided by (Used in) Capital and Related Financing Activities	1,130,944	(528,709)
Cash Flows from Investing Activities		
Receipt of Interest	2,315	31,044
Proceeds from Sale (Payments) for Investments	1,065,439	(29,039)
Net Cash Provided by Investing Activities	1,067,754	2,005
Net Increase in Cash and Cash Equivalents	3,141,668	453,904
Cash and Cash Equivalents, Beginning of Year	2,140,345	1,686,441
Cash and Cash Equivalents, End of Year	\$ 5,282,013	\$ 2,140,345

See independent auditor's report.

TOWN OF FRANKLINTON, LOUISIANA
Proprietary Funds - Enterprise Fund
Schedule of Cash Flows (Continued)
For the Year Ended October 31, 2021 and 2020

Schedule 9

	Enterprise Fund	
	2021	2020
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities		
Operating Income	\$ 318,881	\$ 526,922
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities		
Depreciation	455,874	468,044
Bad Debt Expense	31,788	-
(Increase) Decrease in:		
Accounts Receivable	(42,987)	32,406
Inventory	(12,272)	1,547
Prepaid Insurance	(6,259)	(4,146)
Deferred Outflows of Resources	63,623	23,011
Increase (Decrease) in:		
Accounts Payable	125,294	14,047
Compensated Absences	3,002	1,882
Deferred Inflows of Resources	50,972	(11,102)
Accrued Expenses	436	(11,588)
Customer Deposits	(7,347)	14,585
Other Post Employment Benefits Obligation	23,781	-
Net Pension Liability	(195,493)	-
Net Cash Provided by Operating Activities	\$ 809,293	\$ 1,055,608
Reconciliation of Total Cash and Cash Equivalents		
Cash and Cash Equivalents, Unrestricted	\$ 1,595,445	\$ 1,217,538
Cash and Cash Equivalents, Restricted	3,686,568	922,807
Total Cash and Cash Equivalents	\$ 5,282,013	\$ 2,140,345

See independent auditor's report.

TOWN OF FRANKLINTON, LOUISIANA
Proprietary Funds - Enterprise Fund
Schedule of Net Position by Department
For the Year Ended October 31, 2021

Schedule 10

	Business-Type Activities Enterprise Funds			Total
	Gas	Water	Sewer	
Assets				
Current Assets				
Cash and Cash Equivalents	\$ -	\$ 1,595,445	\$ -	\$ 1,595,445
Investments	874,870	137,870	189,187	1,201,927
Accounts Receivable, Net	29,019	294,907	23,517	347,443
Due from Other Funds	54	13,094	-	13,148
Inventory - Gas and Supplies	61,348	59,948	17,839	139,135
Prepaid Expenses	11,664	13,406	14,746	39,816
Total Current Assets	976,955	2,114,670	245,289	3,336,914
Restricted Assets				
Cash and Cash Equivalents	20,406	1,644,773	2,021,389	3,686,568
Investments	34,939	26,809	206,698	268,446
Total Restricted Assets	55,345	1,671,582	2,228,087	3,955,014
Capital Assets				
Land	-	3,300	-	3,300
Property, Plant, and Equipment, Net	28,118	247,718	7,048,478	7,324,314
Construction in Progress	-	155,160	-	155,160
Total Capital Assets	28,118	406,178	7,048,478	7,482,774
Total Assets	1,060,418	4,192,430	9,521,854	14,774,702
Deferred Outflows of Resources				
Deferred Outflows - Pension Related	15,474	15,474	15,474	46,422

See independent auditor's report.

TOWN OF FRANKLINTON, LOUISIANA
Proprietary Funds - Enterprise Fund
Schedule of Net Position by Department (Continued)
For the Year Ended October 31, 2021

Schedule 10

	Business-Type Activities			Total
	Enterprise Funds			
	Gas	Water	Sewer	
Liabilities				
Current Liabilities (Payable from Current Assets)				
Accounts Payable	58,072	71,904	21,906	151,882
Compensated Absences	4,617	4,592	1,960	11,169
Accrued Liabilities	6,272	4,110	6,046	16,428
Due to Other Funds	18,806	38,010	114,435	171,251
Total Current Liabilities (Payable from Current Assets)	87,767	118,616	144,347	350,730
Current Liabilities (Payable from Restricted Assets)				
Customer Deposits	54,745	127,086	78,450	260,281
Accrued Interest Payable	-	17,000	19,924	36,924
Bonds Payable	-	38,500	149,334	187,834
Total Current Liabilities (Payable from Restricted Assets)	54,745	182,586	247,708	485,039
Long-Term Liabilities				
Bonds Payable	-	2,451,942	5,256,308	7,708,250
Net Pension Liability	117,784	117,784	117,785	353,353
Other Post Employment Benefits Obligation	105,872	105,872	105,873	317,617
Compensated Absences Payable	29,724	43,033	1,450	74,207
Total Long-term Liabilities	253,380	2,718,631	5,481,416	8,453,427
Total Liabilities	395,892	3,019,833	5,873,471	9,289,196
Deferred Inflows of Resources				
Deferred Inflows - Pension Related	43,953	43,953	43,954	131,860
Net Position				
Net Investment in Capital Assets				1,294,190
Restricted - Debt Service and Construction				1,949,709
Unrestricted				2,156,169
Total Net Position				\$ 5,400,068

See independent auditor's report.

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

Schedule 11

	Business-Type Activities			Total
	Enterprise Funds			
	Gas	Water	Sewer	
Operating Revenues				
Gas Sales	\$ 913,388	\$ -	\$ -	\$ 913,388
Less Cost of Gas Sold	(390,759)	-	-	(390,759)
Gross Profit on Gas Sales	522,629	-	-	522,629
Water Sales	-	652,049	-	652,049
Sewer Service Charges	-	-	855,216	855,216
Penalties	413	11,400	10,705	22,518
Intergovernmental	5,082	5,461	5,082	15,625
Other	850	28,160	5,058	34,068
Total Operating Revenues	528,974	697,070	876,061	2,102,105
Operating Expenses				
Bad Debt	13,033	8,265	10,490	31,788
Depreciation	11,513	30,871	413,490	455,874
Employee Benefits	67,297	44,230	55,844	167,371
Insurance	3,493	27,221	72,846	103,560
Meter Reading	7,771	10,116	7,771	25,658
Repairs and Maintenance	17,189	32,401	26,576	76,166
Salaries and Wages	211,410	136,098	135,950	483,458
Supplies	21,425	71,895	53,172	146,492
Utilities	-	45,661	110,325	155,986
Other	41,287	41,994	53,590	136,871
Total Operating Expenses	394,418	448,752	940,054	1,783,224
Operating Income (Loss)	134,556	248,318	(63,993)	318,881
Non-Operating Revenues (Expenses)				
Gain (Loss) on Investments	(723)	(375)	(427)	(1,525)
Interest Income	350	1,666	299	2,315
Interest Expense	-	(18,811)	(160,434)	(179,245)
Bond Issuance Costs	-	(110,999)	(28,263)	(139,262)
Total Non-Operating Revenues (Expenses)	(373)	(128,519)	(188,825)	(317,717)
Change in Net Position	\$ 134,183	\$ 119,799	\$ (252,818)	1,164
Net Position, Beginning of Year				5,398,904
Net Position, End of Year				\$ 5,400,068

See independent auditor's report.

TOWN OF FRANKLINTON, LOUISIANA
Proprietary Funds - Enterprise Fund
Schedule of Revenues, Expenses, and Changes in Fund
Net Position - Budget (GAAP) Basis) and Actual -
Gas Utility System
For the Year Ended October 31, 2021

Schedule 12

	Budget	Actual Amounts	Final Budget Variance Favorable (Unfavorable)
Operating Revenues			
Gas Sales	\$ 884,350	\$ 913,388	\$ 29,038
Less Cost of Gas Sold	(372,333)	(390,759)	(18,426)
Gross profit on Gas Sales	512,017	522,629	10,612
Penalties	440	413	(27)
Intergovernmental	-	5,082	5,082
Other	850	850	-
Total Operating Revenues	513,307	528,974	15,667
Operating Expenditures			
Bad Debt	-	13,033	(13,033)
Depreciation	13,016	11,513	1,503
Employee Benefits	82,532	67,297	15,235
Insurance	35,851	3,493	32,358
Meter Reading	-	7,771	(7,771)
Repairs and Maintenance	24,789	17,189	7,600
Salaries and Wages	211,000	211,410	(410)
Supplies	28,740	21,425	7,315
Utilities	-	-	-
Other	103,279	41,287	61,992
Total Operating Expenses	499,207	394,418	104,789
Operating Income	14,100	134,556	120,456
Non-Operating Revenues (Expenses)			
Gain (Loss) on Investments	-	(723)	(723)
Interest Income	460	350	110
Interest Expense	-	-	-
Total Non-Operating Revenues (Expenses)	460	(373)	(613)
Change in Net Position	\$ 14,560	\$ 134,183	\$ 119,623

See independent auditor's report.

TOWN OF FRANKLINTON, LOUISIANA
Proprietary Funds - Enterprise Fund
Schedule of Revenues, Expenses, and Changes in Fund
Net Position - Budget (GAAP) Basis) and Actual -
Water Utility System
For the Year Ended October 31, 2021

Schedule 13

	Budget	Actual Amounts	Final Budget Variance Favorable (Unfavorable)
Operating Revenues			
Water Sales	\$ 675,490	\$ 652,049	\$ (23,441)
Penalties	10,981	11,400	419
Intergovernmental	-	5,461	5,461
Other	28,176	28,160	(16)
Total Operating Revenues	714,647	697,070	(17,577)
Operating Expenditures			
Bad Debt	-	8,265	(8,265)
Depreciation	34,718	30,871	3,847
Employee Benefits	56,007	44,230	11,777
Insurance	34,474	27,221	7,253
Meter Reading	9,479	10,116	(637)
Repairs and Maintenance	155,449	32,401	123,048
Salaries and Wages	130,726	136,098	(5,372)
Supplies	58,328	71,895	(13,567)
Utilities	43,130	45,661	(2,531)
Other	66,023	41,994	24,029
Total Operating Expenses	588,334	448,752	139,582
Operating Income	126,313	248,318	122,005
Non-Operating Revenues (Expenses)			
Gain (Loss) on Investments	-	(375)	(375)
Interest Income	1,718	1,666	52
Interest Expense	(18,811)	(18,811)	-
Bond Issuance Costs	-	(110,999)	(110,999)
Total Non-Operating Revenues (Expenses)	(17,093)	(128,519)	(111,322)
Change in Net Position	\$ 109,220	\$ 119,799	\$ 10,579

See independent auditor's report.

TOWN OF FRANKLINTON, LOUISIANA
Proprietary Funds - Enterprise Fund
Schedule of Revenues, Expenses, and Changes in Fund
Net Position - Budget (GAAP) Basis) and Actual -
Sewer Utility System
For the Year Ended October 31, 2021

Schedule 14

	Budget	Actual Amounts	Final Budget Variance Favorable (Unfavorable)
Operating Revenues			
Sewer Service Charges	\$ 875,900	\$ 855,216	\$ (20,684)
Penalties	11,000	10,705	(295)
Intergovernmental	-	5,082	5,082
Other	9,650	5,058	(4,592)
Total Operating Revenues	896,550	876,061	(20,489)
Operating Expenditures			
Bad Debt	-	10,490	(10,490)
Depreciation	417,781	413,490	4,291
Employee Benefits	67,318	55,844	11,474
Insurance	47,512	72,846	(25,334)
Meter Reading	6,650	7,771	(1,121)
Repairs and Maintenance	14,604	26,576	(11,972)
Salaries and Wages	129,753	135,950	(6,197)
Supplies	19,110	53,172	(34,062)
Utilities	83,552	110,325	(26,773)
Other	118,239	53,590	64,649
Total Operating Expenses	904,519	940,054	(35,535)
Operating Loss	(7,969)	(63,993)	(56,024)
Non-Operating Revenues (Expenses)			
Gain (Loss) on Investments	-	(427)	(427)
Interest Income	3,215	299	2,916
Interest Expense	(106,130)	(160,434)	54,304
Bond Issuance Costs	-	(28,263)	(28,263)
Total Non-Operating Revenues (Expenses)	(102,915)	(188,825)	28,530
Change in Net Position	\$ (110,884)	\$ (252,818)	\$ (141,934)

See independent auditor's report.

TOWN OF FRANKLINTON, LOUISIANA
Schedule of Gas, Water, and Sewer Rates
For the Year Ended October 31, 2021

Schedule 15

Gas

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

Water

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

Sewer

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

See independent auditor's report.

TOWN OF FRANKLINTON, LOUISIANA
Schedule of Number of Customers
For the Year Ended October 31, 2021

Schedule 16

Schedule of Number of Customers Proprietary Fund Type

	Total
Gas	827
Water	1,352
Sewer	<u>1,560</u>
Total	<u><u>3,739</u></u>

See independent auditor's report.

TOWN OF FRANKLINTON, LOUISIANA
Schedule of Insurance
For the Year Ended October 31, 2021

Schedule 17

Insurance Company	Coverage	Amount	Period
Independent Specialty Insurance Company	Commercial Property	\$ 8,013,360	4/4/2021 to 4/4/2022
Liberty Mutual	Inland Marine (Scheduled)	696,398	4/4/2021 to 4/4/2022
National Fire Ins. Co. of Hartford	Fidelity Bond	200,000	4/4/2021 to 4/4/2022
Atlantic Specialty Insurance	Commercial Automobile-Large Fleet	1,000,000	4/4/2021 to 4/4/2022
Atlantic Specialty Insurance	Commercial Automobile-Small Fleet	1,000,000	4/4/2021 to 4/4/2022
Atlantic Specialty Insurance	Commercial General Liability	1 mil/2mil	4/4/2021 to 4/4/2022
Louisiana Workers Comp Corporation	Workers Compensation at Statutory Limitations:		11/15/2020 to 11/15/2022
	Employers Liability (each accident)	100,000	
	Employees Liability (each accident) Disease, Policy Limit	100,000	
Old Republic	Airport Liability	1,000,000	2/19/2021 to 2/19/2022
Atlantic Specialty Insurance	Law Enforcement Liability	1 mil/2mil	4/4/2021 to 4/4/2022
	Public Officials Errors & Omissions	1 mil/2mil	4/4/2021 to 4/4/2022

See independent auditor's report.

TOWN OF FRANKLINTON, LOUISIANA
Schedule of Compensation of Paid Elected Officials
For the Year Ended October 31, 2021

Schedule 18

Name and Title	Address	Term Expiration	Amount
John L. Daniel, Alderman (985) 515-9877	309 10th Avenue Franklinton, LA 70438	12/31/2020	\$ 1,600
T. J. Butler, Alderman 985-839-3436	727 18th Avenue Franklinton, LA 70438	12/31/2024	9,600
Darwin Sharp, Alderman (985) 515-1331	631 Williams Street Franklinton, LA 70438	12/31/2024	9,600
Heath Spears, Alderman (985) 515-7411	1041 Bickham St. Franklinton, LA 70438	12/31/2024	9,600
Patrice Crain, Alderman (225) 936-0914	P. O. Box 146 Franklinton, LA 70438	12/31/2024	9,600
Seth Descant, Alderman	228 Main Street Franklinton, LA 70438	12/31/2024	8,000
Total			\$ 48,000

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

See independent auditor's report.

TOWN OF FRANKLINTON, LOUISIANA
Schedule of Compensation, Benefits, and Other Payments
to Agency Head (Continued)
For the Year Ended October 31, 2021

Schedule 19

Agency Head
Richard Dillon (11/1/2020 to 10/31/2021)

Purpose	Amount
Salary	\$4,917
Benefits - Insurance	\$0
Benefits - Retirement	\$860
Benefits - Other	\$0
Car Allowance	\$0
Vehicle Provided by Government	\$0
Per Diem	\$0
Reimbursements	\$0
Travel	\$0
Registration Fees	\$0
Conference Travel	\$0
Continuing Professional Education Fees	\$0
Housing	\$0
Unvouchered Expenses	\$0
Special Meals	\$0
Cell Phone	\$0

See independent auditor's report.

TOWN OF FRANKLINTON, LOUISIANA
Schedule of Compensation, Benefits, and Other Payments
to Agency Head (Continued)
For the Year Ended October 31, 2021

Schedule 19

Agency Head
 Gregory Route (1//1/2021 to 10/31/2021)

Purpose	Amount
Salary	\$24,583
Benefits - Insurance	\$0
Benefits - Retirement	\$4,302
Benefits - Other	\$0
Car Allowance	\$0
Vehicle Provided by Government	\$0
Per Diem	\$0
Reimbursements	\$0
Travel	\$0
Registration Fees	\$0
Conference Travel	\$0
Continuing Professional Education Fees	\$0
Housing	\$0
Unvouchered Expenses	\$0
Special Meals	\$0
Cell Phone	\$0

See independent auditor's report.

Justice System Funding Schedule - Collecting/Disbursing Entity

As Required by Act 87 of the 2020 Regular Legislative Session

Cash Basis Presentation	First Six Month Period Ended 04/30/21	Second Six Month Period Ended 10/31/21
Beginning Balance of Amounts Collected (i.e. cash on hand)	-	-
Add: Collections		
Criminal Fines - Other	27,876	23,818
Subtotal Collections	27,876	23,818
Less: Disbursements To Governments & Nonprofits:		
<i>Louisiana Commission on Law Enforcement, Criminal court cost/fees</i>	4	950
<i>Florida Parishes Juvenile Justice Program, Criminal court cost/fees</i>	10	1,825
<i>Treasurer, State of Louisiana-CMIS, Criminal court cost/fees</i>	6	1,095
<i>Traumatic Head & Spinal Cord Injury Fund, Criminal court cost/fees</i>		105
<i>Louisiana Supreme Court, Criminal court cost/fees</i>	1	243
Less: Amounts Retained by Collecting Agency		
<i>Town of Franklinton, Criminal Fees-Other</i>	27,855	19,600
Subtotal Disbursements/Retainage	27,876	23,818
Total: Ending Balance of Amounts Collected but not Disbursed/Retained	-	-
Ending Balance of "Partial Payments" Collected but not Disbursed	-	-
Other Information:		
Ending Balance of Total Amounts Assessed but not yet Collected	-	-
Total Waivers During the Fiscal Period	-	-

See independent auditor's report

Minda B. Raybourn
Certified Public Accountant
Limited Liability Company
820 11th Avenue
Franklinton, Louisiana 70438
(985) 839-4413
Fax (985) 839-4402

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 Gregory Route
And Board of Aldermen
Town of Franklinton, Louisiana

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 Franklinton, Louisiana of and for the year ended October 31, 2021, and the related notes to the financial statements, which collectively comprise the Town of Franklinton, Louisiana's basic financial statements, and have issued my report thereon dated August 10, 2022.

Internal Control over Financial Reporting

In planning and performing my audit of the financial statements, I considered the Town of Franklinton, Louisiana'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, Louisiana's internal control. Accordingly, I do not express an opinion on the effectiveness of the Town of Franklinton, Louisiana'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. I did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses as items 2021-001 that I consider to be significant deficiencies.

Compliance and Other Matters

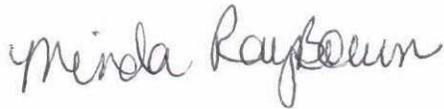
As part of obtaining reasonable assurance about whether the Town of Franklinton, Louisiana's financial statements are free from material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have 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* in the accompanying schedule of findings and responses as items 2021-002 and 2021-003.

Town of Franklinton, Louisiana's Response to Findings

Town of Franklinton, Louisiana's response to the findings identified in my audit is described in the accompanying schedule of findings and responses. Town of Franklinton, Louisiana'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.



Minda Raybourn CPA
Franklinton, Louisiana
August 10, 2022

**TOWN OF FRANKLINTON
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED OCTOBER 31, 2021**

SUMMARY OF AUDIT RESULTS

Financial Statements

Type of auditor's report issued:	Unmodified		
Internal Control over Financial Report			
Material weakness(es) identified?	___ Yes	<u> X </u> No	
Significant deficiencies identified?	<u> X </u> Yes	___ No	
Noncompliance material to financial Statements?	<u> X </u> Yes	___ No	

FINDINGS FINANCIAL STATEMENTS AUDIT

Finding 2021-001 Policies and Procedures

CRITERIA: Effective town operations and an effective internal control system require the design and operation of standardized procedures to ensure that financial data is accurate and complete and the Town's assets are safeguarded.

CONDITION: The Town has established a system of internal controls. However, the policies and procedures have not been updated for several years. I noticed some areas that could benefit from updating written policies and procedures and other updates to strengthen the Town's internal controls over financial reporting and the safeguarding of the Town's assets.

CAUSE: The Town's policies and procedures should be updated as conditions identify internal controls that need to be strengthened.

EFFECT: The Town needs to strengthen its internal controls over financial transactions and reporting.

RECOMMENDATION: I recommend the Town review the areas of receipts and collections, purchasing and disbursements, payroll, credit cards, travel expenses, and grants to update its policies and procedures.

MANAGEMENT RESPONSE: The Town will implement the auditor's recommendation.

**TOWN OF FRANKLINTON
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED OCTOBER 31, 2021**

Finding 2021-002 Noncompliance with Local Government Budget Act

CRITERIA: Per Louisiana Revised Statute 39:1311

A. The adopted budget and any duly authorized adopted amendments shall form the framework from which the chief executive or administrative officers and members of the governing authority of the political subdivision shall monitor revenues and control expenditures. The chief executive or administrative officer for a political subdivision subject to public participation as provided in R.S. 39:1307 shall advise the governing authority or independently elected official in writing when:

(1) Total revenue and other sources plus projected revenue and other sources for the remainder of the year, within a fund, 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, within a fund, are exceeding the 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: The Town did amend the budget for the general fund and special revenue fund. However, the expenditures for the general fund were over budget by \$471,124 or 12%. The expenditures for the economic development and recreation special revenue fund were over budget by \$10,477 or 35%. The expenditures for the police ad valorem special revenue fund were over budget by \$24,228 or 14%.

CAUSE: The Town did amend the budget for all funds. However, general fund expenditures were more than budget due to the cost of clean up after Hurricane Ida. The police ad valorem and economic development and recreation special revenue funds had more actual expenses over all than budgeted.

EFFECT: Noncompliance with Local Government Budget Act.

RECOMMENDATION: The Town needs to review the budget to actual comparisons each month. If there are differences of 5% or more in expenditures, the budget needs to be amended.

MANAGEMENT RESPONSE: The Town will implement the auditor's recommendation.

Finding 2021-003 Noncompliance with Statutory Date of Report Submittal

CRITERIA: Local auditees must engage a CPA firm approved by Louisiana Legislative Auditors to perform its audit or other engagement no later than sixty days after its fiscal year end. The statutory due date is six months after the fiscal year end.

CONDITION: The audit report was submitted past the statutory due date.

**TOWN OF FRANKLINTON
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED OCTOBER 31, 2021**

CAUSE: The Town's previous accountant resigned from the October 31, 2021 compilation engagement in January 2022. The Town had to search for a new CPA to perform the year end accounting and compilation report.

EFFECT: Noncompliance with state audit law.

RECOMMENDATION: The agency should have a policy in place to engage a CPA for the yearly engagement 30 days before the effective fiscal year end. The agency should have the accounting records ready two months after the fiscal year end for the annual engagement.

MANAGEMENT RESPONSE: The Town will implement the auditor's recommendation.