

**Town of Lockport
Lockport, Louisiana**

Annual Financial Report
As of and for the
Year Ended June 30, 2020

Town of Lockport
Table of Contents
June 30, 2020

	<u>Page</u>
Independent Auditor's Report	1-3
Management's Discussion and Analysis	4-13
Financial Statements	
Government-wide Financial Statements	
Statement of Net Position	14
Statement of Activities	15
Fund Financial Statements	
Balance Sheet - Governmental Funds	16
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	17
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	18
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities	19
Statement of Net Position - Proprietary Fund	20
Statement of Revenues, Expenses and Changes in Net Position - Proprietary Fund	21
Statement of Cash Flows - Proprietary Fund	22
Notes to the Financial Statements	23-49
Required Supplementary Information	
Budgetary Comparison Schedule - General Fund	50-52
Budgetary Comparison Schedule - Special Revenue Funds	53-55
Municipal Employees Retirement System - Last Ten Fiscal Years	56
Municipal Police Employees Retirement System - Last Ten Fiscal Years	57
Supplemental Information	
Schedule of Insurance in Force	58
Schedule of Compensation, Benefits, and Other Payments to Town Heads	59
Compensation Paid to Members of the Town Council	60
Report Required by <i>Government Auditing Standards</i>	
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	61-62
Schedule of Findings and Responses	63
Reports by Management	
Management's Corrective Action Plan for Current Year Audit Findings	64
Schedule of Prior Audit Findings and Resolution Matters	65

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Edward Reinhardt, Mayor
and the Members of Town Council
Lockport, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Lockport (the Town), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Town of Lockport'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

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we 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, we 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the remaining aggregate fund information of the Town of Lockport as of June 30, 2020, the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 13, the budgetary comparison schedules on pages 50 through 55, and the schedules of employer's share of net pension liability and employer pension contributions on pages 56 and 57 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Lockport's basic financial statements. The Schedules of Compensation, Benefits and Other Payments to the Town Heads, and Compensation Paid to Members of the Town Council on pages 59 to 60 are presented for purposes of additional analysis and are not a required part of the financial statements.

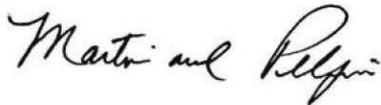
The Schedules of Compensation, Benefits, and Other Payments to the Town Heads and Compensation Paid to Members of the Town Council are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to

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 Schedules of Compensation, Benefits, and Other Payments to the Town Heads and Compensation Paid to Members of the Town Council are fairly stated in all material respects in relation to the basic financial statements as a whole.

The Schedule of Insurance In Force on page 58 has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or provide assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 15, 2020, on our consideration of Town of Lockport's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Lockport's internal control over financial reporting and compliance.



Houma, Louisiana
October 15, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS

Town of Lockport
Management's Discussion and Analysis
June 30, 2020

As management of the Town of Lockport, we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town as of and for the fiscal year ended June 30, 2020.

FINANCIAL HIGHLIGHTS

The basic financial statements provide these insights into the results of this year's operations:

The Town's revenues of \$1,627,597 exceeded expenditures of \$1,565,902 by \$61,695. Total revenues were \$877,511 lower than they were last year, and total expenses were \$28,653 higher than they were last year.

Total net position increased by \$61,695 (approximately 0.74%) as a result of this year's operations. The majority of this increase is attributable to the sale of the "old water plant" for \$60,000.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis serves as an introduction to the Town's financial statements. The Town of Lockport's financial statements consist of the following:

Statement of Net Position. This statement combines and consolidates the governmental funds' current financial resources (short-term spendable resources) with capital assets and long-term obligations, regardless if they are currently available or not. The financial resources of the governmental activities are presented alongside the resources of the Town's business-type activities.

Statement of Activities. Consistent with the full accrual basis of accounting method, this statement accounts for the entity-wide current year revenues and expenses regardless of when cash is received or paid.

Balance Sheet – Governmental Funds. This statement presents the Town's assets, liabilities, and fund balances for its general fund, and its three special revenue funds.

Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds. Consistent with the modified accrual basis of accounting method, this statement accounts for current year revenues when received except when they are measurable and available. Expenditures are accounted for in the period that goods and services are used in the government's activities. In addition, capital asset purchases are expensed and not recorded as an asset. The statement also exhibits the relationship of revenues and expenditures with the change in fund balance.

Statement of Net Position – Proprietary Fund. This statement presents the Town's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and categories of net position for its enterprise fund. Enterprise funds report the same functions presented as business-type activities in the government-wide financial statements.

Town of Lockport
Management's Discussion and Analysis
June 30, 2020

Statement of Revenues, Expenditures, and Changes in Net Position – Proprietary Fund. Consistent with the full accrual basis of accounting method, this statement accounts for the proprietary fund's current year revenues and expenses regardless of when cash is received or paid.

Statement of Cash Flows – Proprietary Fund. This statement provides information about the proprietary fund's cash flows related to operating, investing and financing activities.

Notes to the Financial Statements. The accompanying notes provide additional information essential to a full understanding of the data provided in the basic financial statements.

Our auditor has provided assurance in his independent auditor's report that the financial statements are fairly stated. In regards to the Required Supplemental Information and the Other Supplemental Information, the auditor is providing varying degrees of assurance. A user of this report should read the Independent Auditor's Report carefully to ascertain the level of assurance being provided for each of the parts in the Annual Financial Report.

FINANCIAL ANALYSIS AS A WHOLE (GWFS)

Net position may serve over time as a useful indicator of an entity's financial position. In the case of the Town, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$8,411,411 at the close of the most recent year, June 30, 2020. The largest portions of the Town's total assets are capital assets, net of accumulated depreciation (78.04%), and cash and cash equivalents, including investments in LAMP (Louisiana Asset Management Pool) (15.62%).

Town of Lockport
Management's Discussion and Analysis
June 30, 2020

The Town's Net Position

	Governmental Activities		Business-Type Activities		Total	
	June 30,		June 30,		June 30,	
	2020	2019	2020	2019	2020	2019
ASSETS						
Current and other assets	\$ 1,533,507	\$ 1,507,712	\$ 523,015	\$ 577,428	\$ 2,056,522	\$ 2,085,140
Restricted assets	-	-	446,931	275,259	446,931	275,259
Capital assets, net	3,209,281	3,314,472	5,689,140	5,818,651	8,898,421	9,133,123
TOTAL ASSETS	4,742,788	4,822,184	6,659,086	6,671,338	11,401,874	11,493,522
DEFERRED OUTFLOWS OF RESOURCES						
	250,517	263,440	15,139	12,718	265,656	276,158
LIABILITIES						
Current liabilities	94,486	126,511	14,435	7,163	108,921	133,674
Non-current liabilities	1,008,901	978,907	2,036,184	2,150,826	3,045,085	3,129,733
TOTAL LIABILITIES	1,103,387	1,105,418	2,050,619	2,157,989	3,154,006	3,263,407
DEFERRED INFLOWS OF RESOURCES						
	93,060	134,023	9,053	22,534	102,113	156,557
NET POSITION						
Net investment in capital assets	3,209,281	2,460,469	3,704,278	3,710,220	6,913,559	6,170,689
Restricted	-	-	446,931	275,259	446,931	275,259
Unrestricted	587,577	1,385,714	463,344	518,054	1,050,921	1,903,768
TOTAL NET POSITION	\$ 3,796,858	\$ 3,846,183	\$ 4,614,553	\$ 4,503,533	\$ 8,411,411	\$ 8,349,716

Total assets plus deferred outflows of resources decreased by \$102,150, and total liabilities plus deferred inflows of resources decreased by \$163,845. The decrease in assets and deferred outflows of resources is primarily due to the decrease of \$234,702 in net capital assets, and the \$86,667 increase in investments. The net decrease in total liabilities and deferred inflows of resources is primarily due to the payment of long-term debt.

Town of Lockport
Management's Discussion and Analysis
June 30, 2020

The Town's Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
	June 30,		June 30,		June 30,	
	2020	2019	2020	2019	2020	2019
PROGRAM REVENUES						
Charges for services	\$ 223,969	\$ 187,258	\$ 269,794	\$ 266,392	\$ 493,763	\$ 453,650
Operating grants and contributions	130,859	120,903	-	-	130,859	120,903
Capital grants and contributions	91,370	1,030,823	2,810	19,215	94,180	1,050,038
TOTAL PROGRAM REVENUES	446,198	1,338,984	272,604	285,607	718,802	1,624,591
PROGRAM EXPENSES						
General government	372,432	339,042	-	-	372,432	339,042
Streets and highways	152,602	114,271	-	-	152,602	114,271
Drainage	73,704	73,340	-	-	73,704	73,340
Public safety	515,100	581,367	-	-	515,100	581,367
Culture and recreation	29,021	26,194	-	-	29,021	26,194
Sewer	-	-	423,043	403,035	423,043	403,035
TOTAL EXPENSES	1,142,859	1,134,214	423,043	403,035	1,565,902	1,537,249
NET PROGRAM INCOME (LOSS)	(696,661)	204,770	(150,439)	(117,428)	(847,100)	87,342
GENERAL REVENUES						
Ad valorem taxes	80,160	79,913	-	-	80,160	79,913
Sales taxes	465,443	454,533	253,114	242,257	718,557	696,790
Franchise taxes	68,384	56,163	-	-	68,384	56,163
Other	33,349	38,279	8,345	9,372	41,694	47,651
TOTAL GENERAL REVENUES	647,336	628,888	261,459	251,629	908,795	880,517
CHANGES IN NET POSITION	(49,325)	833,658	111,020	134,201	61,695	967,859
NET POSITION - BEGINNING	3,846,183	3,012,525	4,503,533	4,369,332	8,349,716	7,381,857
NET POSITION - ENDING	\$ 3,796,858	\$ 3,846,183	\$ 4,614,553	\$ 4,503,533	\$ 8,411,411	\$ 8,349,716

As indicated above, net position increased by \$61,695 in 2020, which indicates revenues were sufficient to cover expenses incurred during the year. The decrease in change in net position from 2019 to 2020 is primarily due to the Town receiving a \$990,000 state capital outlay award for the purpose of improving streets in 2019.

Town of Lockport
Management's Discussion and Analysis
June 30, 2020

FINANCIAL ANALYSIS OF INDIVIDUAL FUNDS (FFS)

The Town uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. The focus of the governmental funds is to provide information on near term inflows, outflows and balances of spendable resources. Such information is useful in assessing the financing requirements. In particular, unassigned fund balance serves as a useful measure of a government's net resources available for funding future operational needs.

The governmental funds reported combined ending fund balances of \$1,439,021, a \$57,819 increase from the prior fiscal year. This increase, in contrast with the overall decrease in net position of governmental activities, is primarily due to the fact that under the modified accrual approach to accounting, assets are expensed in the year of purchase rather than capitalized and depreciated.

If the assets, liabilities, revenues or expenditures of a governmental fund exceed 10% of the total of all governmental funds, or if management determines that a fund should be presented to be useful to the users of the financial statements, that fund is reported as a major governmental fund in the accompanying fund financial statements. Following is a discussion of the major funds:

The General Fund is the chief operating fund. At the end of the current fiscal year, unassigned fund balance totaled \$133,426. The fund balance of the General Fund increased during the current fiscal year. Total revenues and expenditures both decreased significantly due to the state capital outlay grant received in the prior year.

The Sales Tax Fund accounts for the receipt and use of proceeds of the 1% sales and use tax. At the end of the current fiscal year, fund balance assigned for expenditures designated by the ordinance that levied that tax totaled \$1,016,795 – a decrease of 8.62% from the prior year. The total revenue collected for Sales Taxes was \$358,033 which was an increase of 2.40%. There was a 10.21% decrease in the current expenditures and a 14.55% increase in the amount transferred out to the other funds. The primary reason for the increase in amounts transferred to other funds is the board authorized the purchase of two new police vehicles for \$98,000.

The Town's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Fees and charges for services in the Sewer Fund were \$269,794 – a 1.28% increase over last year. Total operating expenses for providing sewer services of \$403,185 resulted in an operating loss of \$133,391. Non-operating revenues net of non-operating expenses totaled \$244,411, resulting in net income of \$111,020 for the Sewer Fund. Net position for the Sewer Fund at the end of the fiscal year was \$4,614,553, an increase of 2.47% from the previous year.

Town of Lockport
Management's Discussion and Analysis
June 30, 2020

BUDGETARY HIGHLIGHTS

For purposes of this analysis, only the two major governmental funds budgets will be discussed.

The original budget for the General Fund was revised to reflect a revenue increase of \$30,539. Supplemental appropriations or authorized budget amendments were necessary and approved as follows:

	<u>Budget Amounts</u>		<u>Increase (Decrease)</u>
	<u>Original</u>	<u>Final</u>	
REVENUES			
Ad valorem tax	\$ 80,000	\$ 80,000	\$ -
Sales and use tax	105,130	99,792	(5,338)
Franchise tax	59,300	61,265	1,965
Licenses and permits	38,500	53,891	15,391
Insurance premium tax	98,000	98,000	-
Intergovernmental	34,300	88,128	53,828
Fines and forfeitures	70,000	43,238	(26,762)
Other	34,075	25,530	(8,545)
TOTAL REVENUES	<u>519,305</u>	<u>549,844</u>	<u>30,539</u>
CURRENT EXPENDITURES			
General government	195,300	208,282	12,982
Public safety	507,052	488,541	(18,511)
Streets and highways	72,247	73,961	1,714
Drainage	45,301	42,323	(2,978)
Culture and recreation	23,082	22,662	(420)
TOTAL CURRENT	<u>842,982</u>	<u>835,769</u>	<u>(7,213)</u>
CAPITAL OUTLAY	19,450	219,171	199,721
DEBT SERVICE	15,979	15,978	(1)
TOTAL EXPENDITURES	<u>878,411</u>	<u>1,070,918</u>	<u>192,507</u>
OTHER FINANCING SOURCES	<u>362,478</u>	<u>460,478</u>	<u>98,000</u>
NET CHANGES IN FUND BALANCE	<u>\$ 3,372</u>	<u>\$ (60,596)</u>	<u>\$ (63,968)</u>

Town of Lockport
Management's Discussion and Analysis
June 30, 2020

BUDGETARY HIGHLIGHTS (CONTINUED)

The Town's actual revenues for the General Fund were more than the budgeted revenues by \$15,458, a favorable variance of 2.81%. The Town's actual expenditures were less than the budgeted expenditures by \$150,687, a favorable variance of 14.07%.

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Increase (Decrease)</u>
REVENUES			
Ad valorem tax	\$ 80,000	\$ 80,160	\$ 160
Sales and use tax	99,792	107,410	7,618
Franchise tax	61,265	68,384	7,119
Licenses and permits	53,891	57,575	3,684
Insurance premium tax	98,000	94,486	(3,514)
Intergovernmental	88,128	86,355	(1,773)
Fines and forfeitures	43,238	51,895	8,657
Other	25,530	19,037	(6,493)
TOTAL REVENUES	<u>549,844</u>	<u>565,302</u>	<u>15,458</u>
CURRENT EXPENDITURES			
General government	208,282	209,403	1,121
Public safety	488,541	494,246	5,705
Streets and highways	73,961	79,567	5,606
Drainage	42,323	40,307	(2,016)
Culture and recreation	22,662	18,988	(3,674)
TOTAL CURRENT EXPENDITURES	<u>835,769</u>	<u>842,511</u>	<u>6,742</u>
CAPITAL OUTLAY	219,171	61,742	(157,429)
DEBT SERVICE	<u>15,978</u>	<u>15,978</u>	<u>-</u>
TOTAL EXPENDITURES	1,070,918	920,231	(150,687)
OTHER FINANCING SOURCES	<u>460,478</u>	<u>460,478</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>\$ (60,596)</u>	<u>\$ 105,549</u>	<u>\$ 166,145</u>

Town of Lockport
Management's Discussion and Analysis
June 30, 2020

BUDGETARY HIGHLIGHTS (CONTINUED)

The original budget for the Sales Tax Fund was revised to reflect a net decrease of \$120,491. The majority of the decrease is attributable to the board committing \$98,000 towards purchase of two new police vehicles. Supplemental appropriations or authorized budget amendments were necessary and approved as follows:

	<u>Budget Amounts</u>		<u>Increase</u>
	<u>Original</u>	<u>Final</u>	<u>(Decrease)</u>
REVENUES			
Sales and use tax	\$ 350,466	\$ 332,640	\$ (17,826)
Other	<u>17,000</u>	<u>12,475</u>	<u>(4,525)</u>
TOTAL REVENUES	367,466	345,115	(22,351)
CURRENT EXPENDITURES			
General government	4,800	4,940	140
OTHER FINANCING USES	<u>362,478</u>	<u>460,478</u>	<u>98,000</u>
NET CHANGES IN FUND BALANCE	<u>\$ 188</u>	<u>\$(120,303)</u>	<u>\$(120,491)</u>

The Town's actual revenues for the sales tax fund were more than the budgeted revenues by \$24,026, a favorable variance of 6.96%. The Town's actual expenditures were more than the budgeted expenditures by \$411, an unfavorable variance of 8.31%.

	<u>Final</u>	<u>Actual</u>	<u>Increase</u>
	<u>Budget</u>	<u>Amounts</u>	<u>(Decrease)</u>
REVENUES			
Sales and use tax	\$ 332,640	\$ 358,033	\$ 25,393
Other	<u>12,475</u>	<u>11,108</u>	<u>(1,367)</u>
TOTAL REVENUES	345,115	369,141	24,026
CURRENT EXPENDITURES			
General government	4,940	4,529	(411)
OTHER FINANCING USES	<u>460,478</u>	<u>460,478</u>	<u>-</u>
NET CHANGES IN FUND BALANCE	<u>\$(120,303)</u>	<u>\$ (95,866)</u>	<u>\$ 24,437</u>

Town of Lockport
Management's Discussion and Analysis
June 30, 2020

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Many factors were considered when budgeting for the next fiscal year. Possible increases in fees/charges and possible new grant funding sources were all considered. Historically, the office staff and cost remain relatively stable and should continue to do so.

CAPITAL ASSETS

As of June 30, 2020, the Town had \$3,209,281 and \$5,689,140 invested in capital assets for governmental and business-type activities, respectively, as detailed in the table below:

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>June 30,</u>		<u>June 30,</u>		<u>June 30,</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Capital assets	\$ 6,240,136	\$ 6,189,789	\$ 7,818,461	\$ 7,787,083	\$ 14,058,597	\$ 13,976,872
Accumulated depreciation	(3,030,855)	(2,875,317)	(2,129,321)	(1,968,432)	(5,160,176)	(4,843,749)
Net capital assets	<u>\$ 3,209,281</u>	<u>\$ 3,314,472</u>	<u>\$ 5,689,140</u>	<u>\$ 5,818,651</u>	<u>\$ 8,898,421</u>	<u>\$ 9,133,123</u>

Capital assets consist of land, construction in progress, buildings, parks, machinery and equipment, automobiles, drainage infrastructure, and sewer system, including sewer lines. Depreciation expense for the year ending June 30, 2020 was \$181,933 for governmental activities, and \$160,889 for business-type activities, for a total of \$342,822.

More detailed information about the capital assets is presented in Note 4 to the basic financial statements.

LONG-TERM DEBT

A summary of long-term debt is as follows:

	<u>Payable</u> <u>07/01/19</u>	<u>Debt</u> <u>Incurred</u>	<u>Debt</u> <u>Retired</u>	<u>Payable</u> <u>06/30/20</u>
Sewer Sales Tax Bonds	<u>\$ 2,108,431</u>	<u>\$ 8,431</u>	<u>\$(132,000)</u>	<u>\$ 1,984,862</u>

At the beginning of the year the Town had outstanding principal of \$2,108,431; during the year, the Town requested total drawdowns of \$8,431, of which \$2,810 was forgiven, and principal in the amount of \$132,000 was paid in February 2020 with the remaining \$1,984,862 as outstanding 2013 Sales Tax Bonds as of June 30, 2020.

Town of Lockport
Management's Discussion and Analysis
June 30, 2020

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of The Town's finances for all those with such an interest. If you should have any further questions concerning any of the information provided in this report or have a request for additional financial information, please direct your inquiries to:

Mandy Himel, Town Clerk
Town of Lockport
710 Church Street
Lockport, LA 70374
985-532-3117

FINANCIAL STATEMENTS

Town of Lockport
Statement of Net Position
June 30, 2020

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 666,627	\$ 389,712	\$ 1,056,339
Investments	724,638	165	724,803
Receivables	30,702	-	30,702
Due from other governments	104,268	68,103	172,371
Due from other funds	7,272	64,888	72,160
Other assets	-	147	147
Restricted assets:			
Investments	-	446,931	446,931
Capital assets:			
Non-depreciable	594,493	1,458,304	2,052,797
Depreciable, net	<u>2,614,788</u>	<u>4,230,836</u>	<u>6,845,624</u>
TOTAL ASSETS	<u>4,742,788</u>	<u>6,659,086</u>	<u>11,401,874</u>
DEFERRED OUTFLOWS OF RESOURCES			
	<u>250,517</u>	<u>15,139</u>	<u>265,656</u>
LIABILITIES			
Accounts payable and accrued expenses	29,598	7,163	36,761
Due to other funds	64,888	7,272	72,160
Non-current liabilities:			
Due within one year	-	108,750	108,750
Due in more than one year	-	1,876,112	1,876,112
Net pension liability	<u>1,008,901</u>	<u>51,322</u>	<u>1,060,223</u>
TOTAL LIABILITIES	<u>1,103,387</u>	<u>2,050,619</u>	<u>3,154,006</u>
DEFERRED INFLOWS OF RESOURCES			
	<u>93,060</u>	<u>9,053</u>	<u>102,113</u>
NET POSITION			
Net investment in capital assets	3,209,281	3,704,278	6,913,559
Restricted for:			
Debt service	-	446,931	446,931
Unrestricted	<u>587,577</u>	<u>463,344</u>	<u>1,050,921</u>
TOTAL NET POSITION	<u><u>\$ 3,796,858</u></u>	<u><u>\$ 4,614,553</u></u>	<u><u>\$ 8,411,411</u></u>

See accompanying notes.

Town of Lockport
Statement of Activities
For the Year Ended June 30, 2020

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Position		
		Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Governmental Activities	Business-Type Activities	Total
Primary Government:							
Government activities:							
General government	\$ 372,432	\$ 172,074	\$ 94,486	\$ -	\$ (105,872)	\$ -	\$ (105,872)
Street and highways	152,602	-	35,726	77,240	(39,636)	-	(39,636)
Drainage	73,704	-	-	14,130	(59,574)	-	(59,574)
Public safety	515,100	51,895	-	-	(463,205)	-	(463,205)
Culture and recreation	29,021	-	647	-	(28,374)	-	(28,374)
Total government activities	1,142,859	223,969	130,859	91,370	(696,661)	-	(696,661)
Business-type activities							
Sewer	423,043	269,794	-	2,810	-	(150,439)	(150,439)
Total primary government	<u>\$ 1,565,902</u>	<u>\$ 493,763</u>	<u>\$ 130,859</u>	<u>\$ 94,180</u>	<u>(696,661)</u>	<u>(150,439)</u>	<u>(847,100)</u>
General Revenues:							
Property taxes					80,160	-	80,160
Sales taxes					465,443	253,114	718,557
Franchise taxes					68,384	-	68,384
Unrestricted investment earnings					12,994	6,934	19,928
Revenue from nonemployer contributing entities					20,355	1,411	21,766
					<u>647,336</u>	<u>261,459</u>	<u>908,795</u>
Changes in net position					(49,325)	111,020	61,695
Net position at beginning of year					<u>3,846,183</u>	<u>4,503,533</u>	<u>8,349,716</u>
Net position at end of year					<u>\$ 3,796,858</u>	<u>\$ 4,614,553</u>	<u>\$ 8,411,411</u>

See accompanying notes.

Town of Lockport
Balance Sheet – Governmental Funds
June 30, 2020

	<u>General Fund</u>	<u>Sales Tax Fund</u>	<u>Building Maintenance Fund</u>	<u>Parish Transportation Fund</u>	<u>Total</u>
ASSETS					
Cash and cash equivalents	\$ 235,856	\$ 345,592	\$ 74,282	\$ 10,897	\$ 666,627
Investments	95,660	605,259	23,719	-	724,638
Receivables:					
Account receivables	28,657	-	2,045	-	30,702
Intergovernmental	38,324	65,944	-	-	104,268
Due from other funds	9,249	-	28,721	-	37,970
TOTAL ASSETS	<u>\$ 407,746</u>	<u>\$ 1,016,795</u>	<u>\$ 128,767</u>	<u>\$ 10,897</u>	<u>\$ 1,564,205</u>
LIABILITIES					
Accounts payable and accrued expenses	\$ 28,661	\$ -	\$ 937	\$ -	\$ 29,598
Due to other funds	93,609	-	1,896	81	95,586
TOTAL LIABILITIES	<u>122,270</u>	<u>-</u>	<u>2,833</u>	<u>81</u>	<u>125,184</u>
FUND BALANCES					
Committed for:					
Technology upgrades	19,816	-	-	-	19,816
Law enforcement vehicles	98,000	-	-	-	98,000
Witness fees	33,994	-	-	-	33,994
Other	240	-	-	-	240
Assigned to:					
Sales taxes	-	1,016,795	-	-	1,016,795
Building maintenance	-	-	125,934	-	125,934
Parish transportation	-	-	-	10,816	10,816
Unassigned	133,426	-	-	-	133,426
TOTAL FUND BALANCES	<u>285,476</u>	<u>1,016,795</u>	<u>125,934</u>	<u>10,816</u>	<u>1,439,021</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 407,746</u>	<u>\$ 1,016,795</u>	<u>\$ 128,767</u>	<u>\$ 10,897</u>	<u>\$ 1,564,205</u>

See accompanying notes.

Town of Lockport
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2020

	General Fund	Sales Tax Fund	Building Maintenance Fund	Parish Transportation Fund	Total
REVENUES					
Taxes	\$ 350,440	\$ 358,033	\$ -	\$ -	\$ 708,473
License and permits	57,575	-	-	-	57,575
Intergovernmental	100,485	-	-	27,258	127,743
Fines and forfeitures	51,895	-	-	-	51,895
Other	4,907	11,108	111,479	-	127,494
TOTAL REVENUE	565,302	369,141	111,479	27,258	1,073,180
EXPENDITURES					
Current:					
General government	209,403	4,529	57,135	-	271,067
Public safety	494,246	-	-	-	494,246
Streets and highways	79,567	-	-	18,466	98,033
Drainage	40,307	-	-	-	40,307
Culture and recreation	18,988	-	-	-	18,988
Debt service:					
Principal	15,081	-	-	-	15,081
Interest	897	-	-	-	897
Capital outlay	61,742	-	-	15,000	76,742
TOTAL EXPENDITURES	920,231	4,529	57,135	33,466	1,015,361
Revenue over (under) expenditures	(354,929)	364,612	54,344	(6,208)	57,819
OTHER FINANCING SOURCES (USES)					
Transfer in	460,478	-	-	-	460,478
Transfer out	-	(460,478)	-	-	(460,478)
TOTAL OTHER FINANCING SOURCES (USES)	460,478	(460,478)	-	-	-
Net changes in fund balances	105,549	(95,866)	54,344	(6,208)	57,819
FUND BALANCES					
Beginning of year (see note 15)	179,927	1,112,661	71,590	17,024	1,381,202
End of year	\$ 285,476	\$ 1,016,795	\$ 125,934	\$ 10,816	\$ 1,439,021

See accompanying notes.

Town of Lockport
 Reconciliation of the Governmental Funds Balance Sheet
 to the Statement of Net Position
 June 30, 2020

**NET POSITION OF TOTAL GOVERNMENTAL FUNDS
 ON FUND FINANCIAL STATEMENTS:**

\$ 1,439,021

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

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

Non-depreciable capital assets	594,493	
Depreciable capital assets	5,645,643	
Accumulated depreciation	<u>(3,030,855)</u>	
		3,209,281

Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:

Net pension liability		(1,008,901)
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Deferred pension amounts are not reported in the funds but are reports in the GWFS:

Deferred outflows	250,517	
Deferred inflows	<u>(93,060)</u>	
		<u>157,457</u>

NET POSITION OF GOVERNMENTAL ACTIVITIES

\$ 3,796,858

See accompanying notes.

Town of Lockport
 Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and
 Changes in Fund Balances to the Statement of Activities
 For the Year Ended June 30, 2020

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$ 57,819

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 depreciated over their estimated useful lives.

Capital outlay	76,742
Depreciation expense	(181,933)

Capital lease transactions are recorded as an expenditure in the funds; however, in the statement of activities, they are not reported as they decrease the liabilities on the statement of net position.

Capital lease payment	15,878
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Some expenditures reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds.

Pension related	(17,831)
Change in net position of governmental activities	\$ (49,325)

See accompanying notes.

Town of Lockport
Statement of Net Position – Proprietary Fund
June 30, 2020

ASSETS	<u>Enterprise Fund</u>
Current assets:	
Cash and cash equivalents	\$ 389,712
Investments	165
Due from other governments	68,103
Due from other funds	64,888
Other assets	147
Total current assets	<u>523,015</u>
Noncurrent assets:	
Restricted assets-	
Investments	<u>446,931</u>
Capital assets	
Non-depreciable	1,458,304
Depreciable, net	<u>4,230,836</u>
Net capital assets	<u>5,689,140</u>
Total noncurrent assets	<u>6,136,071</u>
TOTAL ASSETS	<u>6,659,086</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>15,139</u>
LIABILITIES	
Current liabilities:	
Payable from current assets-	
Accrued liabilities	7,163
Due to other funds	<u>7,272</u>
Total payable from current assets	14,435
Payable from restricted assets:	
Bonds payable within one year	<u>108,750</u>
Total current liabilities	123,185
Non-current liabilities	
Sales tax bonds payable	1,876,112
Net pension liability	<u>51,322</u>
TOTAL LIABILITIES	<u>2,050,619</u>
DEFERRED INFLOWS OF RESOURCES	<u>9,053</u>
NET POSITION	
Net investment in capital assets	3,704,278
Restricted for debt service	446,931
Unrestricted	<u>463,344</u>
TOTAL NET POSITION	<u>\$ 4,614,553</u>

See accompanying notes.

Town of Lockport
Statement of Revenues, Expenses and Changes in Net Position – Proprietary Fund
For the Year Ended June 30, 2020

	<u>Enterprise Fund</u>
OPERATING REVENUES	
Sewer fees charged	\$ 269,794
OPERATING EXPENSES	
Salaries	95,033
Payroll benefits	8,451
Retirement	6,774
Insurance	5,076
Utilities, phone and postage	52,267
Vehicle costs	3,324
Rent	1,800
Maintenance supplies	4,047
Repairs and maintenance	31,782
Travel and conferences	529
Collection fees	20,143
Uniforms	147
Other	12,923
Depreciation	160,889
TOTAL OPERATING EXPENSES	<u>403,185</u>
OPERATING LOSS	<u>(133,391)</u>
NON-OPERATING REVENUE (EXPENSES)	
Sales tax revenue	253,114
Investment income	6,934
Revenue from nonemployer contributions	1,411
Other	2,810
Interest and fiscal charges	(19,858)
TOTAL NON-OPERATING REVENUE (EXPENSES)	<u>244,411</u>
CHANGE IN NET POSITION	111,020
NET POSITION	
Beginning of year	<u>4,503,533</u>
End of year	<u>\$ 4,614,553</u>

See accompanying notes.

Town of Lockport
Statement of Cash Flows – Proprietary Fund
For the Year Ended June 30, 2020

	Enterprise Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net position	\$ 111,020
Adjustments to reconcile change in net position to net cash flows provided by operating activities:	
Depreciation	160,889
Increase in operating assets:	
Due from other governments	(27,424)
Deferred outflows of resources	(2,421)
Increase / (decrease) in operating liabilities:	
Accrued liabilities	9,922
Deferred inflows of resources	(13,481)
NET CASH FLOWS PROVIDED BY OPERATING ACTIVITIES	238,505
CASH FLOWS USED IN INVESTING ACTIVITIES	
Purchases of capital assets	(31,378)
CASH FLOWS FROM FINANCING ACTIVITIES	
Proceeds from bonds payable	8,431
Principal payments of bonds payable	(132,000)
NET CASH FLOWS USED IN FINANCING ACTIVITIES	(123,569)
NET INCREASE IN CASH AND CASH EQUIVALENTS	83,558
BEGINNING CASH AND CASH EQUIVALENTS	753,250
ENDING CASH AND CASH EQUIVALENTS	\$ 836,808
SUPPLEMENTAL DISCLOSURES:	
Interest paid during the year	\$ 19,858

See accompanying notes.

Town of Lockport
Notes to the Financial Statements
For the Year Ended June 30, 2020

The Town of Lockport, Louisiana (the Town) was incorporated on May 10, 1899, under the provisions of Act 136 (Lawrson Act) of 1898, State of Louisiana. The Town operates under a Mayor-Town Council form of government and provides the following services as authorized by its charter: public safety, streets and highways, drainage, recreation, public improvements, planning and zoning, and general administrative services.

Note 1 – Summary of Significant Accounting Policies

The accounting methods and procedures adopted by the Town conform to generally accepted accounting principles as applied to governmental entities. The following notes to the financial statements are an integral part of the annual financial report. The more significant of the accounting policies utilized are described below.

A. Reporting Entity

Accounting principles generally accepted in the United States of America require that the reporting entity include (1) the primary government, (2) entities for which the primary government is financially accountable and (3) other entities for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Such criteria has been considered and as a result, there are no component units required to be included in the reporting entity.

B. Basis of Presentation and Accounting- Measurement Focus

The government-wide financial statements report information on all activities of the primary government. 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 statement of activities demonstrates the degree to which the direct expenses of a given function or activity is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or activity. 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 activity and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or activity.

Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Town of Lockport
Notes to the Financial Statements
For the Year Ended June 30, 2020

Note 1 – Summary of Significant Accounting Policies (Cont.)

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recognized when earned and expenses are recognized 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 for. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town 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 are recorded only when payment is due.

Property taxes, when levied for, intergovernmental revenues, when eligibility requirements are met, parking fines, charges for services and interest associated with the current fiscal period are all considered to be susceptible to accrual (measurable) and so have been recognized as revenues of the current fiscal period, if available. Available has been defined as received within 60 days. All others, primarily licenses, fees and permits, are measurable and available only when cash is received.

The following is a description of the major funds of the Town of Lockport:

Governmental funds:

General Fund - is the general operating fund of the Town. The General Fund accounts for all financial resources except those required to be accounted for in other funds. The General fund is always a major fund.

Special Revenue Funds - used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specific purposes. Special revenue funds reported as major funds in the fund financial statements are as follows:

Town of Lockport
Notes to the Financial Statements
For the Year Ended June 30, 2020

Note 1 – Summary of Significant Accounting Policies (Cont.)

Sales Tax Fund - is used to account for the receipt and use of proceeds of the Town's 1% sales and use tax. The revenues derived from the tax are to be used for the purposes of constructing, acquiring, extending and/or improving sewers and sewerage disposal works, waterworks facilities, drainage facilities, streets (including sidewalks and street lighting facilities), public buildings, public parks and fire department and police stations and equipment; purchasing and acquiring equipment and furnishings for the aforesaid public works, buildings, improvements and facilities, title to which improvements shall be in the public interest, and for the purpose of paying principal and interest on any bonded debt or funded indebtedness of the Town, or for any one or more of said purposes; and such tax to be subject to funding into bonds by the Town in the manner authorized by Sub-Part D, Part 1, Chapter 6, Title 33 of the Louisiana Revised Statutes of 1950 (R.S. 33:2271, et seq.).

Authority has been granted to the Town by the passage of a supplemental proposition by the electors of the Town at an election on May 4, 1985, for the purpose of constructing, acquiring, improving, operating and maintaining solid waste collection and disposal facilities, including purchasing and acquiring the necessary land, equipment and furnishings therefore, title to which shall be in the public, or for any one or more of said purposes.

Authority has been granted to the Town by the passage of a supplemental proposition by the electors of the Town at an election on April 11, 1992, for the use of thirty percent of the proceeds of the tax to be used for any lawful corporate purpose of the Town; or for any one or more of said purposes, and further the Town, if authorized, to fund the proceeds of the tax into bonds for any one or more of said purposes, to the extent and in the manner provided by Sub-Part F, Part III, Chapter 4, Title 39 of the Louisiana Revised Statutes, as amended.

The Town Council called for a special election on February 23, 2010 to authorize the levy and collection of a 0.7% Sales & Use Tax for the Town of Lockport intended primarily for the operation of the sewer plant. The sales tax could be used for other improvements such as streets, drainage, and maintenance of sewer lines. In addition, the tax revenues could, in the future, be bonded in order to finance projects.

Town of Lockport
Notes to the Financial Statements
For the Year Ended June 30, 2020

Note 1 – Summary of Significant Accounting Policies (Cont.)

Proprietary Funds

Enterprise Funds – are used to account for operations: (a) that are financed and operated similarly to private business enterprises, where the intent of the governing body is that the cost (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes. Enterprise funds are presented in the business- type activities column in government-wide financial statements and the major funds section of the basic financial statements. The enterprise fund reported as a major fund in the fund financial statements is as follows:

Sewer Fund – To account for the provision of sewer services to residents of the Town. All activities necessary to provide such services are accounted for in this fund including, but not limited to, administration, operations maintenance, financing and related debt service, and billing and collection.

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. Operating expenses for enterprise funds include the cost of sales and services administrative expenses and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

C. Accounting Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statement and the reported amounts of revenues and expenditures during the reporting period. They may also affect the reported amounts of revenues and expenses of proprietary funds and the government-wide financial statements during the reporting period. Actual results could differ from those estimates

D. Cash and Cash Equivalents and Investments

Cash includes amounts in regular and money market accounts. The Town considers all highly liquid investments purchased with an initial maturity of three months or less to be cash equivalents.

Town of Lockport
Notes to the Financial Statements
For the Year Ended June 30, 2020

Note 1 – Summary of Significant Accounting Policies (Cont.)

State law limits investments in collateralized certificates of deposits, government backed securities, commercial paper, the state sponsored investment pool, and mutual funds consisting solely of government backed securities. The state investment pool (LAMP) operates in accordance with state laws and regulations. It is the Town's policy to limit its investments in these investment types. Investment policies are governed by state statutes and bond covenants.

For purposes of the statement of cash flows, cash and cash equivalents include the investment in the Louisiana Asset Management Pool (LAMP). LAMP is an external pool, which is operated in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. Rule 2a7 allows SEC-registered mutual funds to use amortized cost rather than fair value to report net assets to compute share prices if certain conditions are met. Accordingly, the fair value of the Town's position in LAMP is the same as the value of its pool shares.

E. Receivables

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

F. Interfund Receivables

During the course of operations transactions occur between individual funds. These receivables and payables are classified as "due from or due to other funds" on the fund financial statement balance sheet. Transfers represent a permanent reallocation of resources between funds and are not expected to be repaid.

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

G. Capital Assets

Capital assets, which include land and land improvements, buildings, equipment and infrastructure assets (streets, roads, bridges, canals and sewer and drainage systems) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. Donated capital assets are valued at their estimated fair value on the date donated. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation is recorded using the straight-line method over the useful lives of the assets as follows:

Town of Lockport
Notes to the Financial Statements
For the Year Ended June 30, 2020

Note 1 – Summary of Significant Accounting Policies (Cont.)

	<u>Number of Years</u>
• Buildings and building improvements	20 - 40
• Equipment	5 – 20
• Sewer system and improvements	14 – 40
• Infrastructure	25 - 50

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

H. Long-Term Debt

In the government-wide statement of net assets and the proprietary fund type financial statements, long-term debt and other long-term obligations are reported as liabilities. In proprietary funds bond premiums, discounts and issuance costs, are deferred and amortized over the life of the bonds using the bonds-outstanding method, which approximates the effective interest method. Bond issuance costs are reported as expenses in the year they are incurred. In the fund financial statements, governmental fund types recognize the face amount of the debt issued as other financing sources and the repayment of debt as debt service expenditures.

I. Compensated Absences

Employees of the Town can earn vacation time depending on length of service. Under the terms of the Town's vacation policy, vacation time can be accumulated up to a maximum of forty hours, plus the current year accumulation. Annually, the employee will be paid for those hours that exceed the maximum allowed accumulated hours and the accrued vacation hours will be reduced accordingly. The amount of accrued vacation leave is not material to the financial statements; therefore, no accrued liability of compensated absences is reported.

Employees are not limited in the accumulation of sick leave, but are not compensated for the accumulated sick leave upon retirement or other termination; therefore, no liability for earned and unused sick time is recorded.

J. Restricted Net Position

Restricted assets in the enterprise fund - Sewer Fund consists of \$446,931 in specific assets required to be segregated as to use pursuant to restrictions arising from the Sewer Revenue Bond Issue.

Town of Lockport
Notes to the Financial Statements
For the Year Ended June 30, 2020

Note 1 – Summary of Significant Accounting Policies (Cont.)

K. Fund Equity

Government-wide Financial Statements

GASB statements established standards for external financial reporting for all state and local governmental entities which includes a statement of net position and a statement of activities. It requires the classification of net position into three components – net investment in capital assets, restricted, and unrestricted. These classifications are defined as follows:

Net investment in capital assets – This component of net position consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.

Restricted – This component of net position consists of constraints placed on net position use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted – This component of net position consists of net position that does not meet the definition of “restricted” or “net investment in capital assets”.

Fund Financial Statements

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied. It establishes fund balance classifications that comprise hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. These classifications are defined as follows:

Nonspendable – This component of fund balance includes amounts that cannot be spent due to form, including inventories and prepaid amounts. Also included are amounts that must be maintained intact legally or contractually.

Restricted – This component of fund balance includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.

Town of Lockport
Notes to the Financial Statements
For the Year Ended June 30, 2020

Note 1 – Summary of Significant Accounting Policies (Cont.)

Committed – This component of fund balance includes amounts that can be used only for the specific purposes determined by a formal action of the Town’s highest level of decision-making authority. The Town Council must vote on commitments.

Assigned – This component of fund balance is intended to be used by the Town for specific purposes but do not meet the criteria to be classified as restricted or committed. The Town Council can vote on applicable assigned amounts.

Unassigned – This component of fund balance is the residual classification for the Town’s general fund and includes all spendable amounts not contained in the other classifications.

L. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Municipal Employees Retirement System (MERS), and the Municipal Police Employees Retirement System (MPERS) - the Plans, and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by the Plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

M. Deferred Outflows/Inflows of Resources

The statement of net position will often report a separate section for deferred outflows and/or deferred inflows of financial resources. Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources until that time.

N. Budgets

As required by Louisiana Revised Statute 39:1303, the Town adopts a budget for each of the Town’s governmental funds, which include its general fund and three special revenue funds. The budgets are adopted on a basis materially consistent with accounting principles generally accepted in the United States of America. Any amendment involving the transfer of monies from one function to another or increases in expenditures must be approved by the Board. All budgeted amounts that are not expended or obligated through contracts lapse at year-end. The budget was amended once during the year.

The Town does not employ encumbrance accounting under which purchase orders contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation.

Town of Lockport
Notes to the Financial Statements
For the Year Ended June 30, 2020

Note 1 – Summary of Significant Accounting Policies (Cont.)

O. New GASB Statements

Statement No. 87, “Leases” increases the usefulness of governments’ financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. 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 deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments’ leasing activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. Earlier application is encouraged. Management has not yet determined the effect of this Statement on the financial statements.

Note 2 – Deposits and Investments

Bank Deposits:

Under state law, the Town may deposit funds with a fiscal agent bank organized under the laws of the State of Louisiana, the laws of another state in the Union, or the laws of the United States.

State law requires that deposits of all political subdivisions be fully collateralized at all times. Acceptable collateralization includes the FDIC insurance and the market value of securities purchased and pledged to the political subdivision. Obligations of the United States, the State of Louisiana, and certain political subdivisions are allowed as security for deposits. Obligations furnished as security must be held by the political subdivision or with an unaffiliated bank or trust company for the account of the political subdivision.

As of June 30, 2020, the Town had deposits as follows:

	<u>Bank Balances</u>	<u>Reported Balance</u>
Cash and cash equivalents	<u>\$ 1,113,915</u>	<u>\$ 1,056,339</u>

Custodial credit risk is the risk that in the event of a bank failure, the Town’s deposits may not be returned to it. The Town has a policy for custodial credit risk. As of June 30, 2020, \$613,915 of the Town’s bank balance was exposed to credit risk. These were uninsured and collateralized with securities held by the pledging financial institution’s trust department or agent, but not in the Town’s name.

Town of Lockport
Notes to the Financial Statements
For the Year Ended June 30, 2020

Note 2 – Deposits and Investments (Cont.)

As of June 30, 2020, bank deposits were adequately collateralized in accordance with state law by securities held by unaffiliated banks for the account of the Town. The Governmental Accounting Standards Board (GASB), which promulgates the standards for accounting and financial reporting for state and local governments, considers the securities subject to custodial credit risk. Even though the pledged securities are considered subject to custodial credit risk under the provisions of GASB Statement 40, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within ten days of being notified by the depositor that the fiscal agent has failed to pay deposited funds upon demand.

Investments:

State statutes authorize the Town to invest in obligations of the U.S. Treasury, agencies and instrumentalities; guaranteed investment contracts and investment grade (A-1/P-1) commercial paper of domestic corporations; repurchase agreements; and the Louisiana Asset Management Pool (LAMP).

As a means of limiting its exposure to fair value losses arising from interest rates, the Town's investment policy limits investments to securities with maturity dates less than six months from the date of purchase unless the investment is matched to a specific cash flow.

Credit risk is defined as the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Town's investment policy requires the application of the prudent-person rule. The policy states, *investments shall be made with the judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment considering the probable safety of their capital as well as the probable income to be derived. Primary emphasis shall be placed upon the safety of such funds in an effort to minimize risk while earning maximum returns.* The Town's investment policy limits investments to those discussed earlier in this note.

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, 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 in external investment pools are not exposed to custodial credit risk because of their natural diversification and the diversification required by the Securities and Exchange Commission.

LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local government entities having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LA – R.S. 33:2955.

Town of Lockport
Notes to the Financial Statements
For the Year Ended June 30, 2020

Note 2 – Deposits and Investments (Cont.)

GASB Statement No. 40 Deposit and Investment Risk Disclosure, requires disclosure of credit risk, custodial credit risk, concentration of credit risk interest rate risk, and foreign currency risk for all public entity investments.

LAMP is 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 are not categorized because they are not evidenced by securities that exist in physical or book-entry form. The public entity's investment is with the pool, not the securities that make up the pool; therefore, no disclosure is required.
- Concentration of credit risk: Pooled investments are excluded from the 5 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 90 days, and consists of no securities with a maturity in excess of 397 days or 762 days for US Government floating/variable rate investments. The WAM for LAMP's total investments is 47 days as of June 30, 2020.
- Foreign currency risk: Not applicable.

The investments in LAMP are stated at fair value. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the net asset value of the pool shares. Investments in LAMP as of June 30, 2020 amounted to \$1,171,734 and are classified on the Statement of Net Position as "Investments".

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.

Town of Lockport
Notes to the Financial Statements
For the Year Ended June 30, 2020

Note 2 – Deposits and Investments (Cont.)

A reconciliation of deposits and investments as shown on the Statement of Net Position is as follows:

Reported amount of deposits	\$ 1,056,339
Reported amount of investments	<u>1,171,734</u>
Total	<u><u>\$ 2,228,073</u></u>
Cash	\$ 1,056,339
Investments	<u>1,171,734</u>
Total	<u><u>\$ 2,228,073</u></u>

Note 3 – Due from Other Governmental Units

The amounts due from other governmental units at June 30, 2020 is as follows:

	<u>Lafourche Parish School Board</u>	<u>Louisiana Office of Community Development</u>	<u>Lafourche Parish Water District 1</u>	<u>Totals</u>
Governmental activities				
General fund	\$ 19,783	\$ 18,541	\$ -	\$ 38,324
Sales tax fund	<u>65,944</u>	<u>-</u>	<u>-</u>	<u>65,944</u>
Total governmental activities	85,727	18,541	-	104,268
Business-type activities				
Sewer fund	<u>46,161</u>	<u>-</u>	<u>21,942</u>	<u>68,103</u>
Government wide	<u><u>\$ 131,888</u></u>	<u><u>\$ 18,541</u></u>	<u><u>\$ 21,942</u></u>	<u><u>\$ 172,371</u></u>

Town of Lockport
Notes to the Financial Statements
For the Year Ended June 30, 2020

Note 4 – Capital Assets

Capital assets are valued at historical cost. Depreciation of all capital assets is calculated over the estimated useful lives using the straight-line method (five to fifty years). Capital asset activity for the year ended June 30, 2020 was as follows:

<u>Governmental Activities</u>	<u>Balance at July 1, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2020</u>
Capital assets not being depreciated				
Land	\$ 496,531	\$ -	\$ -	\$ 496,531
Construction in progress	1,036,685	38,344	(977,067)	97,962
Total non-depreciable capital assets	<u>1,533,216</u>	<u>38,344</u>	<u>(977,067)</u>	<u>594,493</u>
Capital assets being depreciated				
Buildings	1,405,356	-	-	1,405,356
Infrastructure	2,323,474	992,067	-	3,315,541
Equipment	689,675	23,398	(26,395)	686,678
Parks	238,068	-	-	238,068
Total depreciable capital assets	<u>4,656,573</u>	<u>1,015,465</u>	<u>(26,395)</u>	<u>5,645,643</u>
Less: Accumulated depreciation				
Buildings	905,895	40,496	-	946,391
Infrastructure	1,237,944	87,966	-	1,325,910
Equipment	615,257	43,438	(26,395)	632,300
Parks	116,221	10,033	-	126,254
Total accumulated depreciation	<u>2,875,317</u>	<u>181,933</u>	<u>(26,395)</u>	<u>3,030,855</u>
Capital assets being depreciated, net	<u>1,781,256</u>	<u>833,532</u>	<u>-</u>	<u>2,614,788</u>
Total governmental activities capital assets, net	<u>\$ 3,314,472</u>	<u>\$ 871,876</u>	<u>\$(977,067)</u>	<u>\$ 3,209,281</u>
<u>Business-Type Activities</u>				
Capital assets not being depreciated				
Construction in progress	\$ 1,426,926	\$ 31,378	\$ -	\$ 1,458,304
Capital assets being depreciated				
Sewer system	6,314,494	-	-	6,314,494
Machinery and equipment	45,663	-	-	45,663
Total depreciable capital assets	<u>6,360,157</u>	<u>-</u>	<u>-</u>	<u>6,360,157</u>
Less: Accumulated depreciation				
Sewer system	1,918,826	153,959	-	2,072,785
Machinery and equipment	49,606	6,930	-	56,536
Total accumulated depreciation	<u>1,968,432</u>	<u>160,889</u>	<u>-</u>	<u>2,129,321</u>
Capital assets being depreciated, net	<u>4,391,725</u>	<u>(160,889)</u>	<u>-</u>	<u>4,230,836</u>
Total business-type activities capital assets, net	<u>\$ 5,818,651</u>	<u>\$(129,511)</u>	<u>\$ -</u>	<u>\$ 5,689,140</u>

Town of Lockport
Notes to the Financial Statements
For the Year Ended June 30, 2020

Note 4 – Capital Assets (Cont.)

Depreciation expense as of June 30, 2020 was allocated to functions of the Town as follows:

Governmental Activities:

General government	\$ 63,180
Streets and highways	20,754
Drainage	54,569
Public safety	33,397
Culture and recreation	10,033
	\$ 181,933
Total depreciation expense	\$ 181,933

Business-Type Activities:

Sewer	\$ 160,889
	\$ 160,889

Construction in progress in the amounts of \$97,962 and \$1,458,304 in governmental and business-type activities, respectively, relate to drainage improvements.

Note 5 – Interfund Receivables/Payables

Interfund receivables and payables for the individual funds for the year ended June 30, 2020 is as follows:

	Receivable	Payable
General fund	\$ 9,249	\$ 93,609
Special revenue funds		
Building maintenance fund	28,721	1,896
Parish transportation fund	-	81
Proprietary funds		
Sewer fund	64,888	7,272
	\$ 102,858	\$ 102,858
Total interfund receivables/payables	\$ 102,858	\$ 102,858

Town of Lockport
Notes to the Financial Statements
For the Year Ended June 30, 2020

Note 6 – Interfund Transfers

A reconciliation of operating transfers for the individual funds as of June 30, 2020 is as follows:

	Transfers In	Transfers Out
General fund	\$ 460,478	\$ -
Special revenue funds		
Sales tax fund	-	460,478
	-	460,478
Total interfund transfers	\$ 460,478	\$ 460,478

Transfers and payments within the reporting entity are substantially for the purposes of subsidizing operating functions, funding capital projects and asset acquisitions, maintaining debt service on a routine basis, or in accordance with budgetary authorizations.

Note 7 – Property Taxes

Property taxes are levied each November 1 on the assessed value listed as of the prior January 1 for all real property, merchandise and movable property located in the Town. Assessed values are established by the Lafourche Parish Assessor's Office and the State Tax Commission at percentages of actual value as specified by Louisiana law. A reevaluation of all property is required to be completed no less than every four years. The last reevaluation was completed for the list of January 1, 2020. Taxes are due and payable December 31, with interest being charged on payments after January 1. Taxes can be paid through the tax sale date, which is the last Wednesday in June. Properties for which the taxes have not been paid are sold for the amount of the taxes. The assessed value, upon which the 2019 levy was based, was \$9,726,690.

The 1974 Louisiana Constitution (Article 7 Section 18) provided that land and improvements for residential purposes be assessed at 10% of fair market value; other property and electric cooperative properties, excluding land, are to be assessed at 15%; and public service properties, excluding land, are to be assessed at 25% of fair market value. Fair market value is determined by the elected assessor of the parish on all property subject to taxation except public service properties, which are valued by the Louisiana Tax Commission (LRS 47:1957). The correction of assessments by the assessor is subject to the review and certification by the Louisiana Tax Commission.

For the year ended June 30, 2020, the tax rate was \$8.26 per \$1,000 of assessed valuation on property within the Town for general government services. Total taxes levied, as adjusted, were \$80,343 and collected were \$80,160.

Town of Lockport
Notes to the Financial Statements
For the Year Ended June 30, 2020

Note 8 – Long-Term Debt

Taxable Sales Tax Bonds Series 2013

On March 1, 2013, the Town entered into a Loan and Pledge Agreement with the Louisiana Department of Environmental Quality (LA-DEQ) for a loan from the Clean Water State Revolving Fund to finance a portion of the costs of constructing and acquiring improvements, extensions and replacements to its sewerage system. The Town by ordinance adopted on January 13, 2013, authorized the incurring of debt and the issuance of its Taxable Sales Bond, Series 2013 in an amount not to exceed \$4,000,000, for the purpose of paying costs of the project, which Bonds are proposed to be purchased by the Department using available moneys in the State Revolving Fund. LA-DEQ agrees that it will affect the Loan by purchasing the Bonds from the Town and paying the purchase price in installments pursuant to the Loan agreement. These bonds shall be secured and payable from a pledge and dedication of the revenues of a .7 % sales and use tax, after payment of the reasonable and necessary costs and expenses of collecting and administering the said tax.

Upon the payment of each principal draw on the loan, twenty-five percent of the principal amount of each draw on the Loan shall be immediately and irrevocably be deemed forgiven by the Department, up to a maximum amount of principal forgiveness of \$1,000,000 and no interest shall accrue on the principal amount that is forgiven.

At the beginning of the year the Town had outstanding principal of \$2,108,431; during the year, the Town requested total drawdowns of \$8,431, of which \$2,810 was forgiven, and principal in the amount of \$132,000 was paid with the remaining \$1,984,862 outstanding at June 30, 2020.

Bond Requirements and Covenants

Under the terms of the bond indenture outstanding, principal and interest is secured and payable solely from a pledge of the income and revenues to be derived from the operation of the System. All revenues must be deposited in the System and required transfers made to the following funds on a monthly basis after the payment of operating expenses:

a) Sewer Revenue Bond Sinking Fund

Monthly transfers are required to this fund in an amount necessary to make the principal and interest payments as they become due. This fund is restricted for this purpose.

b) Sewer Revenue Bond Debt Service Reserve Fund

The amount in this account represents the highest amount of principal and interest due on each bond issue in future years on the System's outstanding revenue bonds. The fund is restricted to the payment of principal and interest in case of default on the bond issue.

Town of Lockport
Notes to the Financial Statements
For the Year Ended June 30, 2020

Note 8 – Long-Term Debt (Cont.)

Principal (annually) and interest (semi-annually) payments will be paid until 2034. The accounting requirements of the bond resolutions, as stated in a) through b) above, have been complied with for the year ended June 30, 2020.

The annual requirements, including interest and associated fees, to amortize bonded long-term debt outstanding is as follows:

<u>Maturity date</u>	<u>Principal</u>	<u>Interest/Fees</u>	<u>Total</u>
2021	\$ 108,750	\$ 17,972	\$ 126,722
2022	109,500	16,594	126,094
2023	111,000	15,207	126,207
2024	111,750	13,784	125,534
2025	112,500	13,270	125,770
2026-2030	580,500	44,662	625,162
2030-2034	850,862	9,308	860,170
Totals	<u>\$ 1,984,862</u>	<u>\$ 130,797</u>	<u>\$ 2,115,659</u>

Note 9 – Capital Leases

The Town entered into a sixty-month lease-purchase agreement with the Ford Motor Credit Company in 2015 for the purchase of two automobiles for the police department. The lease commenced on that date with the initial term of 60 months. The final payment of \$15,978 was made on October 23, 2019. Total initial cost of the vehicles was \$70,862.

Note 10 – Pension Plans

GASB Statement No. 68 Accounting and Financial Reporting for Pensions requires governments providing defined benefit pensions to recognize their long-term obligation for pension benefits as a liability, and to more comprehensively and comparably measure the annual costs of pension benefits.

The Town's full time employees are provided with benefits through the following multiple-employer cost-sharing plans:

Municipal Employees Retirement System (Plan A) (MERS) provides retirement benefits to employees of all incorporated villages, towns and cities within the state which did not have their own retirement system and which elected to become members of the system.

Town of Lockport
Notes to the Financial Statements
For the Year Ended June 30, 2020

Note 10 – Pension Plans (Cont.)

Municipal Police Employees Retirement System (MPERS) provides retirement benefits to full-time municipal police officers who are not participating in the Federal Social Security System.

General information about the Plans follows:

Municipal Employees' Retirement System

Plan Description - The Town contributes to Plan A of the Municipal Employees' Retirement System of Louisiana (the System), a cost-sharing multiple-employer defined benefit plan, which is controlled and administered by a separate Board of Trustees. The System provides retirement, deferred and disability benefits, survivor's benefits and cost of living adjustments to employees of all incorporated villages, towns and cities within the State which do not have their own retirement system and which elect to become members of the System. The System is governed by Louisiana Revised Statutes 11:1731 through 11:1884, specifically, and other general laws of the State of Louisiana. The System issues a publicly available financial report that can be obtained at www.mersla.com.

Benefits Provided - MERS membership is mandatory as a condition of employment beginning on the date employed if the employee is on a permanent basis working at least thirty-five hours per week. Those individuals paid jointly by a participating employer and the parish are not eligible for membership, with exceptions outlined in the Louisiana Revised Statutes. The Town participates in Plan A and provides retirement benefits to any member of Plan A who was hired before January 1, 2013 meeting one of the following criteria:

- Any age with 25 or more years of creditable service
- Age 60 with a minimum of 10 years creditable service
- Any age with 5 years of creditable service for disability benefits
- Survivor's benefits require 5 years of creditable service at death of member
- Any age with 20 years of creditable service, exclusive of military service with an actuarially reduced early benefit

For members hired after January 1, 2013, benefits are provided to any member of Plan A meeting one of the following criteria:

- Age 67 with 7 or more years of creditable service
- Age 62 with 10 or more years of creditable service or age 55 with 30 or more years of creditable service
- Any age with 25 years of service, exclusive of military service and unused leave, with an actuarially reduced early benefit
- Survivor's benefits require five or more year of creditable service with legal spouse at least last 12 months before death – 40% at age 60 or minimum of 20% immediately

Town of Lockport
Notes to the Financial Statements
For the Year Ended June 30, 2020

Note 10 – Pension Plans (Cont.)

Benefit Formula - Generally, the monthly retirement allowance for any member of Plan A consists of an amount equal to 3% of the member's monthly average final compensation times years of creditable service. Survivor, death and disability benefits are also provided under the plan.

Survivor Benefits - Upon death of any member of Plan A with five or more years of creditable service, not eligible for retirement, the plan provides for benefits for the surviving spouse and minor children as outlined in the statutes.

Deferred Retirement Option Program (DROP) - In lieu of terminating employment and accepting a service retirement allowance, any member who is eligible to retire may elect to participate in the deferred retirement option plan (DROP) for up to three years and defer the receipt of benefits. During such period, employer contributions continue but employee contributions cease. Monthly benefits that the member would have received during the DROP period are paid into the DROP fund. No cost-of-living increases are payable to participants until employment has been terminated for at least one full year.

Disability Benefits - For Plan A, a member shall be eligible to retire and receive a disability benefit if he has at least five years of creditable service, is not eligible for normal retirement, and has been officially certified as disabled by the State Medical Disability Board.

Cost of Living Increases - The System is authorized under state law to grant a cost of living increase to members who have been retired for at least one year. The adjustment cannot exceed 2% of the retiree's original benefit for each full calendar year since retirement and may only be granted if sufficient funds are available from investment income in excess of normal requirements.

State law allows the System to grant an additional cost of living (COLA) increase to all retirees and beneficiaries who are age sixty-five and above equal to 2% of the benefit being received on October 1, 1977, or the original benefit, if retirement commenced after that date.

Contributions - According to state statute, contribution requirements for all employers are actuarially determined each year. For the year ended June 30, 2019 (the plan measurement date), the actual employer contribution rate was 27.75% and the employee contribution rate was 9.50%. Contributions to the pension plan totaled \$41,741.

The plan receives ad valorem and state revenue sharing funds as employer contributions and those amounts are considered support from non-employer contributing entities, but are not considered as special funding situations.

Town of Lockport
Notes to the Financial Statements
For the Year Ended June 30, 2020

Note 10 – Pension Plans (Cont.)

Municipal Police Employees' Retirement System

Plan Description - The Town contributes to the Municipal Police Employees' Retirement System of Louisiana (the System), a cost-sharing multiple-employer defined benefit pension plan, which is controlled and administered by a separate Board of Trustees. The System provides retirement, deferred and disability benefits, survivor's benefits and cost of living adjustment to plan members and beneficiaries. The System is governed by Louisiana Revised Statutes 11:2211 through 11:2233, specifically, and other general laws of the State of Louisiana. The System issues a publicly available financial report that can be obtained at www.lampers.org.

Benefits Provided - MPERS membership is mandatory for any full-time police officer employed by a municipality of the State of Louisiana and engaged in law enforcement, empowered to make arrests, provided that the officer is not required to pay Social Security, and otherwise meets statutory criteria.

For members hired before January 1, 2013, the plan provides retirement benefits to any member who has:

- 25 years of creditable service at any age, or
- 20 years of creditable service who has attained age 50, or
- 12 years of service who has attained age 55, or
- 20 years of creditable service at any age with an actuarially reduced benefit.

Benefit rates are 3 1/3 % of average final compensation (average monthly earnings during the highest 36 consecutive months) times the number of years' service, not to exceed 100% of final salary. The plan also provides survivor, death and disability benefits.

For members hired after January 1, 2013, benefits are based on the Hazardous Duty sub-plan or the Nonhazardous Duty sub-plan. Under the Hazardous Duty sub-plan, a member is eligible for benefits after:

- 25 years of creditable service at any age, or
- 12 years of creditable service at age 55.

Under the Nonhazardous Duty sub-plan, a member is eligible for benefits after:

- 30 years of creditable service at any age, or
- 25 years of creditable service at age 55, or
- 10 years of creditable service at age 60.

Town of Lockport
Notes to the Financial Statements
For the Year Ended June 30, 2020

Note 10 – Pension Plans (Cont.)

Cost of Living Adjustments - The Board or Trustees is authorized to provide annual cost of living adjustments computed on the amount of the current regular retirement, disability, and beneficiary or survivors benefit, not to exceed 3% in any given year. The Board is authorized to provide an additional 2% COLA, computed on the members original benefit, to all regular retirees, disability, survivors and beneficiaries who are 65 years of age or older on the cut-off date which determines eligibility. No regular retiree, survivor or beneficiary shall be eligible to receive a cost-of-living adjustment until benefits have been received for at least one full fiscal year and the payment of such COLA, when authorized, shall not be effective until the lapse of at least one-half of the fiscal year. Members who elect early retirement are not eligible for a cost of living adjustment until they reach regular retirement age.

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

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

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

Town of Lockport
Notes to the Financial Statements
For the Year Ended June 30, 2020

Note 10 – Pension Plans (Cont.)

Contributions - Contributions by employers are actuarially determined by law, but cannot be less than 9% of compensation excluding overtime, but including state supplemental pay. For the year ended June 30, 2019 (plan measurement date), employee and employer contributions were 10% and 32.50%, respectively, for employees hired prior to January 1, 2013 and for hazardous duty employees hired after January 1, 2013. For nonhazardous duty employees hired after January 1, 2013, employer contributions were 32.25% and employee rates were 8%. For members whose earnable compensation is less than poverty guidelines, employer contributions were 34.75% and employee rates were 7.5%.

The plan also receives insurance premium tax monies appropriated by the state legislature as additional employer contributions and is considered support from a non-employer contributing entity, but not considered a special funding situation. Non-employer contributions are recognized as revenue during the year ended June 30, 2019 (the plan measurement date) and excluded from pension expense.

Employer contributions to the pension plan totaled \$78,188.

As of June 30, 2020, the Town reported the proportionate shares of the net pension liability of the Plans, as follows:

Plans	Proportionate share of net pension liability
Municipal Employees Retirement System - Plan A	\$ 310,349
Municipal Police Employees Retirement System	749,874
Total	\$ 1,060,223

The net pension liability for both plans was measured as of June 30, 2019, 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 long-term contributions to the plans relative to the projected contributions of all participating employers, actuarially determined.

The Town's proportions of each plan at the measurement dates were as follows:

Plan	Proportionate share	
Measurement date:	06/30/18	06/30/19
Municipal Employees Retirement System - Plan A	0.067664%	0.074270%
Municipal Police Employees Retirement System	0.085787%	0.082570%

Town of Lockport
Notes to the Financial Statements
For the Year Ended June 30, 2020

Note 10 – Pension Plans (Cont.)

At the June 30, 2019 measurement date the Town recognized pension expense as follows:

Plan	Pension expense
Municipal Employees Retirement System - Plan A	\$ 22,441
Municipal Police Employees Retirement System	129,308
Total	\$ 151,749

In addition, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Governmental Activities		Business-Type Activities		Total MERS-A	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Municipal Employees Retirement System (MERS-A)						
Differences between expected and actual experience	\$ -	\$ 5,822	\$ -	\$ 1,749	\$ -	\$ 7,571
Changes in assumptions	6,595	-	1,247	-	7,842	-
Differences between projected and actual earnings on investments	25,885	-	4,895	-	30,780	-
Changes in proportion	12,468	24,307	2,359	7,304	14,827	31,611
Employer contributions subsequent to measurement date	35,103	-	6,638	-	41,741	-
	\$ 80,051	\$ 30,129	\$ 15,139	\$ 9,053	\$ 95,190	\$ 39,182

	Governmental Activities		Business-Type Activities		Total MPERS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Municipal Police Employees Retirement System (MPERS)						
Differences between expected and actual experience	\$ 1,538	\$ 23,070	\$ -	\$ -	\$ 1,538	\$ 23,070
Changes in assumptions	42,022	-	-	-	42,022	-
Differences between projected and actual earnings on investments	48,718	-	-	-	48,718	-
Changes in proportion	-	39,861	-	-	-	39,861
Employer contributions subsequent to measurement date	78,188	-	-	-	78,188	-
	\$ 170,466	\$ 62,931	\$ -	\$ -	\$ 170,466	\$ 62,931

	Governmental Activities		Business-Type Activities		Total MERS-A + MPERS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Total of Both Systems (MERS-A + MPERS)						
Differences between expected and actual experience	\$ 1,538	\$ 28,892	\$ -	\$ 1,749	\$ 1,538	\$ 30,641
Changes in assumptions	48,617	-	1,247	-	49,864	-
Differences between projected and actual earnings on investments	74,603	-	4,895	-	79,498	-
Changes in proportion	12,468	64,168	2,359	7,304	14,827	71,472
Employer contributions subsequent to measurement date	113,291	-	6,638	-	119,929	-
	\$ 250,517	\$ 93,060	\$ 15,139	\$ 9,053	\$ 265,656	\$ 102,113

Town of Lockport
Notes to the Financial Statements
For the Year Ended June 30, 2020

Note 10 – Pension Plans (Cont.)

The deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date (June 30, 2019) will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. 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 ended June 30,	MERS	MPERS	TOTAL
2020	\$ (6,673)	\$ 25,389	\$ 18,716
2021	14,760	(5,459)	9,301
2022	3,744	5,854	9,598
2023	2,432	3,567	5,999

Actuarial assumptions:

The total pension liabilities in the June 30, 2019 actuarial valuations were determined using the following actuarial assumptions, applied to all periods included in the measurements:

	MERS	MPERS
Inflation	2.500%	2.750%
Discount rate used to measure pension liability	7.000%	7.125%
Salary increases	Vary from 6.40% for 1-4 years of service and 4.50% thereafter	Vary from 9.75% for 1st year of service to 4.25% after 23 years
Investment rate of return	7.000%	7.890%
Actuarial cost method	Entry age normal	Entry age normal
Expected remaining service lives	3 years	4 years
Cost of Living Adjustment	none	none

Mortality rates for MERS were based on the RP-2000 Employee Table for active members, Healthy Annuitant Table for healthy annuitants, and Disabled Lives Mortality Tables for disabled annuitants. Mortality rate assumptions for the MPERS were based on experience studies performed on plan data for the period July 1, 2009 through June 30, 2014.

Town of Lockport
Notes to the Financial Statements
For the Year Ended June 30, 2020

Note 10 – Pension Plans (Cont.)

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 and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return was 7.00% (MERS) and 7.89% (MPERS) for the year ending June 30, 2019.

The best estimates of real rates of return for each major asset class included in the pension plans' target asset allocation, as of June 30, 2019, are summarized in the following tables:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
MERS:		
Public equity	50.0%	2.15%
Public fixed income	35.0%	1.51%
Alternatives	<u>15.0%</u>	<u>0.64%</u>
TOTALS	100.0%	4.30%
Inflation		<u>2.70%</u>
Expected Arithmetic Nominal Return		<u><u>7.00%</u></u>
MPERS:		
Public equity	48.5%	3.28%
Public fixed income	33.5%	0.80%
Alternatives	<u>18.0%</u>	<u>1.06%</u>
TOTALS	100.0%	5.14%
Inflation		<u>2.75%</u>
Expected Arithmetic Nominal Return		<u><u>7.89%</u></u>

Town of Lockport
Notes to the Financial Statements
For the Year Ended June 30, 2020

Note 10 – Pension Plans (Cont.)

Rates of return are presented as arithmetic means for MERS and MPERS. The investment rates of return were determined based on expected cash flows which assume that contributions from plan members will be made at current contribution rates and that contributions from the participating employers will be made at the actuarially determined rates approved by the Louisiana Public Retirement Systems' Actuarial Committee, taking into consideration the recommendation of the System's actuary. Based on these assumptions, the Plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the investment rate of return on plan investments was applied as the discount rate to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the proportionate share of the net pension liabilities to changes in the discount rate:

The following presents the proportionate shares of the net pension liabilities of the plans, calculated using the discount rates as shown above, as well as what the proportionate shares of the net pension liabilities would be if they were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

Plan	6.000%	7.000%	8.000%
MERS-A	\$ 404,640	\$ 310,349	\$ 230,629
Plan	6.125%	7.125%	8.125%
MPERS	1,044,821	749,874	502,442
TOTAL	\$ 1,449,461	\$ 1,060,223	\$ 733,071

Pension plan fiduciary net position:

Detailed information about the Plans' fiduciary net position is available in the separately issued financial statements of the Plans.

Support of Non-employer Contributing Entities:

Contributions received by a pension plan from non-employer contributing entities that are not in a special funding situation are recorded as revenue by the respective pension plan. The Town recognizes revenue in an amount equal to their proportionate share of the total contributions to the pension plan from these non-employer contributing entities. During the year ended June 30, 2020, the Town recognized revenue as a result of support received from non-employer contributing entities of \$4,766 for its participation in MERS and \$17,000 for its participation in MPERS. These amounts were allocated to the government-wide and business type activities in proportion to their current contributions.

Town of Lockport
Notes to the Financial Statements
For the Year Ended June 30, 2020

Note 10 – Pension Plans (Cont.)

Payables to the pension plans:

At June 30, 2020, no amounts were due to the pension plans for employer and employee required contributions.

Note 11 – Risk Management

The Town is exposed to various risks of loss related to general liability, auto, workers' compensation, torts, theft of, damage to and destruction of assets, errors and omissions, group health benefits, and natural disasters for which the Town carries commercial insurance. No settlements were made during the year that exceeded the insurance coverage.

Note 12 – Commitments and Contingencies

The Town received funding under grants from various state governmental agencies. The agency grants specify the purpose for which the grant monies are to be used; the grants are subject to audit by the granting agency or its representative.

Note 13 – Other Required Disclosures

As of February 2001, Lafourche Parish Water District #1 began billing and collecting sewer fees for the Town of Lockport. The Water District remits the fees to the Town, less an eight percent collection fee. The aggregate dollar amount collected for sewer services during the year was \$269,794 for services to an average of 1,070 customers per month (unaudited) for 12 months resulting in an average monthly billing of \$21 per user. The number of users at the end of the fiscal year was 1,082 (unaudited).

Note 14 – Subsequent Events

The Town of Lockport has evaluated subsequent events through October 15, 2020, the date which the financial statements were available to be issued, and it was determined that no events occurred that require disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

Note 15 – Prior Period Adjustment

At December 31, 2019 accounts payable relating to capital outlays was overstated by \$98,286. A prior period adjustment has been made as of January 1, 2019 resulting in a \$98,286 decrease in accounts payable and construction in progress (government-wide financial statements), and a \$98,286 increase in fund balance (fund financial statements).

REQUIRED SUPPLEMENTARY INFORMATION

Town of Lockport
Budgetary Comparison Schedule – General Fund
Year Ended June 30, 2020

REVENUES	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance (Un)Favorable</u>
	<u>Original</u>	<u>Final</u>		
Taxes:				
Ad valorem	\$ 80,000	\$ 80,000	\$ 80,160	\$ 160
Sales and use	105,130	99,792	107,410	7,618
Franchise:				
Entergy	36,000	36,000	36,688	688
South coast gas	4,600	4,600	4,214	(386)
Vision communications	12,500	12,500	20,500	8,000
AT&T - local phone service	3,500	4,645	3,482	(1,163)
AT&T - video	2,700	3,520	3,500	(20)
Licenses and permits:				
Occupational licenses	34,500	31,851	31,751	(100)
Permits	4,000	22,040	25,824	3,784
Insurance premium tax	98,000	98,000	94,486	(3,514)
Intergovernmental:				
State of Louisiana				
Beer taxes	2,500	2,500	1,982	(518)
Video poker	10,000	13,846	13,753	(93)
State maintenance contract	1,450	1,450	1,450	-
Grant - LGAP	19,450	19,450	18,541	(909)
Grant - capital outlay	-	49,982	49,982	-
Local:				
Off track betting	900	900	647	(253)
Fines and forfeitures	70,000	43,238	51,895	8,657
Other:				
Interest earned	1,500	1,500	1,512	12
Other - town	32,575	24,030	17,525	(6,505)
Total revenues	<u>519,305</u>	<u>549,844</u>	<u>565,302</u>	<u>15,458</u>
EXPENDITURES				
Executive/Administration				
Current:				
Salaries	76,000	76,000	75,606	394
Payroll benefits	9,800	9,545	9,706	(161)
Retirement	19,100	15,000	15,673	(673)
Dues and subscriptions	6,000	8,000	8,292	(292)
Utilities, phone and postage	8,600	8,600	8,885	(285)
Rent	1,800	1,800	1,800	-
Professional fees	44,000	44,000	42,542	1,458
Bank charges	200	800	1,029	(229)
Insurance	8,600	10,201	9,960	241
Office and maintenance supplies	7,500	7,500	6,849	651
Travel and conferences	7,200	6,615	6,615	-
Sales tax collection fee	3,300	3,300	-	3,300
Other expenses	3,200	16,921	22,446	(5,525)
Total executive/administration	<u>195,300</u>	<u>208,282</u>	<u>209,403</u>	<u>(1,121)</u>

See independent auditor's report.

Town of Lockport
Budgetary Comparison Schedule – General Fund
Year Ended June 30, 2020

	Budget Amounts		Actual Amounts	Variance (Un)Favorable
	Original	Final		
Public Safety				
Current:				
Salaries	256,250	257,291	262,791	(5,500)
Fees paid to witnesses & other agencies	4,000	4,945	5,322	(377)
Payroll benefits	43,430	38,532	37,193	1,339
Retirement	91,772	83,384	83,963	(579)
Dues and subscriptions	1,000	1,465	1,539	(74)
Utilities, phone and postage	10,900	10,900	11,312	(412)
Office rent	-	1,500	1,500	-
Vehicle costs	21,500	20,925	24,387	(3,462)
Insurance	40,500	37,837	36,094	1,743
Office and maintenance supplies	32,500	27,762	25,140	2,622
Conferences	1,200	-	-	-
Collection fee	1,000	1,000	818	182
Uniforms-ammo	3,000	3,000	2,484	516
Other expenses	-	-	1,703	(1,703)
Total current expenditures	<u>507,052</u>	<u>488,541</u>	<u>494,246</u>	<u>(5,705)</u>
Debt service				
Principal retirement	15,081	15,081	15,081	-
Interest and fiscal charges	898	897	897	-
Total debt service	<u>15,979</u>	<u>15,978</u>	<u>15,978</u>	<u>-</u>
Capital outlay	<u>-</u>	<u>98,000</u>	<u>15,669</u>	<u>82,331</u>
Total public safety	<u>523,031</u>	<u>602,519</u>	<u>525,893</u>	<u>76,626</u>
Streets and highways				
Current:				
Salaries	22,997	22,000	23,292	(1,292)
Payroll benefits	7,600	10,291	9,493	798
Retirement	3,500	4,830	5,076	(246)
Utilities, phone and postage	800	450	502	(52)
Insurance	5,800	5,750	5,537	213
Street lights	30,000	30,000	35,629	(5,629)
Other	1,550	640	38	602
Total current expenditures	<u>72,247</u>	<u>73,961</u>	<u>79,567</u>	<u>(5,606)</u>
Capital outlay	<u>-</u>	<u>84,494</u>	<u>46,073</u>	<u>38,421</u>
Total streets and highways	<u>72,247</u>	<u>158,455</u>	<u>125,640</u>	<u>32,815</u>

See independent auditor's report.

Town of Lockport
Budgetary Comparison Schedule – General Fund
Year Ended June 30, 2020

	Budget Amounts		Actual Amounts	Variance (Un)Favorable
	Original	Final		
Drainage				
Current:				
Salaries	20,081	14,971	14,277	694
Payroll benefits	4,400	2,250	2,293	(43)
Retirement	2,570	2,000	1,898	102
Utilities, phone and postage	600	500	502	(2)
Vehicle costs	1,800	2,275	2,392	(117)
Insurance	6,000	4,095	3,993	102
Maintenance and supplies	9,500	15,882	14,583	1,299
Other expenses	350	350	369	(19)
Total current expenditures	45,301	42,323	40,307	2,016
Capital outlay	19,450	36,677	-	36,677
Total drainage	64,751	79,000	40,307	38,693
Culture and recreation				
Current:				
Salaries	6,372	6,370	5,372	998
Payroll benefits	500	200	178	22
Retirement	1,010	1,010	949	61
Utilities, phone and postage	2,800	2,800	2,727	73
Insurance	400	235	213	22
Maintenance and supplies	10,000	10,000	7,501	2,499
Other expenses	2,000	2,047	2,048	(1)
Total culture and recreation	23,082	22,662	18,988	3,674
Total expenditures:				
Current	842,982	835,769	842,511	(6,742)
Debt service	15,979	15,978	15,978	-
Capital outlay	19,450	219,171	61,742	157,429
	878,411	1,070,918	920,231	150,687
Revenues over (under) expenditures	(359,106)	(521,074)	(354,929)	166,145
OTHER FINANCING SOURCES				
Transfers in - sales tax fund	346,500	346,500	346,500	-
Appropriations capital expenditures	15,978	113,978	113,978	-
Total other financing sources (uses)	362,478	460,478	460,478	-
Net changes in fund balances	3,372	(60,596)	105,549	166,145
FUND BALANCE				
Beginning of year	81,641	179,927	179,927	-
End of year	\$ 85,013	\$ 119,331	\$ 285,476	\$ 166,145

See independent auditor's report.

Town of Lockport
 Budgetary Comparison Schedule – Sales Tax Fund
 Year Ended June 30, 2020

	Budget Amounts		Actual Amounts	Variance (Un)Favorable
	Original	Final		
REVENUES				
Taxes - sales and use	\$ 350,466	\$ 332,640	\$ 358,033	\$ 25,393
Interest earned	17,000	12,475	11,108	(1,367)
Total revenues	<u>367,466</u>	<u>345,115</u>	<u>369,141</u>	<u>24,026</u>
EXPENDITURES				
General government				
Current:				
Rent expense	1,800	1,800	1,800	-
Collection fee	3,000	3,140	2,729	411
Total expenditures	<u>4,800</u>	<u>4,940</u>	<u>4,529</u>	<u>411</u>
Revenues over expenditures	362,666	340,175	364,612	24,437
OTHER FINANCING USES				
Operating transfers out:				
General fund	(362,478)	(460,478)	(460,478)	-
Net change in fund balance	188	(120,303)	(95,866)	24,437
FUND BALANCES				
Beginning of year	1,096,117	1,112,661	1,112,661	-
End of year	<u>\$1,096,305</u>	<u>\$ 992,358</u>	<u>\$1,016,795</u>	<u>\$ 24,437</u>

See independent auditor's report.

Town of Lockport
 Budgetary Comparison Schedule – Building Maintenance Fund (Non-major)
 Year Ended June 30, 2020

	Budget Amounts		Actual Amounts	Variance (Un)Favorable
	Original	Final		
REVENUES				
Rental income	\$ 49,344	\$ 49,844	\$ 51,104	\$ 1,260
Other income	-	60,000	60,000	-
Interest income	500	420	375	(45)
Total revenues	<u>49,844</u>	<u>110,264</u>	<u>111,479</u>	<u>1,215</u>
EXPENDITURES				
General government				
Current:				
Salaries	8,000	8,500	8,684	(184)
Payroll benefits	740	875	686	189
Utilities	12,500	12,500	14,471	(1,971)
Repairs and maintenance	8,800	8,250	8,416	(166)
Insurance	26,500	24,800	22,810	1,990
Maintenance and supplies	2,000	2,500	2,068	432
Total expenditures	<u>58,540</u>	<u>57,425</u>	<u>57,135</u>	<u>290</u>
Net change in fund balance	(8,696)	52,839	54,344	1,505
FUND BALANCE				
Beginning of year	<u>73,219</u>	<u>71,590</u>	<u>71,590</u>	<u>-</u>
End of year	<u>\$ 64,523</u>	<u>\$ 124,429</u>	<u>\$ 125,934</u>	<u>\$ 1,505</u>

See independent auditor's report.

Town of Lockport
 Budgetary Comparison Schedule – Parish Transportation Fund (Non-major)
 Year Ended June 30, 2020

	Budget Amounts		Actual Amounts	Variance (Un)Favorable
	Original	Final		
REVENUES				
Intergovernmental - state	\$ 24,000	\$ 26,750	\$ 27,258	\$ 508
EXPENDITURES				
General Government				
Current:				
Auto and truck	4,500	4,125	3,426	699
Equipment maintenance	4,500	3,585	3,018	567
Maintenance and supplies	5,000	4,395	2,879	1,516
Other	-	-	207	(207)
Shells and blacktop	10,000	10,000	8,936	1,064
Total expenditures	24,000	22,105	18,466	3,639
Capital outlay	15,000	15,000	15,000	-
Total expenditures	39,000	37,105	33,466	3,639
Net change in fund balance	(15,000)	(10,355)	(6,208)	4,147
FUND BALANCE				
Beginning of year	16,095	17,024	17,024	-
End of year	\$ 1,095	\$ 6,669	\$ 10,816	\$ 4,147

See independent auditor's report.

Town of Lockport, Louisiana
Municipal Employees Retirement System
Last Ten Fiscal Years

For Fiscal Year Ended Measurement Date	June 30, 2015 <u>June 30, 2014</u>	June 30, 2016 <u>June 30, 2015</u>	June 30, 2017 <u>June 30, 2016</u>	June 30, 2018 <u>June 30, 2017</u>	June 30, 2019 <u>June 30, 2018</u>	June 30, 2020 <u>June 30, 2019</u>
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY						
Proportion of the net pension liability	0.080970%	0.096474%	0.106620%	0.095579%	0.067664%	0.074270%
Proportionate share of the net pension liability	\$ 207,805	\$ 344,620	\$ 437,005	\$ 399,847	\$ 280,175	\$ 310,349
Covered employee payroll	139,492	161,637	173,576	124,169	135,332	150,418
Proportionate share of the net pension liability as a percentage of covered employee payroll	148.97%	213.21%	251.77%	322.02%	207.03%	206.32%
Plan fiduciary net position as a percentage of the total pension liability	73.99%	66.18%	62.11%	62.49%	63.94%	64.68%
SCHEDULE OF CONTRIBUTIONS						
Contractually required contribution	25,507	37,616	39,489	27,142	35,747	41,741
Contributions made	<u>25,507</u>	<u>37,616</u>	<u>39,489</u>	<u>27,142</u>	<u>35,747</u>	<u>41,741</u>
Contribution deficiency (excess)	<u>\$ -</u>					
Covered employee payroll	\$ 139,492	\$ 161,650	\$ 173,576	\$ 124,169	\$ 135,332	\$ 150,418
Contribution as a percentage of covered employee payroll	18.29%	23.27%	22.75%	21.86%	26.41%	27.75%
*Note: Third year of GASB 68 implementation, Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.						
Note to Required Supplementary Information						
<i>Changes of Benefit Terms</i>	no changes					
<i>Changes of Assumptions</i>						
Actuarial cost method	Entry age normal					
Expected remaining service lives	3 years					
Investment rate of return	7.500%	7.500%	7.500%	7.400%	7.275%	7.000%
Inflation rate	3.000%	2.875%	2.875%	2.775%	2.600%	2.700%
Salary increases, including inflation and merit increases	5.750%	5.000%	5.000%	5.000%	5.000%	6.400%
1-4 years of service						6.400%
4+ years of service						4.500%
Discount rate	7.750%	7.500%	7.500%	7.400%	7.275%	7.000%

See independent auditor's report.

Town of Lockport, Louisiana
Municipal Police Employees Retirement System
Last Ten Fiscal Years

For Fiscal Year Ended Measurement Date	June 30, 2015 <u>June 30, 2014</u>	June 30, 2016 <u>June 30, 2015</u>	June 30, 2017 <u>June 30, 2016</u>	June 30, 2018 <u>June 30, 2017</u>	June 30, 2019 <u>June 30, 2018</u>	June 30, 2020 <u>June 30, 2019</u>
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY						
Proportion of the net pension liability	0.077471%	0.081963%	0.093038%	0.089355%	0.089355%	0.082570%
Proportionate share of the net pension liability \$	484,665	\$ 642,094	\$ 872,028	\$ 780,107	\$ 725,249	\$ 749,874
Covered employee payroll	234,807	219,244	260,620	253,168	257,859	240,580
Proportionate share of the net pension liability as a percentage of covered employee payroll	206.41%	292.87%	334.60%	308.14%	281.26%	311.69%
Plan fiduciary net position as a percentage of the total pension liability	75.10%	70.73%	66.04%	70.08%	71.89%	71.01%
SCHEDULE OF CONTRIBUTIONS						
Contractually required contribution	69,061	76,883	84,975	74,849	83,159	78,188
Contributions made	69,061	76,883	84,975	77,849	83,159	78,188
Contribution (deficiency) excess	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,000</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ 234,807	\$ 219,244	\$ 260,620	\$ 253,168	\$ 257,859	\$ 240,580
Contribution as a percentage of covered employee payroll	29.41%	35.07%	32.60%	30.75%	32.25%	32.50%
*Note: Third year of GASB 68 implementation, Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.						
Note to Required Supplementary Information						
<i>Changes of Benefit Terms</i>	no changes					
<i>Changes of Assumptions</i>						
Actuarial cost method	Entry age normal					
Expected remaining service lives	4 years					
Investment rate of return	7.500%	7.500%	7.500%	7.325%	7.200%	7.890%
Inflation rate	3.000%	2.875%	2.875%	2.700%	2.600%	2.750%
Salary increases, including inflation and merit increases						
1-2 years of service	10.000%	9.750%	9.750%	9.750%	9.750%	9.750%
3-23 years of service	4.750%	4.750%	4.750%	4.750%	4.750%	4.750%
over 23 years of service	4.000%	4.250%	4.250%	4.250%	4.250%	4.250%
Discount rate	7.500%	7.500%	7.500%	7.325%	7.200%	7.125%

See independent auditor's report.

SUPPLEMENTAL INFORMATION

Town of Lockport
Schedule of Insurance In Force
As of and for the Year Ended June 30, 2020
(Unaudited)

Name of Insurer	Policy From	Policy To	Details of Coverage	Amount
Louisiana Citizens Property Insurance Co.	9/23/2019	9/23/2020	Property Coverage Town Hall Town Hall Contents Sewer Plant Contents The Locks Boatbuilding Museum Generators (5) Old Police Department Building Storage Building	\$ 1,000,000 150,000 25,000 145,000 300,000 235,260 60,000 120,000
CNA Surety Bond	1/1/2020	1/1/2021	Fidelity Bond- Mayor	5,000
CNA Surety Bond	11/3/2019	11/3/2020	Fidelity Bond- Town Clerk Fidelity Bond- Assistant Town Clerk	10,000 10,000
CNA Surety Bond	8/20/2019	8/20/2020	Clerk	10,000
CNA Surety Bond	1/18/2018	1/18/2021	Fidelity Bond- Mayor Pro Temp	5,000
CNA Surety Bond	3/6/2020	3/6/2021	Fidelity Bond- Secretary	10,000
Louisiana Municipal Risk Management Agency	1/1/2020	1/1/2021	Workman's Compensation	LA Statutes
Louisiana Municipal Risk Management Agency	9/21/2019	9/21/2020	Commercial General Liability Premises per occurrence Medical per person Medical per accident Fire Legal per occurrence	500,000 500,000 1,000 10,000 50,000
Louisiana Municipal Risk Management Agency	9/21/2019	9/21/2020	Automobile Liability Deductible	500,000 none
Louisiana Municipal Risk Management Agency	9/21/2019	9/21/2020	Law Enforcement Officer Deductible per occurrence	500,000 1,000
Louisiana Municipal Risk Management Agency	9/21/2019	9/21/2020	Errors and Omissions Deductible per occurrence	500,000 1,000
Lloyd's/Lane & Assoc	9/21/2019	9/21/2020	Commercial Auto Physical Damage Comp/Collision (Schedule vehicles) Deductible (per unit) Comprehensive Collision as scheduled Specified Parties	ACV or Cost 500 500 250

See independent auditor's report.

Town of Lockport
 Schedule of Compensation, Benefits and Other Payments to Town Heads
 Year Ended June 30, 2020

Purpose	Agency Head Name:	Ed Reinhardt - Mayor
Salary		\$ 12,000
Benefits - insurance		-
Benefits - FICA		1,975
Deferred compensation (agency contributions)		-
Benefits - other		-
Car allowance		-
Cell phone		-
Per diem		-
Travel		282
Registration fees		-
Conference travel		871
Continuing professional education fees		-
Unvouchered expenses		-
Social meals		-
Other		-
TOTAL		\$ 15,128

Purpose	Agency Head Name:	David Harrelson - Police Chief
Salary		\$ 45,360
Supplemental pay (state)		6,000
Benefits - insurance		5,501
Benefits - retirement		16,692
Deferred compensation (agency contributions)		-
Benefits - other (FICA & medicare)		2,282
Car allowance		-
Cell phone		-
Per diem		-
Travel		-
Registration fees		-
Conference travel		-
Continuing professional education fees		-
Unvouchered expenses		-
Social meals		-
Other		-
TOTAL		\$ 75,835

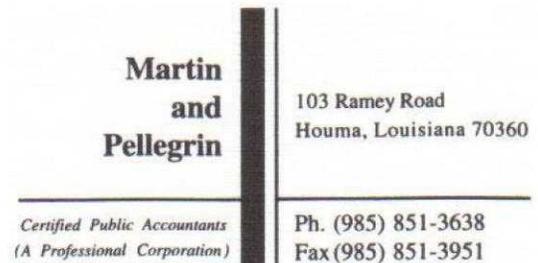
See independent auditor's report.

Town of Lockport
Compensation Paid to Members of the Town Council
Year Ended June 30, 2020

<u>Board Member</u>	
Stephen Baudoin	\$ 2,600
Wayne Bourgeois, Jr.	2,600
Bobbie Galjour	2,400
Sharon Guidry	2,100
Rodney Hartman	<u>2,600</u>
	<u>\$ 12,300</u>

Compensation for Town Council Members is paid at the rate of \$100 per month. Per Diem is paid at the rate of \$100 for attendance at regular monthly meetings and \$50 for attendance at special meetings.

REPORTS REQUIRED BY GOVERNMENT AUDITING STANDARDS



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

Honorable Edward Reinhardt, Mayor
And the Members of the Town Council
Lockport, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Lockport, Louisiana (The Town), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise The Town’s basic financial statements, and have issued our report thereon dated October 15, 2020.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Lockport's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests did not disclose any instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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



October 15, 2020
Houma, Louisiana

Town of Lockport
Schedule of Findings and Responses
For the Year Ended June 30, 2020

Section I – Summary of Auditor’s Results

1. The auditor’s report expresses an unmodified opinion on the financial statements of the Town of Lockport.
2. No deficiencies in internal control over financial reporting were noted during the audit of the financial statements.
3. No instances of noncompliance or other matters required to be reported in accordance with *Government Auditing Standards* were noted during the audit.
4. A management letter was not issued.
5. The Town did not receive or expend federal funds in excess of \$750,000 during the year.

Section II – Financial Statement Findings

This section is not applicable.

Section III – Findings of Questioned Costs – Major Federal Award Program

This section is not applicable.

Town of Lockport
Management's Corrective Action Plan for Current Year Findings
For the Year Ended June 30, 2020

The contact person for the corrective action noted below is Ms. Mandy Himel, Town Clerk.

Section I – Internal Control and Compliance Material to the Financial Statements

This section is not applicable.

Section II – Internal Control and Compliance Material to Federal Awards

This section is not applicable.

Section III – Management Letter

This section is not applicable.

Town of Lockport
Schedule of Prior Findings and Resolution Matters
For the Year Ended June 30, 2020

Note: All prior findings relate to the June 30, 2019 audit engagement.

Section I – Internal Control and Compliance Material to the Financial Statements

2019-001 – Adoption of Annual Budget

Condition: The Town did not adopt its budget for the July 1, 2019 – June 30, 2020 fiscal year in the required time frame as prescribed by R.S. 39:1306.

Criteria: Political subdivisions are required by the Local Government Budget Act to adopt its budgets before the end of the prior fiscal year.

Cause: The condition results from the failure of the Mayor and Town Council to agree on budgeted amounts.

Effect: The Town was not in compliance with the Louisiana Local Government Budget Act.

Status: Resolved.

Section II – Internal Control and Compliance Material to Federal Awards

This section is not applicable.

Section III – Management Letter

This section is not applicable.