

**TOWN OF LOCKPORT**  
*LOCKPORT, LOUISIANA*  
**ANNUAL FINANCIAL REPORT**  
*For the Year Ended*  
*June 30, 2017*

**TOWN OF LOCKPORT**  
**LOCKPORT, LOUISIANA**  
**ANNUAL FINANCIAL REPORT**  
For the Year Ended June 30, 2017

**TABLE OF CONTENTS**

|                                                                                                                                                   | <u>Page</u> |
|---------------------------------------------------------------------------------------------------------------------------------------------------|-------------|
| <b>MANAGEMENT'S DISCUSSION AND ANALYSIS</b>                                                                                                       | 1           |
| <b>INDEPENDENT AUDITOR'S REPORT</b>                                                                                                               | 10          |
| <b>BASIC FINANCIAL STATEMENTS</b>                                                                                                                 |             |
| <i>Government Wide Financial Statements:</i>                                                                                                      |             |
| Statement of Net Position                                                                                                                         | 14          |
| Statement of Activities                                                                                                                           | 15          |
| <i>Fund Financial Statements:</i>                                                                                                                 |             |
| Balance Sheet – Governmental Funds                                                                                                                | 16          |
| Reconciliation of the Fund Balances – Governmental<br>Funds to the Statement of Net Position                                                      | 16          |
| Statement of Revenues, Expenditures and Changes in<br>Fund Balances – Governmental Funds                                                          | 17          |
| Reconciliation of the Statement of Revenues, Expenditures,<br>and Changes in Fund Balances – Governmental<br>Funds to the Statement of Activities | 18          |
| Budget Comparison Schedules                                                                                                                       |             |
| <i>General Fund</i>                                                                                                                               | 19          |
| <i>Special Revenue Funds:</i>                                                                                                                     |             |
| Sales Tax Fund                                                                                                                                    | 22          |
| Building Maintenance Fund                                                                                                                         | 23          |
| <i>Proprietary Fund:</i>                                                                                                                          |             |
| Statement of Net Position                                                                                                                         | 24          |
| Statement of Changes in Net Position                                                                                                              | 25          |
| Statement of Cash Flows                                                                                                                           | 26          |
| <i>Notes to the Financial Statements</i>                                                                                                          | 27          |

**TOWN OF LOCKPORT**  
**LOCKPORT, LOUISIANA**  
**ANNUAL FINANCIAL REPORT**  
For the Year Ended June 30, 2016

**TABLE OF CONTENTS (CONTINUED)**

**REQUIRED SUPPLEMENTAL INFORMATION:**

Compensation Paid to Board Members of the Town Council 60

Schedule of Proportionate Share of the Net Pension Liability  
And Related Ratios – Municipal Employees Retirement System - MERS 61  
Schedule of Required Contributions – MERS 61  
Notes to Required Supplementary Information- MERS 61

Schedule of Proportionate Share of the Net Pension Liability  
And Related Ratios – Municipal Police Employees Retirement  
System – MPERS 62  
Schedule of Required Contributions – MPERS 62  
Notes to Required Supplementary Information- MPERS 62

**OTHER SUPPLEMENTARY INFORMATION**

Schedule of Insurance in Force – Unaudited 63  
Schedule of Compensation, Benefits and Other Payments to Agency Heads 64

**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* 65  
Schedule of Findings and Questioned Costs 67  
Management's Corrective Action Plan 68  
Schedule of Prior Year Findings 70

**TOWN OF LOCKPORT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

Our discussion and analysis of the Town of Lockport's (The Town) financial performance provides an overview of financial activities for the fiscal year ended June 30, 2017. Please read it in conjunction with the basic financial statements and the accompanying notes to the financial statements, which follow this section.

**FINANCIAL HIGHLIGHTS**

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

- Net position decreased 1% as a result of this year's operations. On the government-wide basis including all governmental activities and business-type activities, the assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources resulting in total net position at the close of the fiscal year of \$6.98 million.
- The governmental funds reported, on a current financial resource basis, combined ending fund balances of \$1,388,546, a decrease of \$69,454 or 4.8% from the prior fiscal year.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$82,218, or 8% of total general fund expenditures.
- Net position of our business-type activities increased by \$214,311 as a result of this year's operations. Operating revenues increased by 84.8% (\$126,653) due to an increase in sewer fees charged to \$275,966. Operating expenses increased by 6.7% to \$340,068.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This annual report consists of a series of financial statements. The *Government-Wide Financial Statements* (GWFS) – The Statement of Net Position and the Statement of Activities provide information about the financial activities as a whole and present a longer-term view of finances. *Fund Financial Statements* (FFS) – The Balance Sheet and the Statement of Revenues, Expenditures and Changes in Fund Balances tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report operations in more detail than the government-wide statements by providing information about the most significant funds.

Our auditor has provided assurance in the *INDEPENDENT AUDITOR'S REPORT*, located immediately following this MD&A, that the Basic Financial Statements are fairly stated. The auditor, regarding the Required Supplemental Information 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 other parts in the Financial Section.

**TOWN OF LOCKPORT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

***Government-Wide Financial Statements***

The Statement of Net Position and the Statement of Activities report information about The Town as a whole. These statements include all assets and deferred outflows of resources and liabilities and deferred inflows of resources using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report net position and changes in it. You can think of net position—the difference between assets and deferred outflows with liabilities and deferred inflows—as one way to measure financial health, or financial position. Over time, increases or decreases in net position are one indicator of whether its financial health is improving or deteriorating.

***Fund Financial Statements***

The Fund Financial Statements provide detailed information about the most significant funds—not The Town as a whole. Some funds are required to be established by State laws or bond covenants.

***Governmental Funds*** are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. The Governmental Major Fund presentation is presented on a modified accrual basis of accounting. This is the manner in which the financial plan is typically developed excluding certain timing differences between the budget basis and the generally accepted accounting principle (GAAP) basis. Unlike the government-wide financial statements, governmental fund financial statements focus on near-term outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's current financing requirements.

***Proprietary Funds*** encompass enterprise funds on the fund financial statements. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements.

While the total columns on the proprietary fund financial statements for enterprise funds are the same as the business-type activities columns on the government-wide financial statements, the governmental major funds total column requires a reconciliation because of the different measurement focus.

**TOWN OF LOCKPORT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

The flow of current financial resources will reflect bond proceeds and interfund transfers as other financing sources and will show capital expenditures and bond principal payments as expenditures. The reconciliation will eliminate these transactions and incorporate the capital assets and long-term obligations into the Governmental Activities column in the government-wide statements.

**FINANCIAL ANALYSIS AS A WHOLE (GWFS)**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position and an important determinant of its ability to finance services in the future. A Condensed Statement of Net Position follows:

|                                       | Governmental Activities |                    | Business-Type Activities |                    | Total              |                    |
|---------------------------------------|-------------------------|--------------------|--------------------------|--------------------|--------------------|--------------------|
|                                       | 2017                    | 2016               | 2017                     | 2016               | 2017               | 2016               |
| Current and Other Assets              | \$ 873,266              | \$ 882,675         | \$ 259,845               | \$ 311,566         | \$1,133,111        | \$1,194,241        |
| Restricted Assets                     | -                       | -                  | 727,279                  | 587,601            | 727,279            | 587,601            |
| Capital Assets                        | 2,595,484               | 2,745,347          | 4,917,170                | 4,693,971          | 7,512,654          | 7,439,318          |
| <b>Total Assets</b>                   | <b>3,468,750</b>        | <b>3,628,022</b>   | <b>5,904,294</b>         | <b>5,593,138</b>   | <b>9,373,044</b>   | <b>9,221,160</b>   |
| <b>Deferred outflows of resources</b> | <b>496,446</b>          | <b>279,617</b>     | <b>34,886</b>            | <b>21,046</b>      | <b>531,332</b>     | <b>300,663</b>     |
| Current Liabilities                   | (515,430)               | (575,475)          | 673,214                  | 661,495            | 157,784            | 86,020             |
| Non-current Liabilities               | 1,243,754               | 952,299            | 1,464,945                | 1,362,698          | 2,708,699          | 2,314,997          |
| <b>Total Liabilities</b>              | <b>728,324</b>          | <b>376,824</b>     | <b>2,138,159</b>         | <b>2,024,193</b>   | <b>2,866,483</b>   | <b>2,401,017</b>   |
| <b>Deferred inflows of resources</b>  | <b>41,942</b>           | <b>85,537</b>      | <b>11,089</b>            | <b>14,370</b>      | <b>53,031</b>      | <b>99,907</b>      |
| Net Invested in Capital Assets        | 2,551,578               | 2,689,918          | 3,561,410                | 3,421,117          | 6,112,988          | 6,111,035          |
| Restricted                            | 38,869                  | 6,015              | 727,279                  | 587,601            | 766,148            | 593,616            |
| Unrestricted                          | 604,483                 | 749,345            | (498,757)                | (433,097)          | 105,726            | 316,248            |
| <b>Total Net Position</b>             | <b>\$3,194,930</b>      | <b>\$3,445,278</b> | <b>\$3,789,932</b>       | <b>\$3,575,621</b> | <b>\$6,984,862</b> | <b>\$7,020,899</b> |

On a government-wide basis, the assets and deferred outflows of the Town exceeded its liabilities and deferred inflows, resulting in total net position at the close of the fiscal year of \$6.98 million. The overall financial position decreased during the year. Total net position of the governmental activities decreased by \$250,348 resulting in a decrease of approximately 7%. Total net position of the business-type activities increased by \$214,311 resulting in an increase of net position of approximately 6%.

Of the Town's total governmental net position at the end of the fiscal year, \$604,483 or 19% is unrestricted and may be used to meet ongoing obligations to citizens and creditors. The balance in net position represents the accumulated results of all past years' operations.

**TOWN OF LOCKPORT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

By far the largest portion of the Town's net position (74%) reflects its investment in capital assets (e.g., land, buildings, machinery, equipment and infrastructure), net of accumulated depreciation less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

A condensed Statement of Activities follows:

|                                  | Governmental Activities |                    | Business-Type Activities |                    | Total               |                    |
|----------------------------------|-------------------------|--------------------|--------------------------|--------------------|---------------------|--------------------|
|                                  | 2017                    | 2016               | 2017                     | 2016               | 2017                | 2016               |
| <b>Program expenses:</b>         |                         |                    |                          |                    |                     |                    |
| General government               | \$ 381,764              | \$ 391,801         | \$ -                     | \$ -               | \$ 381,764          | \$ 391,801         |
| Streets and Highways             | 134,889                 | 124,754            | -                        | -                  | 134,889             | 124,754            |
| Drainage                         | 90,805                  | 99,691             | -                        | -                  | 90,805              | 99,691             |
| Public Safety                    | 591,232                 | 541,911            | -                        | -                  | 591,232             | 541,911            |
| Culture and recreation           | 39,715                  | 42,883             | -                        | -                  | 39,715              | 42,883             |
| Sewer                            | -                       | -                  | 352,793                  | 331,387            | 352,793             | 331,387            |
| <b>Total Expenses</b>            | <b>1,238,405</b>        | <b>1,201,040</b>   | <b>352,793</b>           | <b>331,387</b>     | <b>1,591,198</b>    | <b>1,532,427</b>   |
| <b>Program Revenues:</b>         |                         |                    |                          |                    |                     |                    |
| Charges for Services             | 342,992                 | 404,959            | 275,966                  | 149,313            | 618,958             | 554,272            |
| Operating grants & contributions | 48,571                  | 38,379             | -                        | -                  | 48,571              | 38,379             |
| Capital grants & contributions   | 16,513                  | -                  | 51,636                   | 167,398            | 68,149              | 167,398            |
| <b>Total Program Revenues</b>    | <b>408,076</b>          | <b>443,338</b>     | <b>327,602</b>           | <b>316,711</b>     | <b>735,678</b>      | <b>760,049</b>     |
| <b>Net Program Income (Loss)</b> | <b>(830,329)</b>        | <b>(757,702)</b>   | <b>(25,191)</b>          | <b>(14,676)</b>    | <b>(855,520)</b>    | <b>(772,378)</b>   |
| <b>General Revenues:</b>         |                         |                    |                          |                    |                     |                    |
| Ad valorem taxes                 | 79,823                  | 79,399             | -                        | -                  | 79,823              | 79,399             |
| Sales Taxes                      | 432,890                 | 478,639            | 233,094                  | 257,729            | 665,984             | 736,368            |
| Franchise Taxes                  | 62,703                  | 64,469             | -                        | -                  | 62,703              | 64,469             |
| Other                            | 4,565                   | 95,259             | 6,408                    | 3,089              | 10,973              | 98,348             |
| <b>Total General Revenues</b>    | <b>579,981</b>          | <b>717,766</b>     | <b>239,502</b>           | <b>260,818</b>     | <b>819,483</b>      | <b>978,584</b>     |
| Change in net position           | (250,348)               | (39,936)           | 214,311                  | 246,142            | (36,037)            | 206,206            |
| <b>Net Position:</b>             |                         |                    |                          |                    |                     |                    |
| Beginning of the year            | 3,445,278               | 3,485,214          | 3,575,621                | 3,329,479          | 7,020,899           | 6,814,693          |
| End of the year                  | <b>\$3,194,930</b>      | <b>\$3,445,278</b> | <b>\$3,789,932</b>       | <b>\$3,575,621</b> | <b>\$ 6,984,862</b> | <b>\$7,020,899</b> |

A total of 58% of the revenues from governmental activities were derived from various taxes followed by 7% operating and capital grants and contributions, and 35% for charges for services. Overall expenses in governmental activities increased in streets and highways (8%), and public safety (9%) functions with a slight decreases in general government (3%), drainage (9%), and in culture and recreation (7%).

**TOWN OF LOCKPORT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

All of the operating revenue in business-type activities was received for sewer fees (\$275,966) was for charges for services provided for sewer disposal and maintenance. Overall expenses in the business-type activities increased slightly by 6% or over \$21,000.

**FINANCIAL ANALYSIS OF FUNDS (FUND FINANCIAL STATEMENTS)**

As noted earlier, 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 may serve as a useful measure of a government's net resources available for funding future operational needs.

Governmental funds reported a combined ending fund balance of \$1,388,456. This reflected a decrease of \$69,454 or 4.8%. This increase is primarily the result of the events and programs described within the analysis of its governmental activities.

If the assets, liabilities, revenues or expenditures of a governmental fund exceed 10% of the total of all governmental funds, 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 \$82,218. The fund balance of the General Fund decreased by 27% during the current fiscal year. There was a 14.3% revenue decrease and also decreases of 7.3% in expenditures that led to the decrease in fund balance.

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 \$1,187,185 – a decrease of 2.7% from the prior year. The total revenue collected for Sales Taxes decreased by 9.4%. There was a 6.2% decrease in the current expenditures and a 40% increase the amount transferred out to the other funds.

The Building Maintenance Fund accounts for the receipt and use of proceeds from lease and/or rental of the Town Hall Complex. At the end of the current fiscal year, fund balance assigned to building maintenance totaled \$80,274 – a 10% increase from the prior year.

**TOWN OF LOCKPORT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

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 approximately \$276,000 – a 84.8% increase over last year. Total operating expenses for providing sewer services of \$348,068 resulted in an operating loss of \$64,102. Net position for the Sewer Fund at June 30, 2017 was \$3,789,932, an increase of \$214,311 (\$64,102 operating loss and \$278,413 in net non-operating revenues) from the previous year.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

The original budget for the General Fund was revised to reflect a net decrease of \$41,972. Supplemental appropriations or authorized budget amendments were necessary and approved as follows:

|                               | Budgeted Amounts |                | Increase<br>(Decrease) |
|-------------------------------|------------------|----------------|------------------------|
|                               | Original         | Final          |                        |
| <b>REVENUES</b>               |                  |                |                        |
| Ad Valorem Taxes              | \$ 78,000        | \$ 79,362      | \$ 1,362               |
| Sales and Use Taxes           | 97,500           | 96,000         | (1,500)                |
| Franchise Taxes               | 58,400           | 56,739         | (1,661)                |
| Licenses and Permits          | 46,000           | 44,781         | (1,219)                |
| Insurance Premium Tax         | 80,000           | 70,752         | (9,248)                |
| Intergovernmental             | 44,410           | 60,800         | 16,390                 |
| Fines and Forfeitures         | 102,800          | 114,450        | 11,650                 |
| Other                         | 5,680            | 34,489         | 28,809                 |
| <b>EXPENDITURES</b>           | <u>512,790</u>   | <u>557,373</u> | <u>44,583</u>          |
| <b>General government</b>     |                  |                |                        |
| Current                       | 213,083          | 218,186        | 5,103                  |
| Capital Outlay                | -                | 5,098          | 5,098                  |
|                               | <u>213,083</u>   | <u>223,284</u> | <u>10,201</u>          |
| <b>Public safety</b>          |                  |                |                        |
| Current                       | 516,255          | 552,242        | 35,987                 |
| Debt service                  | 17,079           | 15,978         | (1,101)                |
|                               | <u>533,334</u>   | <u>568,220</u> | <u>34,886</u>          |
| <b>Streets and Highways</b>   |                  |                |                        |
| Current                       | 84,366           | 104,175        | 19,809                 |
| Capital outlay                | -                | 5,560          | 5,560                  |
|                               | <u>84,366</u>    | <u>109,735</u> | <u>25,369</u>          |
| <b>Drainage</b>               |                  |                |                        |
| Current                       | 41,680           | 50,410         | 8,730                  |
| Capital outlay                | -                | 42,713         | 42,713                 |
|                               | <u>41,680</u>    | <u>93,123</u>  | <u>51,443</u>          |
| <b>Culture and Recreation</b> |                  |                |                        |
| Current                       | <u>20,045</u>    | <u>27,497</u>  | <u>7,452</u>           |

**TOWN OF LOCKPORT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

| <b>OTHER FINANCING SOURCES<br/>(USES)</b> | 20,045             | 27,497             | 7,452              |
|-------------------------------------------|--------------------|--------------------|--------------------|
| Proceeds from Auto Lease                  | -                  | -                  | -                  |
| Transfers In - Sales Tax Fund             | 329,000            | 366,698            | 37,698             |
|                                           | 329,000            | 366,698            | 37,698             |
| <b>Net changes in fund balances</b>       | <b>\$ (50,718)</b> | <b>\$ (97,788)</b> | <b>\$ (41,972)</b> |

**CAPITAL ASSETS**

The investment in capital assets, net of accumulated depreciation, for governmental and business-type activities as of June 30, 2017 and 2016 was as follows:

|                          | Governmental<br>Activities |              | Business-Type<br>Activities |              | Totals       |              |
|--------------------------|----------------------------|--------------|-----------------------------|--------------|--------------|--------------|
|                          | 2017                       | 2016         | 2017                        | 2016         | 2017         | 2016         |
| Land                     | \$ 496,531                 | \$ 509,481   | \$ -                        | \$ -         | \$ 496,531   | \$ 509,481   |
| Construction in Progress | 3,429                      | 6,136        | 654,515                     | 721,302      | 657,944      | 727,438      |
| Buildings                | 1,401,973                  | 1,401,973    | -                           | -            | 1,401,973    | 1,401,973    |
| Drainage                 | 2,323,474                  | 2,348,710    | -                           | -            | 2,323,474    | 2,348,710    |
| Autos & Trucks           | 679,699                    | 631,173      | -                           | -            | 679,699      | 631,173      |
| Parks                    | 238,068                    | 238,068      | -                           | -            | 238,068      | 238,068      |
| Sewer System             | -                          | -            | 5,921,551                   | 5,492,636    | 5,921,551    | 5,492,636    |
| Equipment and Machinery  | -                          | -            | 45,663                      | 45,663       | 45,663       | 45,663       |
| Total Cost               | 5,143,174                  | 5,135,541    | 6,621,729                   | 6,259,601    | 11,764,903   | 11,395,142   |
| Accumulated Depreciation | 2,547,690                  | 2,390,194    | 1,704,559                   | 1,565,630    | 4,252,249    | 3,955,824    |
| Net Capital Assets       | \$ 2,595,484               | \$ 2,745,347 | \$ 4,917,170                | \$ 4,693,971 | \$ 7,512,654 | \$ 7,439,318 |
| Depreciation Expense     | \$ 164,920                 | \$ 172,468   | \$ 138,930                  | \$ 130,300   | \$ 303,850   | \$ 302,768   |

This year there was \$56,488 of capital additions (including \$8,639 in construction in progress and \$11,346 transferred from construction in progress) in the governmental funds and \$428,915 (\$362,128 added to construction in progress and \$428,915 transferred from construction in progress) in the business-type fund for building improvements and equipment, reflecting the net increase in capital assets before depreciation.

More detailed information about the capital assets is presented in Note 6 to the basic financial statements.

**TOWN OF LOCKPORT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

**LONG-TERM DEBT**

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 Tax 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.

As of June 30, 2017, the Town requested total drawdowns of \$206,542, of which \$51,636 was forgiven, and a principal payment of \$72,000 was made during the year leaving \$1,355,760 (\$207,783, \$326,725, \$318,151, \$502,194 and \$154,907 of net draws from 2013, 2014, 2015, 2016, and 2017 respectively less \$154,000 in total principal payments) in outstanding 2013 Sales Tax Bonds. Principal and interest are payable semiannually in August and February of each year. Interest of \$12,725 was paid on this bond issue. More information on the Sewer Revenue Bonds is presented in Note 7 of the basic financial statements.

The Town entered into a Lease-Purchase Agreement with Ford Motor Credit Company dated October 2015 for the purchase of 2 automobiles for the police department. The lease commences on that date with the initial term of 60 months. The payments will be made in 5 consecutive annual payments of \$15,978 each, due on October 23rd for the next 5 years maturing on October 23, 2019. This lease had an outstanding principal balance of \$42,749 at the end of the current fiscal year.

The Town entered into a Lease-Purchase Agreement with Toshiba Financial Services dated September 2016 for the purchase of a Toshiba e3005C Color Copier for the main officer. The lease commences on that date with the initial term of 12 months. The payments will be made in 12 monthly payments of \$484.31 each bearing no interest, due on the 19<sup>th</sup> of each month for the next 12 months maturing on September 19, 2017 after a purchase option of \$1 is paid. This lease had an outstanding principal balance of

**TOWN OF LOCKPORT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

\$1,157 at the end of the current fiscal year.

More information on the capital lease purchased is presented in Note 8 of the basic financial statements.

The implementation of GASB 68 – *Accounting and Financial Reporting for Pensions*, required the accrual of the unfunded net pension liability for the pension plans for the Town participates. For the year ended June 30, 2017, the Net Pension Liability recorded was \$1,199,848 and \$109,185 in the governmental and business type activities, respectively. More detailed information about the pension plans is presented in Note 13.

***ECONOMIC FACTORS AND NEXT YEAR'S BUDGET***

Many factors were considered when budgeting for the next fiscal year. Possible new laws and regulations, increased rates and fees that would be charged, and possible new grant funding sources were all considered.

Historically, the office staff and cost remain relatively stable and should continue to do so. The Town is anticipating more capital expenditures in the next fiscal year.

Highlights of next year's General fund budget include:

|                                   |                  |
|-----------------------------------|------------------|
| Beginning Fund Balance            | \$ 67,743        |
| Projected Revenue                 | 492,710          |
| Projected Expenditures            | (890,902)        |
| Projected Other financing sources | 398,978          |
| Ending Fund Balance               | <u>\$ 68,529</u> |

***CONTACTING FINANCIAL MANAGEMENT***

This financial report is designed to provide a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact:

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



# STAGNI & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

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## INDEPENDENT AUDITOR'S REPORT

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

### ***Report on the Financial Statements***

We have audited the accompanying 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, 2017, and the related notes to the financial statements, which collectively comprise the Town of Lockport, Louisiana'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 an opinion on these basic 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 Statements*, 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 basic financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence supporting 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.

Honorable Edward Reinhardt, Mayor  
And the Members of the Town Council  
Lockport, Louisiana  
Page 2

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 evaluation 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 financial position of governmental activities, the business-type activities and each major fund of the Town of Lockport, Louisiana as of June 30, 2017, and the respective changes in financial position, and, where applicable, cash flows thereof, for the year then ended in conformity 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 and the Required Supplementary Information 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.



Honorable Edward Reinhardt, Mayor  
And the Members of the Town Council  
Lockport, Louisiana  
Page 3

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 an opinion on the financial statements that collectively comprise the Town of Lockport, Louisiana's basic financial statements. The Other Supplementary Information listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Such information, except for the Schedule of Insurance in Force marked "unaudited", is the responsibility of management and was 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 financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects in relation to the basic financial statements taken as a whole.

The schedules marked "unaudited" have not been subjected to the auditing procedures applied in the audit of the basic financial statements and accordingly, we do not express an opinion or provide any assurance on them.

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

In accordance with *Government Auditing Standards*, we have also issued a report dated December 21, 2017, on our consideration of the Town of Lockport, Louisiana's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 the internal control over financial reporting or on compliance.



Honorable Edward Reinhardt, Mayor  
And the Members of the Town Council  
Lockport, Louisiana  
Page 4

That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Lockport, Louisiana's internal control over financial reporting and compliance.

*Stagni & Company*

Thibodaux, Louisiana  
December 21, 2017



# ***BASIC FINANCIAL STATEMENTS***

**TOWN OF LOCKPORT, LOUISIANA**  
**Statement of Net Position**  
**June 30, 2017**

|                                            | Governmental<br>Activities | Business-Type<br>Activities | Total               |
|--------------------------------------------|----------------------------|-----------------------------|---------------------|
| <b>ASSETS</b>                              |                            |                             |                     |
| Cash and cash equivalents                  | \$ 590,320                 | \$ 214,550                  | \$ 804,870          |
| Investments                                | 203,166                    | 92                          | 203,258             |
| Receivable                                 | 21,308                     | -                           | 21,308              |
| Due from other governments                 | 58,472                     | 45,056                      | 103,528             |
| Other assets                               | -                          | 147                         | 147                 |
| Restricted assets:                         |                            |                             |                     |
| Investments                                | -                          | 727,279                     | 727,279             |
| Capital assets:                            |                            |                             |                     |
| Non-depreciable                            | 499,960                    | 654,515                     | 1,154,475           |
| Depreciable, net                           | 2,095,524                  | 4,262,655                   | 6,358,179           |
| TOTAL ASSETS                               | <u>3,468,750</u>           | <u>5,904,294</u>            | <u>9,373,044</u>    |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>      |                            |                             |                     |
| Pension contributions and other            | 496,446                    | 34,886                      | 531,332             |
| <b>LIABILITIES</b>                         |                            |                             |                     |
| Accounts payable and accrued expenses      | 18,284                     | 129,177                     | 147,461             |
| Contracts and retainage payable            | -                          | 10,323                      | 10,323              |
| Due to others                              | (533,714)                  | 533,714                     | -                   |
| Non-current liabilities:                   |                            |                             |                     |
| Due within one year                        | 14,591                     | 141,000                     | 155,591             |
| Due in more than one year                  | 29,315                     | 1,214,760                   | 1,244,075           |
| Net Pension Liability                      | 1,199,848                  | 109,185                     | 1,309,033           |
| TOTAL LIABILITIES                          | <u>728,324</u>             | <u>2,138,159</u>            | <u>2,866,483</u>    |
| <b>DEFERRED INFLOWS OF RESOURCES</b>       |                            |                             |                     |
| Unavailable revenue - rent                 | 150                        | -                           | 150                 |
| Proportionate share of Net Pension Inflows | 41,792                     | 11,089                      | 52,881              |
|                                            | <u>41,942</u>              | <u>11,089</u>               | <u>53,031</u>       |
| <b>NET POSITION</b>                        |                            |                             |                     |
| Net Invested in capital assets             | 2,551,578                  | 3,561,410                   | 6,112,988           |
| Restricted for:                            |                            |                             |                     |
| Debt service                               | -                          | 727,279                     | 727,279             |
| Technology upgrades                        | 1,283                      | -                           | 1,283               |
| Bullet Proof Vest                          | 308                        | -                           | 308                 |
| Christmas Lights                           | 1,281                      | -                           | 1,281               |
| Witness Fees                               | 27,125                     | -                           | 27,125              |
| Christmas Activities                       | 174                        | -                           | 174                 |
| Halloween Activities                       | 240                        | -                           | 240                 |
| Police Department                          | 3,500                      | -                           | 3,500               |
| Parish Transportation                      | 4,958                      | -                           | 4,958               |
| Unrestricted                               | 604,483                    | (498,757)                   | 105,726             |
| TOTAL NET POSITION                         | <u>\$ 3,194,930</u>        | <u>\$ 3,789,932</u>         | <u>\$ 6,984,862</u> |

See notes to financial statements.

**TOWN OF LOCKPORT, LOUISIANA**  
**Statement of Activities**  
**As of and for the year ended June 30, 2017**

| Functions/Programs                             | Expenses            | Program Revenue      |                                  |                                | Net (Expense) Revenue and Change in Net Position |                          |                     |
|------------------------------------------------|---------------------|----------------------|----------------------------------|--------------------------------|--------------------------------------------------|--------------------------|---------------------|
|                                                |                     | Charges for Services | Operating Grants & Contributions | Capital Grants & Contributions | Governmental Activities                          | Business-Type Activities | Total               |
| <b>Primary Government:</b>                     |                     |                      |                                  |                                |                                                  |                          |                     |
| Governmental activities:                       |                     |                      |                                  |                                |                                                  |                          |                     |
| General government                             | \$ 381,764          | \$ 234,416           | \$ 7,170                         | \$ -                           | \$ (140,178)                                     | \$ -                     | \$ (140,178)        |
| Street and highways                            | 134,889             | -                    | 27,762                           | 16,513                         | (90,614)                                         | -                        | (90,614)            |
| Drainage                                       | 90,805              | -                    | -                                | -                              | (90,805)                                         | -                        | (90,805)            |
| Public Safety                                  | 591,232             | 108,576              | 9,939                            | -                              | (472,717)                                        | -                        | (472,717)           |
| Culture and recreation                         | 39,715              | -                    | 3,700                            | -                              | (36,015)                                         | -                        | (36,015)            |
| Total governmental activities                  | <u>1,238,405</u>    | <u>342,992</u>       | <u>48,571</u>                    | <u>16,513</u>                  | <u>(830,329)</u>                                 | <u>-</u>                 | <u>(830,329)</u>    |
| Business-type activities                       |                     |                      |                                  |                                |                                                  |                          |                     |
| Sewer                                          | <u>352,793</u>      | <u>275,966</u>       | <u>-</u>                         | <u>51,636</u>                  | <u>-</u>                                         | <u>(25,191)</u>          | <u>(25,191)</u>     |
| Total primary government                       | <u>\$ 1,591,198</u> | <u>\$ 618,958</u>    | <u>\$ 48,571</u>                 | <u>\$ 68,149</u>               | <u>(830,329)</u>                                 | <u>(25,191)</u>          | <u>(855,520)</u>    |
| General Revenues:                              |                     |                      |                                  |                                |                                                  |                          |                     |
| Property taxes                                 |                     |                      |                                  |                                | 79,823                                           | -                        | 79,823              |
| Sales taxes                                    |                     |                      |                                  |                                | 432,890                                          | 233,094                  | 665,984             |
| Franchise taxes                                |                     |                      |                                  |                                | 62,703                                           | -                        | 62,703              |
| Unrestricted investment earnings               |                     |                      |                                  |                                | 1,372                                            | 4,982                    | 6,354               |
| Revenue from nonemployer contributing entities |                     |                      |                                  |                                | 22,344                                           | 1,426                    | 23,770              |
| Gain (loss) on sale of assets                  |                     |                      |                                  |                                | (19,880)                                         | -                        | (19,880)            |
| Other                                          |                     |                      |                                  |                                | 729                                              | -                        | 729                 |
|                                                |                     |                      |                                  |                                | <u>579,981</u>                                   | <u>239,502</u>           | <u>819,483</u>      |
| <b>Change in net position</b>                  |                     |                      |                                  |                                | <u>(250,348)</u>                                 | <u>214,311</u>           | <u>(36,037)</u>     |
| Beginning of year                              |                     |                      |                                  |                                | <u>3,445,278</u>                                 | <u>3,575,621</u>         | <u>7,020,899</u>    |
| End of year                                    |                     |                      |                                  |                                | <u>\$ 3,194,930</u>                              | <u>\$ 3,789,932</u>      | <u>\$ 6,984,862</u> |

See notes to the financial statements.

**TOWN OF LOCKPORT, LOUISIANA**  
**Balance Sheet - Governmental Funds**  
**June 30, 2017**

|                                            | General Fund      | Sales Tax<br>Fund | Building<br>Maintenance<br>Fund | Total             |
|--------------------------------------------|-------------------|-------------------|---------------------------------|-------------------|
| <b>ASSETS</b>                              |                   |                   |                                 |                   |
| Cash and cash equivalents                  | \$ 53,660         | \$ 482,103        | \$ 54,557                       | \$ 590,320        |
| Investments                                | 90,740            | 89,927            | 22,499                          | 203,166           |
| Receivables:                               |                   |                   |                                 |                   |
| Accounts receivable                        | 17,068            | 150               | 4,090                           | 21,308            |
| Intergovernmental                          | 24,467            | 34,005            | -                               | 58,472            |
| <b>TOTAL ASSETS</b>                        | <b>\$ 185,935</b> | <b>\$ 606,185</b> | <b>\$ 81,146</b>                | <b>\$ 873,266</b> |
| <b>LIABILITIES</b>                         |                   |                   |                                 |                   |
| Accounts payable and accrued liabilities   | \$ 15,258         | \$ -              | \$ 3,026                        | \$ 18,284         |
| Due (from)/ to other funds                 | 49,590            | (581,000)         | (2,304)                         | (533,714)         |
| <b>TOTAL LIABILITIES</b>                   | <b>64,848</b>     | <b>(581,000)</b>  | <b>722</b>                      | <b>(515,430)</b>  |
| <b>DEFERRED INFLOWS OF RESOURCES</b>       |                   |                   |                                 |                   |
| Unavailable revenue - rent                 | -                 | -                 | 150                             | 150               |
| <b>FUND BALANCES</b>                       |                   |                   |                                 |                   |
| Restricted for:                            |                   |                   |                                 |                   |
| Technology upgrades                        | 1,283             | -                 | -                               | 1,283             |
| Bullet Proof Vest                          | 308               | -                 | -                               | 308               |
| Christmas Lights                           | 1,281             | -                 | -                               | 1,281             |
| Witness Fees                               | 27,125            | -                 | -                               | 27,125            |
| Christmas Activities                       | 174               | -                 | -                               | 174               |
| Halloween Activities                       | 240               | -                 | -                               | 240               |
| Police Department                          | 3,500             | -                 | -                               | 3,500             |
| Parish Transportation                      | 4,958             | -                 | -                               | 4,958             |
| Assigned to:                               |                   |                   |                                 |                   |
| Sales Taxes                                | -                 | 1,187,185         | -                               | 1,187,185         |
| Building Maintenance                       | -                 | -                 | 80,274                          | 80,274            |
| Unassigned                                 | 82,218            | -                 | -                               | 82,218            |
| <b>TOTAL FUND BALANCES</b>                 | <b>121,087</b>    | <b>1,187,185</b>  | <b>80,274</b>                   | <b>1,388,546</b>  |
| <b>TOTAL LIABILITIES AND FUND BALANCES</b> | <b>\$ 185,935</b> | <b>\$ 606,185</b> | <b>\$ 81,146</b>                |                   |

**RECONCILIATION TO THE STATEMENT OF NET POSITION:**

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

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

|                                |             |           |
|--------------------------------|-------------|-----------|
| Non-depreciable capital assets | 499,960     |           |
| Depreciable capital assets     | 4,643,214   |           |
| Accumulated depreciation       | (2,547,690) | 2,595,484 |

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

Lease-purchase agreement payable:

|                           |          |             |
|---------------------------|----------|-------------|
| Due in one year           | (14,591) |             |
| Due in more than one year | (29,315) | (43,906)    |
| Net Pension Liability     |          | (1,199,848) |

Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds

|                                        |          |         |
|----------------------------------------|----------|---------|
| Deferred outflows - contributions      | 496,446  |         |
| Deferred inflows - proportionate share | (41,792) | 454,654 |

**NET POSITION OF GOVERNMENTAL ACTIVITIES**

**\$ 3,194,930**

See notes to the financial statements.

**TOWN OF LOCKPORT, LOUISIANA**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**As of and for the year ended June 30, 2017**

|                                          | General<br>Fund   | Sales Tax<br>Fund   | Building<br>Maintenance<br>Fund | Total               |
|------------------------------------------|-------------------|---------------------|---------------------------------|---------------------|
| <b>REVENUES</b>                          |                   |                     |                                 |                     |
| Taxes                                    | \$ 346,944        | \$ 332,992          | \$ -                            | \$ 679,936          |
| Licenses and permits                     | 43,034            | -                   | -                               | 43,034              |
| Intergovernmental                        | 70,317            | -                   | -                               | 70,317              |
| Fines and forfeitures                    | 108,576           | -                   | -                               | 108,576             |
| Proceeds from the sale of assets         | 19,150            | -                   | -                               | 19,150              |
| Other                                    | 15,837            | 607                 | 67,286                          | 83,730              |
| TOTAL REVENUE                            | <u>603,858</u>    | <u>333,599</u>      | <u>67,286</u>                   | <u>1,004,743</u>    |
| <b>EXPENDITURES</b>                      |                   |                     |                                 |                     |
| Current:                                 |                   |                     |                                 |                     |
| General government                       | 229,188           | 4,797               | 59,898                          | 293,883             |
| Public safety                            | 527,119           | -                   | -                               | 527,119             |
| Streets and highways                     | 104,670           | -                   | -                               | 104,670             |
| Drainage                                 | 51,972            | -                   | -                               | 51,972              |
| Recreation                               | 27,646            | -                   | -                               | 27,646              |
| Debt service:                            |                   |                     |                                 |                     |
| Principal                                | 17,336            | -                   | -                               | 17,336              |
| Interest                                 | 3,298             | -                   | -                               | 3,298               |
| Capital outlay                           | 54,086            | -                   | -                               | 54,086              |
| TOTAL EXPENDITURES                       | <u>1,015,315</u>  | <u>4,797</u>        | <u>59,898</u>                   | <u>1,080,010</u>    |
| <b>Revenue over (under) expenditures</b> | (411,457)         | 328,802             | 7,388                           | (75,267)            |
| <b>OTHER FINANCING SOURCES (USES)</b>    |                   |                     |                                 |                     |
| Proceeds from capital lease              | 5,813             | -                   | -                               | 5,813               |
| Transfers In                             | 361,200           | -                   | -                               | 361,200             |
| Transfers Out                            | -                 | (361,200)           | -                               | (361,200)           |
| Total other financing sources (uses)     | <u>367,013</u>    | <u>(361,200)</u>    | <u>-</u>                        | <u>5,813</u>        |
| <b>Net changes in fund balances</b>      | (44,444)          | (32,398)            | 7,388                           | (69,454)            |
| <b>FUND BALANCES</b>                     |                   |                     |                                 |                     |
| Beginning of year                        | 165,531           | 1,219,583           | 72,886                          | 1,458,000           |
| End of year                              | <u>\$ 121,087</u> | <u>\$ 1,187,185</u> | <u>\$ 80,274</u>                | <u>\$ 1,388,546</u> |

See notes to financial statements.

**TOWN OF LOCKPORT, LOUISIANA**  
**Reconciliation of the Statement of Revenues, Expenditures, and Changes**  
**in Fund Balances of Governmental Funds to the Statement of Activities**  
**As of and for the year ended June 30, 2017**

Net change in fund balances - total governmental funds \$ (69,454)

Amounts reported for *governmental activities* in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

|                                       |    |           |           |
|---------------------------------------|----|-----------|-----------|
| Capital outlay                        | \$ | 54,086    |           |
| Proceeds from sales of capital assets |    | (19,150)  |           |
| Loss on sale of capital assets        |    | (19,880)  |           |
| Depreciation expense                  |    |           |           |
| General government                    |    | (53,186)  |           |
| Streets and highways                  |    | (30,219)  |           |
| Drainage                              |    | (38,833)  |           |
| Public safety                         |    | (30,613)  |           |
| Culture and recreation                |    | (12,069)  |           |
|                                       |    | (164,920) |           |
|                                       |    |           | (149,864) |

Capital lease transactions are recorded as an other financing source in the funds; however, in the statement of activities, they are not reported as revenues as they increase the liabilities on the statement of net assets.

|                             |  |         |        |
|-----------------------------|--|---------|--------|
| Proceeds from Capital Lease |  | (5,813) |        |
| Capital Lease Payments      |  | 17,336  |        |
|                             |  |         | 11,523 |

Governmental funds report district pension contributions as expenditures. However, in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense

|                                                       |  |           |          |
|-------------------------------------------------------|--|-----------|----------|
| District Pension Contributions                        |  | (116,190) |          |
| Cost of benefits earned net of employee contributions |  | 51,293    |          |
| Revenue from non-employer contributions               |  | 22,344    |          |
|                                                       |  |           | (42,553) |

Change in net assets of governmental activities \$ (250,348)

**TOWN OF LOCKPORT, LOUISIANA**  
**Budget Comparison Schedule - General Fund**  
**As of and for the year ended June 30, 2017**

|                                 | Budgeted Amounts |           | Actual<br>Amounts | Variance<br>Positive<br>(Negative) |
|---------------------------------|------------------|-----------|-------------------|------------------------------------|
|                                 | Original         | Final     |                   |                                    |
| <b>REVENUES</b>                 |                  |           |                   |                                    |
| Taxes:                          |                  |           |                   |                                    |
| Ad Valorem                      | \$ 78,000        | \$ 79,362 | \$ 79,823         | \$ 461                             |
| Sales and Use                   | 97,500           | 96,000    | 99,898            | 3,898                              |
| Franchise:                      |                  |           |                   |                                    |
| Entergy                         | 36,000           | 36,609    | 36,121            | (488)                              |
| South Coast Gas                 | 3,500            | 3,430     | 3,918             | 488                                |
| Vision Communications           | 11,000           | 11,000    | 14,633            | 3,633                              |
| AT&T - Local Phone Service      | 3,500            | 3,500     | 4,205             | 705                                |
| AT&T - Video                    | 4,400            | 2,200     | 3,826             | 1,626                              |
| Licenses and Permits:           |                  |           |                   |                                    |
| Occupational Licenses           | 44,000           | 39,637    | 40,191            | 554                                |
| Permits                         | 2,000            | 5,144     | 2,843             | (2,301)                            |
| Insurance Premium Tax           | 80,000           | 70,752    | 104,520           | 33,768                             |
| Intergovernmental:              |                  |           |                   |                                    |
| State of Louisiana:             |                  |           |                   |                                    |
| Parish Transportation Program   | 20,000           | 19,828    | 25,102            | 5,274                              |
| Beer Taxes                      | 2,500            | 2,500     | 3,005             | 505                                |
| Video Poker                     | 15,500           | 9,980     | 15,673            | 5,693                              |
| State Maintenance Contract      | 2,660            | 2,660     | 2,660             | -                                  |
| LGAP                            | -                | -         | 16,513            | 16,513                             |
| Grant - Police Department       | 2,800            | 24,882    | 6,314             | (18,568)                           |
| Local:                          |                  |           |                   |                                    |
| Off Track Betting               | 950              | 950       | 1,050             | 100                                |
| Fines and Forfeitures           | 102,800          | 114,450   | 108,576           | (5,874)                            |
| Other:                          |                  |           |                   |                                    |
| Detail Pay Reimbursement        | 500              | -         | -                 | -                                  |
| Donations -                     | -                | 1,000     | 7,170             | 6,170                              |
| Donations - Police Department   | -                | 3,125     | 3,625             | 500                                |
| Lockport Food Festival          | 3,000            | 3,000     | 2,500             | (500)                              |
| Pavilion Rental                 | 500              | 900       | 1,200             | 300                                |
| Interest Earned                 | 180              | 607       | 613               | 6                                  |
| Other - Town                    | 1,500            | 6,170     | 729               | (5,441)                            |
| Proceeds from sale of assets    | -                | 19,687    | 19,150            | (537)                              |
| Total Revenues                  | 512,790          | 557,373   | 603,858           | 46,485                             |
| <b>EXPENDITURES</b>             |                  |           |                   |                                    |
| <b>Executive/Administration</b> |                  |           |                   |                                    |
| Current:                        |                  |           |                   |                                    |
| Salaries                        | 93,180           | 91,250    | 90,852            | 398                                |
| Payroll Benefits                | 10,543           | 12,768    | 15,452            | (2,684)                            |
| Retirement                      | 17,560           | 17,763    | 17,944            | (181)                              |
| Dues and subscriptions          | 5,700            | 5,700     | 5,115             | 585                                |
| Utilities, phone and postage    | 9,100            | 9,467     | 8,525             | 942                                |
| Rent                            | 1,800            | 1,800     | 1,800             | -                                  |
| Professional fees               | 41,000           | 50,237    | 47,844            | 2,393                              |
| Bank Charges                    | 2,800            | 2,881     | 2,511             | 370                                |
| Insurance                       | 5,400            | 6,166     | 6,223             | (57)                               |
| Office & maintenance supplies   | 8,000            | 10,800    | 21,984            | (11,184)                           |
| Travel & Conferences            | 3,000            | 6,354     | 6,429             | (75)                               |
| Sales tax Collection Fee        | 3,000            | 3,000     | 3,999             | (999)                              |
| Other Expenses                  | 12,000           | -         | 510               | (510)                              |
| Total current expenditures      | 213,083          | 218,186   | 229,188           | (11,002)                           |
| Debt Service - principal        | -                | -         | 4,656             | (4,656)                            |
| Capital outlay                  | -                | 5,098     | 5,813             | (715)                              |
| Total Executive/Administration  | 213,083          | 223,284   | 239,657           | (16,373)                           |

**TOWN OF LOCKPORT, LOUISIANA**  
**Budget Comparison Schedule - General Fund**  
**As of and for the year ended June 30, 2017**

|                                           | Budgeted Amounts |         | Actual<br>Amounts | Variance<br>Positive<br>(Negative) |
|-------------------------------------------|------------------|---------|-------------------|------------------------------------|
|                                           | Original         | Final   |                   |                                    |
| <b>Public safety</b>                      |                  |         |                   |                                    |
| Current:                                  |                  |         |                   |                                    |
| Salaries                                  | 273,500          | 286,035 | 259,870           | 26,165                             |
| Fees paid to witnesses and other agencies | 8,000            | 10,114  | 8,707             | 1,407                              |
| Payroll Benefits                          | 4,775            | 7,141   | 37,117            | (29,976)                           |
| Retirement                                | 75,000           | 84,732  | 84,694            | 38                                 |
| Dues and subscriptions                    | 1,100            | 2,900   | 3,281             | (381)                              |
| Utilities, phone and postage              | 11,000           | 10,045  | 9,942             | 103                                |
| Office Rent                               | 7,200            | 7,200   | 7,200             | -                                  |
| Vehicle Costs                             | 25,400           | 28,322  | 28,926            | (604)                              |
| Insurance                                 | 87,640           | 73,152  | 41,597            | 31,555                             |
| Office & maintenance supplies             | 8,000            | 11,500  | 36,901            | (25,401)                           |
| Conferences                               | 4,000            | 4,000   | 3,529             | 471                                |
| Collection fee                            | 1,000            | 1,000   | 899               | 101                                |
| Uniforms - AMO                            | 6,000            | 5,000   | 4,456             | 544                                |
| Other Expenses                            | 3,640            | 21,101  | -                 | 21,101                             |
| Total current expenditures                | 516,255          | 552,242 | 527,119           | 25,123                             |
| Debt Service                              |                  |         |                   |                                    |
| Principal Retirement                      | 15,979           | 12,680  | 12,680            | -                                  |
| Interest and Fiscal Charges               | 1,100            | 3,298   | 3,298             | -                                  |
| Total debt service                        | 17,079           | 15,978  | 15,978            | -                                  |
| Capital Outlay                            |                  |         |                   |                                    |
|                                           | -                | -       | -                 | -                                  |
| Total Public Safety - Police              | 533,334          | 568,220 | 543,097           | 25,123                             |
| <b>Streets and Highways</b>               |                  |         |                   |                                    |
| Current:                                  |                  |         |                   |                                    |
| Salaries                                  | 17,333           | 21,523  | 21,304            | 219                                |
| Payroll Benefits                          | 233              | 348     | 9,314             | (8,966)                            |
| Retirement                                | 4,000            | 8,437   | 8,353             | 84                                 |
| Utilities, phone and postage              | 800              | 565     | 583               | (18)                               |
| Street Lights                             | 26,000           | 30,000  | 31,175            | (1,175)                            |
| Vehicle Costs                             | 3,050            | 2,069   | 1,793             | 276                                |
| Repairs and maintenance                   | 2,000            | 2,138   | 5,009             | (2,871)                            |
| Insurance                                 | 14,700           | 14,232  | 5,653             | 8,579                              |
| Maintenance and supplies                  | 4,000            | 5,732   | 10,020            | (4,288)                            |
| Shells and Blacktop                       | 6,000            | 10,589  | 7,774             | 2,815                              |
| Other                                     | 6,250            | 8,542   | 3,692             | 4,850                              |
| Total current expenditures                | 84,366           | 104,175 | 104,670           | (495)                              |
| Capital outlay                            |                  |         |                   |                                    |
|                                           | -                | 5,560   | 5,560             | -                                  |
| Total Streets and Highways                | 84,366           | 109,735 | 110,230           | (495)                              |
| <b>Drainage</b>                           |                  |         |                   |                                    |
| Current:                                  |                  |         |                   |                                    |
| Salaries                                  | 16,000           | 28,124  | 29,714            | (1,590)                            |
| Payroll Benefits                          | 180              | 370     | 5,525             | (5,155)                            |
| Retirement                                | 3,700            | 4,363   | 3,896             | 467                                |
| Utilities, phone and postage              | 850              | 570     | 583               | (13)                               |
| Vehicle Costs                             | 1,700            | 1,352   | 1,442             | (90)                               |
| Repairs and maintenance                   | 500              | 1,070   | 4,409             | (3,339)                            |
| Insurance                                 | 13,250           | 10,319  | 5,429             | 4,890                              |
| Maintenance and supplies                  | 3,000            | 3,000   | 377               | 2,623                              |
| Other Expenses                            | 2,500            | 1,242   | 597               | 645                                |
| Total current expenditures                | 41,680           | 50,410  | 51,972            | (1,562)                            |
| Capital outlay                            |                  |         |                   |                                    |
|                                           | -                | 42,713  | 42,713            | -                                  |
| Total Drainage                            | 41,680           | 93,123  | 94,685            | (1,562)                            |

**TOWN OF LOCKPORT, LOUISIANA**  
**Budget Comparison Schedule - General Fund**  
**As of and for the year ended June 30, 2017**

|                                           | Budgeted Amounts |                  | Actual<br>Amounts | Variance<br>Positive<br>(Negative) |
|-------------------------------------------|------------------|------------------|-------------------|------------------------------------|
|                                           | Original         | Final            |                   |                                    |
| <b>Culture and Recreation</b>             |                  |                  |                   |                                    |
| Current:                                  |                  |                  |                   |                                    |
| Salaries                                  | 12,100           | 14,976           | 13,248            | 1,728                              |
| Payroll Benefits                          | 145              | 190              | 165               | 25                                 |
| Retirement                                | 1,200            | 1,454            | 1,303             | 151                                |
| Utilities, phone and postage              | 2,750            | 2,535            | 2,651             | (116)                              |
| Insurance                                 | 100              | 733              | 638               | 95                                 |
| Maintenance and supplies                  | 1,500            | 1,824            | 4,055             | (2,231)                            |
| Other Expenses                            | 2,250            | 5,785            | 5,586             | 199                                |
| Total current expenditures                | <u>20,045</u>    | <u>27,497</u>    | <u>27,646</u>     | <u>(149)</u>                       |
| Capital outlay                            | -                | -                | -                 | -                                  |
| Total Culture and Recreation              | <u>20,045</u>    | <u>27,497</u>    | <u>27,646</u>     | <u>(149)</u>                       |
| <b>Total Expenditures:</b>                |                  |                  |                   |                                    |
| Current                                   | 875,429          | 952,510          | 940,595           | 11,915                             |
| Debt Service                              | 17,079           | 15,978           | 20,634            | (4,656)                            |
| Capital Outlay                            | -                | 53,371           | 54,086            | (715)                              |
|                                           | <u>892,508</u>   | <u>1,021,859</u> | <u>1,015,315</u>  | <u>6,544</u>                       |
| <b>Revenues over (under) expenditures</b> | (379,718)        | (464,486)        | (411,457)         | 53,029                             |
| <b>OTHER FINANCING SOURCES (USES)</b>     |                  |                  |                   |                                    |
| Proceeds from Capital Lease               | -                | -                | 5,813             | 5,813                              |
| Transfers In - Sales Tax Fund             | 329,000          | 335,000          | 335,000           | -                                  |
| Appropriations Capital Expenditures       | -                | 31,698           | 26,200            | (5,498)                            |
| Total other financing sources (uses)      | 329,000          | 366,698          | 367,013           | 315                                |
| <b>Net changes in fund balances</b>       | (50,718)         | (97,788)         | (44,444)          | 53,344                             |
| <b>FUND BALANCES</b>                      |                  |                  |                   |                                    |
| Beginning of year                         | 147,834          | 165,531          | 165,531           | -                                  |
| End of year                               | <u>\$ 97,116</u> | <u>\$ 67,743</u> | <u>\$ 121,087</u> | <u>\$ 53,344</u>                   |

**TOWN OF LOCKPORT**  
**Budget Comparison Schedule - Sales Tax Fund**  
**As of and for the year ended June 30, 2017**

|                                           | Budgeted Amounts    |                     | Actual<br>Amounts   | Variance<br>Positive<br>(Negative) |
|-------------------------------------------|---------------------|---------------------|---------------------|------------------------------------|
|                                           | Original            | Final               |                     |                                    |
| <b>REVENUES</b>                           |                     |                     |                     |                                    |
| Taxes - sales and use                     | \$ 325,000          | \$ 320,000          | \$ 332,992          | \$ 12,992                          |
| Interest Earned                           | 175                 | 605                 | 607                 | 2                                  |
| TOTAL REVENUES                            | <u>325,175</u>      | <u>320,605</u>      | <u>333,599</u>      | <u>12,994</u>                      |
| <b>EXPENDITURES</b>                       |                     |                     |                     |                                    |
| General Government - Current:             |                     |                     |                     |                                    |
| Rent expense                              | 1,800               | 1,800               | 1,800               | -                                  |
| Collection Fee                            | 2,600               | 3,469               | 2,997               | 472                                |
| TOTAL EXPENDITURES                        | <u>4,400</u>        | <u>5,269</u>        | <u>4,797</u>        | <u>472</u>                         |
| <b>Revenues over (under) expenditures</b> | <u>320,775</u>      | <u>315,336</u>      | <u>328,802</u>      | <u>13,466</u>                      |
| <b>OTHER FINANCING SOURCES (USES)</b>     |                     |                     |                     |                                    |
| Operating Transfers Out:                  |                     |                     |                     |                                    |
| General Fund                              | (329,000)           | (366,698)           | (361,200)           | 5,498                              |
| Building Maintenance Fund                 | (30,000)            | -                   | -                   | -                                  |
| Total other financing sources (uses)      | <u>(359,000)</u>    | <u>(366,698)</u>    | <u>(361,200)</u>    | <u>5,498</u>                       |
| <b>Net change in fund balance</b>         | <u>(38,225)</u>     | <u>(51,362)</u>     | <u>(32,398)</u>     | <u>18,964</u>                      |
| <b>FUND BALANCES</b>                      |                     |                     |                     |                                    |
| Beginning of year                         | 1,182,007           | 1,219,583           | 1,219,583           | -                                  |
| End of year                               | <u>\$ 1,143,782</u> | <u>\$ 1,168,221</u> | <u>\$ 1,187,185</u> | <u>\$ 18,964</u>                   |

**TOWN OF LOCKPORT**  
**Budget Comparison Schedule - Building Maintenance Fund**  
**As of and for the year ended June 30, 2017**

|                                             | Budgeted Amounts |                  | Actual<br>Amounts | Variance<br>Positive<br>(Negative) |
|---------------------------------------------|------------------|------------------|-------------------|------------------------------------|
|                                             | Original         | Final            |                   |                                    |
| <b>REVENUES</b>                             |                  |                  |                   |                                    |
| Rental Income                               | \$ 66,924        | \$ 66,924        | \$ 67,134         | \$ 210                             |
| Interest Earned                             | 44               | 133              | 152               | 19                                 |
| <b>TOTAL REVENUES</b>                       | <u>66,968</u>    | <u>67,057</u>    | <u>67,286</u>     | <u>229</u>                         |
| <b>EXPENDITURES</b>                         |                  |                  |                   |                                    |
| General Government:                         |                  |                  |                   |                                    |
| Current:                                    |                  |                  |                   |                                    |
| Salaries                                    | 7,000            | 5,000            | 10,463            | (5,463)                            |
| Payroll Benefits                            | 520              | 460              | 477               | (17)                               |
| Retirement                                  | 500              | -                | -                 | -                                  |
| Utilities                                   | 13,000           | 12,868           | 14,155            | (1,287)                            |
| Repairs and maintenance                     | 11,500           | 5,115            | 9,127             | (4,012)                            |
| Insurance                                   | 29,400           | 24,800           | 24,862            | (62)                               |
| Maintenance and Supplies                    | 700              | 820              | 814               | 6                                  |
|                                             | <u>62,620</u>    | <u>49,063</u>    | <u>59,898</u>     | <u>(10,835)</u>                    |
| Capital Outlay                              | -                | -                | -                 | -                                  |
| <b>TOTAL EXPENDITURES</b>                   | <u>62,620</u>    | <u>49,063</u>    | <u>59,898</u>     | <u>(10,835)</u>                    |
| <b>OTHER FINANCING SOURCES (USES)</b>       |                  |                  |                   |                                    |
| Operating Transfers In:                     |                  |                  |                   |                                    |
| Sales Tax Fund                              | 30,000           | -                | -                 | -                                  |
| <b>Total other financing sources (uses)</b> | <u>30,000</u>    | <u>-</u>         | <u>-</u>          | <u>-</u>                           |
| <b>Net change in fund balance</b>           | <u>4,348</u>     | <u>17,994</u>    | <u>7,388</u>      | <u>(10,606)</u>                    |
| <b>FUND BALANCES</b>                        |                  |                  |                   |                                    |
| Beginning of year                           | 77,259           | 72,886           | 72,886            | -                                  |
| End of year                                 | <u>\$ 81,607</u> | <u>\$ 90,880</u> | <u>\$ 80,274</u>  | <u>\$ (10,606)</u>                 |

**TOWN OF LOCKPORT, LOUISIANA**  
**Statement of Net Position - Proprietary Fund**  
**June 30, 2017**

|                                           | Business-Type<br>Activities |
|-------------------------------------------|-----------------------------|
| <b>ASSETS</b>                             | <b>Enterprise Fund</b>      |
| Current assets:                           |                             |
| Cash and cash equivalents                 | \$ 214,550                  |
| Investments                               | 92                          |
| Due from other governmental units         | 45,056                      |
| Other assets                              | 147                         |
| Total current assets                      | 259,845                     |
| Noncurrent assets:                        |                             |
| Restricted assets -                       |                             |
| Investments                               | 727,279                     |
| Capital Assets                            |                             |
| Non-depreciable                           | 654,515                     |
| Depreciable, net                          | 4,262,655                   |
| Net capital assets                        | 4,917,170                   |
| Total noncurrent assets                   | 5,644,449                   |
| <b>TOTAL ASSETS</b>                       | <b>5,904,294</b>            |
| <br><b>Deferred outflows of resources</b> | <br>34,886                  |
| <br><b>LIABILITIES</b>                    |                             |
| Current liabilities:                      |                             |
| Payable from current assets -             |                             |
| Accrued liabilities                       | 129,177                     |
| Retainage payable                         | 10,323                      |
| Due to other funds                        | 533,714                     |
| Total Payable from current assets         | 673,214                     |
| Payable from restricted assets:           |                             |
| Bonds payable within one year             | 141,000                     |
| Total payable from restricted assets      | 141,000                     |
| Total current liabilities                 | 814,214                     |
| Non-current liabilities                   |                             |
| Sales Tax bonds payable (CWSRLF)          | 1,214,760                   |
| Net pension liability                     | 109,185                     |
| <b>TOTAL LIABILITIES</b>                  | <b>2,138,159</b>            |
| <br><b>Deferred inflows of resources</b>  | <br>11,089                  |
| <br><b>NET POSITION</b>                   |                             |
| Net Invested in capital assets            | 3,561,410                   |
| Restricted for debt service               | 727,279                     |
| Unrestricted                              | (498,757)                   |
| <b>TOTAL NET POSITION</b>                 | <b>\$ 3,789,932</b>         |

**TOWN OF LOCKPORT, LOUISIANA**  
**Statement of Revenues, Expenses and Changes in Fund Net Position**  
**As of and for the year ended June 30, 2017**

|                                          | Business-Type<br>Activities |
|------------------------------------------|-----------------------------|
|                                          | Enterprise Fund             |
| <b>OPERATING REVENUES</b>                |                             |
| Sewer fees charged                       | \$ 275,966                  |
| <b>OPERATING EXPENSES:</b>               |                             |
| Salaries                                 | 42,981                      |
| Payroll benefits                         | 9,813                       |
| Retirement                               | 11,553                      |
| Office costs                             | 55,684                      |
| Insurance                                | 7,849                       |
| Vehicle costs                            | 3,200                       |
| Chemicals                                | 4,356                       |
| Repairs and maintenance                  | 43,971                      |
| Collection fees                          | 20,448                      |
| Other                                    | 1,283                       |
| Depreciation                             | 138,930                     |
|                                          | 340,068                     |
| <b>Operating income (loss)</b>           | (64,102)                    |
| <b>NON-OPERATING REVENUE (EXPENSES):</b> |                             |
| Sales tax revenue                        | 233,094                     |
| Investment Income                        | 4,982                       |
| Revenue from Nonemployer Contributions   | 1,426                       |
| Debt Forgiveness                         | 51,636                      |
| Interest and fiscal charges              | (12,725)                    |
|                                          | 278,413                     |
| <b>Net Income (loss)</b>                 | 214,311                     |
| <b>NET POSITION:</b>                     |                             |
| Beginning of year                        | 3,575,621                   |
| End of year                              | \$ 3,789,932                |

**TOWN OF LOCKPORT, LOUISIANA**  
**Statement of Cash Flows - Proprietary Fund**  
**As of and for the year ended June 30, 2017**

|                                                                                         | Business-Type<br>Activities |
|-----------------------------------------------------------------------------------------|-----------------------------|
|                                                                                         | Enterprise Fund             |
| <b>Cash flows from operating activities:</b>                                            |                             |
| Cash received from customers                                                            | \$ 275,966                  |
| Cash payments to suppliers for goods and services                                       | (107,741)                   |
| Cash payments made to employees for services and benefits                               | (64,347)                    |
| <b>Net cash provided (used) by operating activities</b>                                 | <b>103,878</b>              |
| <b>Cash flows from noncapital financing activities:</b>                                 |                             |
| Sales taxes                                                                             | 233,094                     |
| Miscellaneous                                                                           | 1,426                       |
| <b>Net cash provided (used) by noncapital financing activities</b>                      | <b>234,520</b>              |
| <b>Cash flows from capital and related financing activities:</b>                        |                             |
| Principal paid on revenue bond maturities                                               | (72,000)                    |
| Interest paid on revenue bonds                                                          | (12,725)                    |
| Proceeds from revenue bonds                                                             | 206,542                     |
| Purchase of capital assets and completion of projects                                   | (362,128)                   |
| Payments for pension deferred due to net pension liability                              | (13,840)                    |
| Net pension liability and deferred inflows related to pension liability                 | 16,060                      |
| <b>Net cash provided (used) for capital and related financing activities</b>            | <b>(238,091)</b>            |
| <b>Cash flows from investing activities:</b>                                            |                             |
| Interest and dividends on investments                                                   | 4,982                       |
| <b>Net cash provided (used) by investing activities</b>                                 | <b>4,982</b>                |
| Net increase (decrease) in cash and cash equivalents                                    | 105,289                     |
| Cash and cash equivalents at the beginning of year                                      | 836,632                     |
| Cash and cash equivalents at the end of year                                            | \$ 941,921                  |
| <b>Reconciliation of operating income to net cash provided by operating activities:</b> |                             |
| Operating income (loss)                                                                 | \$ (64,102)                 |
| Adjustments to reconcile operating income to net cash provided by operating activities: |                             |
| Depreciation                                                                            | 138,930                     |
| Changes in assets and liabilities:                                                      |                             |
| (Increase) decrease in due from other governments                                       | 17,331                      |
| Increase (decrease) in accounts payable                                                 | 103,664                     |
| Increase (decrease) in contracts/retainages payable                                     | (13,832)                    |
| Increase (decrease) in due to other funds                                               | (78,113)                    |
| Total adjustments                                                                       | 167,980                     |
| Net cash provided (used) by operating activities                                        | \$ 103,878                  |



**TOWN OF LOCKPORT**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2017**

**Note 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)**

**B.      Basis of Presentation and Accounting - Measurement Focus (Continued)**

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.

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, as well as expenditures related to compensated absences, claims and judgments and pollution remediation costs, are recorded only when payment is due (matured).

**TOWN OF LOCKPORT**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2017**

**Note 1**      **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)**

**B. Basis of Presentation and Accounting - Measurement Focus (Continued)**

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* - The 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:

**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, 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.).

**TOWN OF LOCKPORT**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2017**

**Note 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)**

**B.      Basis of Presentation and Accounting - Measurement Focus (Continued)**

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 Council called for a special election on February 23, 2010 to authorize the levy and collection of a 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.

**Building Maintenance Fund** – is used to account for the receipt and use of proceeds from lease and/or rental of Town facilities. Notwithstanding any other ordinance to the contrary, revenues which accumulate in this fund shall be used solely for and are hereby dedicated for the payment of operating expenses and capital expenditures incurred directly for the preservation and operation of the physical plant of the Town facilities.

**TOWN OF LOCKPORT**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2017**

**Note 1**      **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)**

**B. Basis of Presentation and Accounting - Measurement Focus (Continued)**

*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 of 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.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and enterprise fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Town has elected not to follow subsequent private-sector guidance.

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.

**TOWN OF LOCKPORT**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2017**

**Note 1**      **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)**

**B. Basis of Presentation and Accounting - Measurement Focus (Continued)**

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary funds are charges to customers for services.

Operating expenses for enterprise and internal service funds include the cost of operations and maintenance, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

**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.

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

**TOWN OF LOCKPORT**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2017**

**Note 1**      **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)**

**D. Cash and Cash Equivalents and Investments (continued)**

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 and Payables**

During the course of operations transactions occur between individuals funds. These receivables and payables are classified as "due to or due from 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.

In the process of aggregating data for the government-wide financial Statement of Net Assets and the Statement of Activities some amounts reported as due to/from balances were eliminated. Interfund receivables and payables were eliminated to minimize the "grossing up" effect on the assets and liabilities within the governmental activities column.

**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 are capitalized at historical cost or estimated cost (the extent to which fixed asset costs have been estimated). Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Town uses a threshold level of \$5,000 or more for capitalizing capital assets.

**TOWN OF LOCKPORT**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2017**

**Note 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)**

**G.      Capital Assets (continued)**

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. At this point the project costs are moved out of construction-in-progress and capitalized. Straight-line depreciation is used based on the following estimated useful lives:

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

**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. On the payroll following the employee's anniversary hire date, 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 days is immaterial therefore no accrued liability of compensated absences has been reported.

**TOWN OF LOCKPORT**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2017**

**Note 1**      **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)**

**I.      Compensated Absences (continued)**

Employees are not limited in the accumulation of sick leave. Employees are not compensated for the accumulated sick leave upon retirement or other termination. Accumulated sick leave lapses at separation of employment therefore no liability for earned and unused sick time is recorded.

**J.      Restricted Assets**

Restricted assets in the enterprise fund – Sewer Fund consists of \$727,279 in specific assets required to be segregated as to use pursuant to restrictions arising from the Sewer Revenue Bond Issue.

**K.      Fund Equity**

*Government-wide Financial Statements*

Equity is classified as net assets and displayed in three components:

- Net Invested in capital assets,—Consists of capital assets net of accumulated depreciation and net of capital related debt.
- Restricted net assets—Consists of net assets with constraints placed on the use by law through constitutional provisions or enabling legislation.
- Unrestricted net assets—All other net assets that do not meet the definition of “restricted” or “invested in capital assets.”

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

*Fund Financial Statements*

The Town has implemented the provisions of GASB Statement No. 54, *Fund Balance Reporting and Government Fund Type Definitions*. In the Fund Financial Statements, fund balance could consist of:

- Non-spendable fund balance which includes amounts that cannot be spent because they are not in spendable form, or they are legally or contractually required to be maintained intact;
- Restricted fund balance is amounts restricted to specific purposes.
- Committed fund balance is amounts that can only be used for specific purposes pursuant to official action prior to the end of the reporting period.

**TOWN OF LOCKPORT**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2017**

**Note 1**      **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)**

**K. Fund Equity (continued)**

*Fund Financial Statements (continued)*

- Assigned fund balance is amounts designated to use for a specific purpose but is neither restricted nor committed. The Town has authority to assign fund balance. Assigned fund equity represents those portions of fund equity that are budgeted by through the formal budgeting process for specific purposes.
- Unassigned fund balance represents fund balance that has not been assigned to other funds and has not been restricted, committed, or assigned to specific purposes within the general fund.

**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 financial 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 so 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 so will not be recognized as an inflow of resources until that time.

**Note 2**      **BUDGETS**

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for all governmental funds. Annual appropriated budgets are adopted for the following governmental funds: general and special revenue. All annual appropriations lapse at year-end.

**TOWN OF LOCKPORT**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2017**

**Note 2      BUDGETS, (Continued)**

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.

The following procedures are used in establishing the budgetary data reflected in the financial statements:

- Prior to June 15, a proposed operating budget for the year commencing the following July 1 shall be submitted to the Mayor and Town Council by the Town Clerk. The operating budget includes proposed expenditures and the means of financing them.
- The Town Council conducts public hearings to obtain taxpayer comments.
- All actions necessary to adopt and otherwise finalize and implement the budget for an ensuing year are taken prior to the end of the year in progress.
- The level of budgetary control is at the fund, department or project level and any amendment for amounts exceeding any current expenditure amount budgeted must be approved by the Town Council.
- All budgeted amounts, which are not expended, or obligated through contracts, lapse at year end.
- Budgets for all governmental fund types are adopted on a basis consistent with GAAP.

The budget was amended during the year. The financial statements reflect the amended budget amounts. The following funds had unfavorable expenditure variances for the year ending June 30, 2017 due to salaries not included in the budget:

| Fund                 | Final Budget | Actual   | \$ Variance | % Variance |
|----------------------|--------------|----------|-------------|------------|
| Building Maintenance | \$ 49,063    | \$59,898 | (\$10,835)  | -22.08%    |

All comparisons for revenues budget versus actual had favorable variances as well as expenditure comparisons for the General and Sales Tax Funds.

**TOWN OF LOCKPORT**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2017**

**Note 3**                      **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, 2016. 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 2016 levy was based, was \$9,620,190.

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, 2017, 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 \$79,882 and collected were \$79,302.

**Note 4**                      **DEPOSITS AND INVESTMENTS**

*Deposits* - Demand (deposits, interest bearing demand deposits and money markets) are recorded at cost, which approximates fair value. At June 30, 2017, the carrying amount of deposits was \$804,870 and the bank balance was \$838,616. The difference between the bank balance and the carrying amount represents outstanding checks and deposits in transit.

Custodial credit risk is the risk that, in the event of failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. At year-end \$588,616 of the entity's bank balance was considered to be exposed to custodial credit risk.

**TOWN OF LOCKPORT**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2017**

**Note 4**                      **DEPOSITS AND INVESTMENTS (continued)**

Under state law, these deposits (or the resulting bank balances) must be secured by federal deposits insurance or the pledge of securities owned by the fiscal agent bank. The market values of the pledged securities plus the federal deposit insurance (FDIC) must at all time equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Pledged securities totaling \$680,986 were held at year-end to adequately secure these deposits from risk.

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

*Investments* - All of the Town's investments are in the Louisiana Asset Management Pool (LAMP), a state and local government investment pool. They have an average maturity of 60 days or less. LAMP is administered by LAMP, Inc., which is a nonprofit corporation organized under the laws of the State of Louisiana formed by an initiative of the State Treasurer in 1993. A board of directors consisting of the State Treasurer, representatives from various organizations of local government, the Government Finance Officers Association of Louisiana, and the Society of Louisiana CPA's governs the corporation. These approved investments are carried at cost, which approximate market and may be liquidated as needed. The total investment in lamp at year-end is \$930,537.

Custodial credit risk is the risk that in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. This investment pool has not been assigned a risk category since the Town is not issued securities, but rather owns an undivided beneficial interest in the assets of this pool. As of June 30, 2017, the Town's investment in LAMP was rated AAAM by Standard & Poor's.

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. LAMP investments are considered pooled fixed income whose investment maturities are all less than 1 year.

**TOWN OF LOCKPORT**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2017**

**Note 4**                      **DEPOSITS AND INVESTMENTS (continued)**

Credit risk is the risk that an issuer of a debt type investment will not fulfill its obligation to the holder of the investment. This is measured by assignment of a rating by a nationally recognized rating organization. U.S. government securities or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk exposure.

**NOTE 5**                      **DUE FROM GOVERNMENTAL UNITS**

The amounts due from other governmental units were:

|                                  | State of<br>Louisiana | Lafourche<br>Parish<br>School<br>Board | Lafourche<br>Parish<br>Government | Lafourche<br>Parish Water<br>District No. 1 | Totals          |
|----------------------------------|-----------------------|----------------------------------------|-----------------------------------|---------------------------------------------|-----------------|
| <b>Governmental Activities:</b>  |                       |                                        |                                   |                                             |                 |
| General Fund                     | \$9,979               | \$10,202                               | \$4,286                           |                                             | \$24,467        |
| Sales Tax Fund                   |                       | 34,005                                 |                                   |                                             | 34,005          |
| <b>TOTALS</b>                    | <b>\$9,979</b>        | <b>\$44,207</b>                        | <b>\$4,286</b>                    |                                             | <b>\$58,472</b> |
| <b>Business-type Activities:</b> |                       |                                        |                                   |                                             |                 |
| Sewer Fund                       | \$0                   | \$23,804                               |                                   | \$21,252                                    | \$45,056        |

**TOWN OF LOCKPORT**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2017**

**Note 6**                      **CAPITAL ASSETS**

A schedule of changes in capital assets follows:

| <b>Governmental Activities</b>        | Balance<br>6/30/16 | Additions     | Deletions /<br>Adjustment | Balance<br>6/30/17 |
|---------------------------------------|--------------------|---------------|---------------------------|--------------------|
| Capital assets not being depreciated: |                    |               |                           |                    |
| Land                                  | \$509,481          | \$ -          | \$ (12,950)               | \$496,531          |
| Construction in Progress              | 6,136              | 8,639         | (11,346)                  | 3,429              |
| <b>TOTAL NON-DEPRECIABLE</b>          | <b>515,617</b>     | <b>8,639</b>  | <b>(24,296)</b>           | <b>499,960</b>     |
| Capital assets being depreciated:     |                    |               |                           |                    |
| Buildings                             | 1,401,973          | -             | -                         | 1,401,973          |
| Infrastructure                        | 2,348,710          | 7,963         | (33,199)                  | 2,323,474          |
| Equipment                             | 631,173            | 48,526        | -                         | 679,699            |
| Parks                                 | 238,068            | -             | -                         | 238,068            |
| <b>TOTAL DEPRECIABLE</b>              | <b>4,619,924</b>   | <b>56,489</b> | <b>(33,199)</b>           | <b>4,643,214</b>   |
| <b>TOTALS</b>                         | <b>5,135,541</b>   | <b>65,128</b> | <b>(57,494)</b>           | <b>5,143,174</b>   |

Less accumulated depreciation:

|                                                          |                    |                   |                   |                    |
|----------------------------------------------------------|--------------------|-------------------|-------------------|--------------------|
| Buildings                                                | 784,091            | 40,656            | -                 | 824,747            |
| Infrastructure                                           | 1,063,168          | 61,263            | (7,424)           | 1,117,007          |
| Equipment                                                | 461,600            | 51,279            | -                 | 512,879            |
| Parks                                                    | 81,335             | 11,722            | -                 | 93,057             |
| <b>TOTALS</b>                                            | <b>2,390,194</b>   | <b>164,920</b>    | <b>(7,424)</b>    | <b>2,547,690</b>   |
| Capital assets being depreciated, net                    | <b>\$2,229,730</b> | <b>(108,431)</b>  | <b>(25,775)</b>   | <b>\$2,095,524</b> |
| <b>Total governmental activities capital assets, net</b> | <b>\$2,745,347</b> | <b>(\$99,792)</b> | <b>(\$50,071)</b> | <b>\$2,595,484</b> |

| <b>Business-Type Activities</b>       | Balance<br>6/30/16 | Additions      | Deletions        | Balance<br>6/30/17 |
|---------------------------------------|--------------------|----------------|------------------|--------------------|
| Capital assets not being depreciated: |                    |                |                  |                    |
| Construction in Progress              | \$721,302          | \$362,128      | (428,915)        | \$654,515          |
| <b>TOTALS</b>                         | <b>721,302</b>     | <b>362,128</b> | <b>(428,915)</b> | <b>654,515</b>     |
| Capital assets being depreciated:     |                    |                |                  |                    |
| Sewer System                          | 5,492,636          | 428,915        | -                | 5,921,551          |
| Machinery and equipment               | 45,663             | -              | -                | 45,663             |
| <b>TOTALS</b>                         | <b>5,538,299</b>   | <b>428,915</b> | <b>-</b>         | <b>5,967,214</b>   |

Less accumulated depreciation:

|                                                           |                    |                  |                  |                    |
|-----------------------------------------------------------|--------------------|------------------|------------------|--------------------|
| Sewer System                                              | 1,523,507          | 137,286          | -                | 1,660,793          |
| Machinery and equipment                                   | 42,123             | 1,644            | (1)              | 43,766             |
| <b>TOTALS</b>                                             | <b>1,565,630</b>   | <b>138,930</b>   | <b>-</b>         | <b>1,704,559</b>   |
| Capital assets being depreciated, net                     | <b>\$3,972,669</b> | <b>289,985</b>   | <b>-</b>         | <b>\$4,262,655</b> |
| <b>Total business-type activities capital assets, net</b> | <b>\$4,693,971</b> | <b>\$652,113</b> | <b>(428,914)</b> | <b>\$4,917,170</b> |

**TOWN OF LOCKPORT**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2017**

**Note 6      CAPITAL ASSETS (Continued)**

Depreciation expense was allocated to functions of the Town as follows:

**Governmental Activities:**

|                        |    |               |
|------------------------|----|---------------|
| General government     | \$ | 53,186        |
| Streets and highways   |    | 30,219        |
| Drainage               |    | 38,833        |
| Public Safety          |    | 30,613        |
| Culture and recreation |    | <u>12,069</u> |

|                                                         |  |                  |
|---------------------------------------------------------|--|------------------|
| Total depreciation expense -<br>governmental activities |  | <u>\$164,920</u> |
|---------------------------------------------------------|--|------------------|

**Business-Type Activities:**

|       |    |                |
|-------|----|----------------|
| Sewer | \$ | <u>138,930</u> |
|-------|----|----------------|

**Note 7      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 Tax 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.

**TOWN OF LOCKPORT**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2017**

**Note 7      LONG TERM DEBT (continued)**

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.

The Town had outstanding principal of \$1,272,854 at June 30, 2016; during the year, the Town requested total drawdowns of \$206,542, of which \$51,636 was forgiven (net draws were \$154,906), and principal in the amount of \$72,000 was paid in February 2017 with the remaining \$1,355,760 as outstanding in 2017 of Sales Tax Bonds.

**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.

Principal and interest are payable semiannually in August and February of each year. Semiannual interest payments start in August 2013 to February 2034. Principal payments will be paid each February starting in 2015 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, 2017.

**TOWN OF LOCKPORT**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2017**

**Note 7      LONG TERM DEBT (continued)**

A summary of changes in long-term debt is as follows:

|                                                          | Payable<br>6/30/16 | Debt<br>Incurred | Debt<br>Retired | Payable<br>6/30/17 |
|----------------------------------------------------------|--------------------|------------------|-----------------|--------------------|
| Sewer Sales Tax Bonds, Series 2013                       | \$1,272,854        | \$206,542        | \$123,636       | \$1,355,760        |
| Net Pension Liability (see Note 13) –<br>Government Wide | \$896,870          | \$433,483        | \$130,505       | \$1,199,848        |
| Net Pension Liability (see Note 13) –<br>Sewer Fund      | \$89,844           | \$27,671         | \$8,330         | \$109,185          |
| Capital Leases (see Note 8)                              | \$55,429           | \$5,813          | \$17,336        | \$43,906           |

The annual requirements, including interest, to amortize bonded long-term debt outstanding are as follows:

| Maturity      | Principal          | Interest         | Total              |
|---------------|--------------------|------------------|--------------------|
| 2018          | 141,000            | 13,994           | 154,994            |
| 2019          | 142,000            | 14,836           | 156,836            |
| 2020          | 144,000            | 13,487           | 157,487            |
| 2021          | 145,000            | 12,119           | 157,119            |
| 2022          | 146,000            | 10,742           | 156,742            |
| 2023-2029     | 637,760            | 35,751           | 673,511            |
| <b>Totals</b> | <b>\$1,355,760</b> | <b>\$100,929</b> | <b>\$1,456,689</b> |

**TOWN OF LOCKPORT**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2017**

**Note 8 CAPITAL LEASES**

The Town entered into a Lease-Purchase Agreement with Ford Motor Credit Company dated October 2015 for the purchase of 2 automobiles for the police department. The lease commences on that date with the initial term of 60 months. The payments will be made in 5 consecutive annual payments of \$15,978 each, due on October 23rd for the next 5 years maturing on October 23, 2019. Total initial cost of the vehicles was \$70,862.

The Town entered into a Lease-Purchase Agreement with Toshiba Financial Services dated September 2016 for the purchase of a Toshiba e3005C Color Copier for the main officer. The lease commences on that date with the initial term of 12 months. The payments will be made in 12 monthly payments of \$484.31 each bearing no interest, due on the 19<sup>th</sup> of each month for the next 12 months maturing on September 19, 2017 after a purchase option of \$1 is paid. Total initial cost of the copier was \$5,813.

The following is a schedule of future minimum lease payments for the leases together with the present value of net minimum lease payments for governmental activities:

| Fiscal year ending                   | Ford Motor<br>Lease | Toshiba<br>Copier<br>Lease |
|--------------------------------------|---------------------|----------------------------|
| 6/30/2018                            | \$ 15,978           | \$ 1,157                   |
| 6/30/2019                            | 15,978              |                            |
| 6/30/2020                            | 15,978              |                            |
|                                      | \$ 47,934           | \$ 1,157                   |
| Less amount representing<br>interest | (5,185)             | ( - )                      |
|                                      | \$ 42,749           | \$ 1,157                   |

The following is an analysis of the cost and accumulated depreciation for leased assets under capital lease:

|                          | <b>Vehicles-2015</b> | <b>Copier-2016</b> |
|--------------------------|----------------------|--------------------|
| Vehicles/Copier          | \$70,862             | \$5,813            |
| Accumulated Depreciation | <u>(29,397)</u>      | <u>( 554)</u>      |
|                          | \$41,465             | \$5,259            |

**TOWN OF LOCKPORT**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2017**

**Note 9 INTERFUND RECEIVABLES/PAYABLES**

Interfund receivables and payables for the individual funds is as follows:

| INDIVIDUAL<br>FUND        | INTERFUND<br>RECEIVABLE | INTERFUND<br>PAYABLE |
|---------------------------|-------------------------|----------------------|
| General Fund              | \$12,920                | \$62,510             |
| Building Maintenance Fund | 2,304                   |                      |
| Sales Tax Fund            | 581,000                 |                      |
| Sewer Fund                | 53,563                  | 587,277              |
| Totals                    | \$649,787               | \$649,787            |

**Note 10 INTERFUND TRANSFERS**

A reconciliation of operating transfers for the individual funds is as follows:

| INDIVIDUAL<br>FUND | TRANSFERS<br>IN | TRANSFERS<br>OUT |
|--------------------|-----------------|------------------|
| General Fund       | \$361,200       |                  |
| Sales Tax Fund     |                 | \$361,200        |
| Totals             | \$361,200       | \$361,200        |

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.

**TOWN OF LOCKPORT**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2017**

**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      PENSION PLANS**

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

The 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.
- 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.

**TOWN OF LOCKPORT**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2017**

**Note 13      PENSION PLANS (Continued)**

**General information about the Plans:**

**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 public employee retirement system, 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. Act 356 of the 1954 Louisiana Legislative Session established the plan. Act 569 of the 1968 Louisiana Legislative Session provided an optional method for municipalities to cancel Social Security and come under supplementary benefits in the System, effective on and after June 30, 1970. Effective October 1, 1978, under Act 788, the "regular plan" and the "supplemental plan" were replaced, and are known as "Plan A" and "Plan B". Plan A combines the original plan and the supplemental plan for those municipalities participating in both plans, while Plan B participates in only original plan. 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 issued a publicly available financial report that can be obtained at [www.mersla.com](http://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 members, 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.

**TOWN OF LOCKPORT**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2017**

**Note 13      PENSION PLANS (Continued)**

**Municipal Employees' Retirement System (continued)**

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
- 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.

**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.

**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. Interest is earned when the member has completed DROP participation, based on the actual rate of return on the investments identified as DROP funds for the period. No cost-of-living increases are payable to participants until employment has been terminated for at least one full year.

**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.

**TOWN OF LOCKPORT**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2017**

**Note 13      PENSION PLANS (Continued)**

**Municipal Employees' Retirement System (continued)**

**Contributions** – According to state statute, contribution requirements for all employers are actuarially determined each year. For the year ended June 30, 2016 (the plan measurement date), the actual employer contribution rate was 19.75% and employee contribution rate was 9.5%, and the actuarially required contribution rate was 19.48%. The actual rate differs from the actuarially determined rate due to state statutes that require the contribution rate be calculated and set two years prior to the year effective. Contributions to the pension plan totaled \$39,489 and 37,616, for the years ended June 30, 2017 and 2016, respectively (employer contribution rate of 19.75% for both years).

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.

**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 public employee retirement system, 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. Act 189 of the 1973 Louisiana Legislative Session established the plan. 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 issued a publicly available financial report that can be obtained at [www.lampers.org](http://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:

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

**TOWN OF LOCKPORT**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2017**

**Note 13      PENSION PLANS (Continued)**

**Municipal Police Employees' Retirement System (continued)**

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.

Under both sub-plans, a member is eligible for early retirement after 20 years of creditable service at any age with an actuarially reduced benefit. Benefit rates are 3% and 2 ½%, respectively, of average final compensation (average monthly earnings during the highest 60 consecutive months) times the number of years of creditable service, not to exceed 100% of final salary.

**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 his benefits by lump sum payment or a true annuity. If employment is not terminated, active contributing membership into the System shall resume and upon later termination, he shall receive additional retirement benefit based on the additional service.

**TOWN OF LOCKPORT**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2017**

**Note 13      PENSION PLANS (Continued)**

**Municipal Police Employees' Retirement System (continued)**

For those eligible to enter DROP prior to January 1, 2004, Drop accounts shall earn interest subsequent to the termination of DROP participation at a rate of half of one percentage point below the percentage rate of return of the System's investment portfolio as certified by the actuary on an annual basis but will never lose money. For those eligible to enter DROP subsequent to January 1, 2004, an irrevocable election is made to earn interest based on the System's investment portfolio return or a money market investment return. This could result in 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.

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

**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, 2016 (plan measurement date), employee and employer contributions were 10% and 29.5%, 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 31.5% and employee rates were 8%.

**TOWN OF LOCKPORT**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2017**

**Note 13      PENSION PLANS (Continued)**

**Municipal Police Employees' Retirement System (continued)**

The employer and employee contribution rates for all members whose earnable compensation is less than or equal to the poverty guidelines issued by the United States Department of Health and Human Services were 32% and 7.5%, respectively. The actuarial required employer and employee combined contribution for June 30, 2016 was 39.5%.

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, 2016 (the plan measurement date) and excluded from pension expense.

Employer contributions to the pension plan totaled \$76,883, for the year ended June 30, 2016 (employer contribution rate of 29.5%) and \$84,975, for the year ended June 30, 2017 (employer contribution rate of 31.75%).

***Pension liabilities, pension expense and deferred outflows of resources and deferred inflows of resources:***

As of June 30, 2017, the Town reported a total of \$1,309,033 for its proportionate shares of the net pension liability of the Plans, as follows:

| <u>Plan</u> | <u>Proportionate<br/>share of net<br/>pension liability</u> |
|-------------|-------------------------------------------------------------|
| MERS        | \$      437,005                                             |
| MPERS       | 872,028                                                     |
| Total       | <u>          \$    1,309,033</u>                            |

The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term contributions to the plans relative to the projected contributions of all participating employers, actuarially determined.

**TOWN OF LOCKPORT**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2017**

**Note 13      PENSION PLANS (Continued)**

At June 30, 2016, the Town's proportions of each plan were as follows:

| <u>Plan</u> | <u>Proportionate share</u> |                |
|-------------|----------------------------|----------------|
|             | <u>6/30/16</u>             | <u>6/30/15</u> |
| MERS        | .106620%                   | .096474%       |
| MPERS       | .093038%                   | .081963%       |

For the year ended June 30, 2016, the Town recognized pension expense as follows:

| <u>Plan</u> | <u>Pension expense</u> |
|-------------|------------------------|
| MERS        | \$ 38,342              |
| MPERS       | 30,202                 |
| Total       | <u>\$ 68,544</u>       |

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

| <u>Plan</u>                                                                            | <u>Deferred outflows<br/>of resources</u> | <u>Deferred inflows<br/>of resources</u> |
|----------------------------------------------------------------------------------------|-------------------------------------------|------------------------------------------|
| <u>MERS</u>                                                                            |                                           |                                          |
| Changes in proportion                                                                  | \$ 35,264                                 | \$ -                                     |
| Changes in assumptions                                                                 | 15,908                                    |                                          |
| Differences between<br>expected and actual<br>experience                               | -                                         | 13,814                                   |
| Net difference between<br>projected and actual earnings<br>on pension plan investments | 99,800                                    |                                          |
| Town contributions<br>subsequent to the<br>measurement date                            | 39,489                                    | -                                        |
|                                                                                        | <u>\$ 190,461</u>                         | <u>\$ 13,814</u>                         |

**TOWN OF LOCKPORT**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2017**

**Note 13      PENSION PLANS (Continued)**

**MPERS**

|                                                                                  |                          |                           |
|----------------------------------------------------------------------------------|--------------------------|---------------------------|
| Changes in proportion                                                            | \$      79,316           | \$      25,142            |
| Differences between expected and actual experience                               | -                        | 13,872                    |
| Changes in assumptions                                                           | 42,398                   | 53                        |
| Net difference between projected and actual earnings on pension plan investments | 134,182                  | -                         |
| Town contributions subsequent to the measurement date                            | 84,975                   | -                         |
|                                                                                  | <u>\$    340,871</u>     | <u>\$      39,067</u>     |
| <br>Total                                                                        | <br><u>\$    531,332</u> | <br><u>\$      52,881</u> |

The deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date (June 30, 2016) will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. 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: |           |
|---------------------|-----------|
| 2017                | \$ 98,197 |
| 2018                | 99,984    |
| 2019                | 106,240   |
| 2020                | 49,566    |

**TOWN OF LOCKPORT**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2017**

**Note 13      PENSION PLANS (Continued)**

**Actuarial assumptions:**

The total pension liabilities in the June 30, 2016 actuarial valuations were determined using the following actuarial assumptions, applied to all periods included in the measurements:

| <u>Plan</u>                                     | <u>MERS</u>                                 | <u>MPERS</u>                                                                         |
|-------------------------------------------------|---------------------------------------------|--------------------------------------------------------------------------------------|
| Inflation                                       | 2.875%                                      | 2.875%                                                                               |
| Discount rate used to measure pension liability | 7.50%                                       | 7.50%                                                                                |
| Salary increases                                | 5.0%<br>(2.875% Inflation,<br>2.125% Merit) | Vary from 9.75%<br>for 1 <sup>st</sup> year of<br>service to 4.25%<br>after 23 years |
| Investment rate of return                       | 7.50%                                       | 7.50%                                                                                |
| 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.

For MERS, 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 7.6% for the year ending June 30, 2016.

**TOWN OF LOCKPORT**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2017**

**Note 13 PENSION PLANS (Continued)**

With MPERS, the forecasted long-term expected rate of return on pension plan investments was determined using a building block method in which best estimates ranges of expected future real rates of returns (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 weighing 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 forecasted long-term rate of return is 8.25% for the year ending June 30, 2016.

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, 2016, are summarized in the following table:

| Asset Class                        | Target Allocation | Long-Term Expected Real Rate of Return |
|------------------------------------|-------------------|----------------------------------------|
| <b>MERS:</b>                       |                   |                                        |
| Public equity                      | 50.0%             | 2.60%                                  |
| Public fixed income                | 35.0%             | 1.80%                                  |
| Alternatives                       | 15.0%             | 0.80%                                  |
| <b>TOTALS</b>                      | <b>100%</b>       | <b>5.20%</b>                           |
| Inflation                          |                   | 2.50%                                  |
| Expected Arithmetic Nominal Return |                   | 7.60%                                  |

| Asset Class                        | Target Allocation | Long-Term Expected Real Rate of Return |
|------------------------------------|-------------------|----------------------------------------|
| <b>MPERS:</b>                      |                   |                                        |
| Equity                             | 53.0%             | 3.69%                                  |
| Fixed Income                       | 21.0%             | 0.49%                                  |
| Alternatives                       | 20.0%             | 1.11%                                  |
| Other                              | 6.0%              | 0.21%                                  |
| <b>Totals</b>                      | <b>100%</b>       | <b>5.50%</b>                           |
| Inflation                          |                   | 2.75%                                  |
| Expected Arithmetic Nominal Return |                   | 8.25%                                  |

**TOWN OF LOCKPORT**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2017**

**Note 13      PENSION PLANS (Continued)**

Rates of return are presented as arithmetic means for MERS and for 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 of the Town's proportionate share of the net pension liabilities to changes in the discount rate:**

The following presents the Town's proportionate shares of the net pension liabilities of the plans, calculated using the discount rates as shown above, as well as what the Town's 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:

|                           | <b>1%<br/>Decrease</b> | <b>Current<br/>Discount Rate</b> | <b>1%<br/>Increase</b> |
|---------------------------|------------------------|----------------------------------|------------------------|
| MERS (current rate 7.5%)  | \$ 555,514             | \$ 437,005                       | \$ 335,880             |
| MPERS (current rate 7.5%) | 1,162,489              | 872,028                          | 628,160                |
| <b>Total</b>              | <b>\$ 1,718,003</b>    | <b>\$ 1,309,033</b>              | <b>\$ 964,040</b>      |

**Pension plan fiduciary net position:**

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

**TOWN OF LOCKPORT**  
**Notes to the Financial Statements**  
**For the Year Ended June 30, 2017**

**Note 13      PENSION PLANS (Continued)**

**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, 2017, the Town recognized revenue as a result of support received from non-employer contributing entities of \$6,460 for its participation in MERS and \$17,310 for its participation in MPERS. These amounts were allocated to the government-wide and business type activities in proportion to their current contributions totaling \$22,344 and \$1,426, respectively.

Payables to the pension plans:

At June 30, 2017, no amounts were due to the pension plans for employer and employee required contributions.

**Note 14      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 ended June 30, 2017 was \$275,966 for services to an average of 1,076 customers per month (unaudited) for 12 months resulting in an average monthly billing of \$19.62 per user. The number of users at the end of the fiscal year was 1,074 (unaudited).

As of May 16, 2016, the Town of Lockport raised the sewer service rates to the following:

- First 2,000 gallons per month                      \$15.00 per 2000 gallons
- over 2,000 gallons per month                      \$2.00 per 1,000 gallon

**Note 15      SUBSEQUENT EVENTS**

The Town of Lockport has evaluated subsequent events through December 21, 2017, the date which the financial statements were available to be issued, and determined that there were no events required to be disclosed.

***REQUIRED SUPPLEMENTAL  
INFORMATION***

**TOWN OF LOCKPORT, LOUISIANA**  
**COMPENSATION PAID TO MEMBERS OF THE TOWN COUNCIL**  
*As of and for the year ended June 30, 2017*

| Name                   | Office       | Compensation     | Per Diem        | Total            |
|------------------------|--------------|------------------|-----------------|------------------|
| <b>7/1/16-12/31/16</b> |              |                  |                 |                  |
| Paul A. Champagne      | Mayor***     | \$ 6,000         | \$ -            | \$ 6,000         |
| Donovan Barker         | Councilman   | 600              | 500             | 1,100            |
| Sharon R. Guidry       | Councilwoman | 600              | 600             | 1,200            |
| Rodney R. Hartman      | Councilman   | 600              | 650             | 1,250            |
| Craig Rogers           | Councilman   | 600              | 650             | 1,250            |
| Weldon Triche          | Councilman   | 600              | 650             | 1,250            |
| <b>1/1/17-6/30/17</b>  |              |                  |                 |                  |
| Edward Reinhardt       | Mayor***     | \$ 6,000         | \$ -            | \$ 6,000         |
| Stephen Baudoin        | Councilman   | 600              | 700             | 1,300            |
| Wayne Bourgeois, Jr.   | Councilman   | 600              | 700             | 1,300            |
| Bobbie M. Galjour      | Councilwoman | 600              | 600             | 1,200            |
| Sharon R. Guidry       | Councilwoman | 600              | 600             | 1,200            |
| Rodney R. Hartman      | Councilman   | 600              | 700             | 1,300            |
|                        |              | <u>\$ 18,000</u> | <u>\$ 6,350</u> | <u>\$ 24,350</u> |

Compensation for 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 meeting when called by the Town of Lockport.

**TOWN OF LOCKPORT, LOUISIANA  
REQUIRED SUPPLEMENTAL INFORMATION  
Municipal Employees Retirement System  
Last Ten Fiscal Years\***

| For Fiscal Year ended<br>Measurement Date | June 30, 2015<br>June 30, 2014 | June 30, 2016<br>June 30, 2015 | June 30, 2017<br>June 30, 2016 |
|-------------------------------------------|--------------------------------|--------------------------------|--------------------------------|
|-------------------------------------------|--------------------------------|--------------------------------|--------------------------------|

**SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**

|                                                  |            |            |            |
|--------------------------------------------------|------------|------------|------------|
| Proportion of the net pension liability          | 0.080970%  | 0.096474%  | 0.106620%  |
| Proportionate share of the net pension liability | \$ 207,805 | \$ 344,620 | \$ 437,005 |
| Covered employee payroll                         | \$ 139,492 | \$ 161,637 | \$ 190,463 |
| Proportionate share of the net pension liability | 148.97%    | 213.21%    | 229.44%    |
| Plan fiduciary net position as a percentage of   | 73.99%     | 66.18%     | 62.11%     |

**SCHEDULE OF CONTRIBUTIONS**

|                                         |            |            |            |
|-----------------------------------------|------------|------------|------------|
| Contractually required contribution     | \$ 25,507  | \$ 37,616  | \$ 39,489  |
| Contributions made                      | 25,507     | 37,616     | 39,489     |
| Contribution deficiency (excess)        | \$ -       | \$ -       | \$ -       |
| Covered employee payroll                | \$ 161,637 | \$ 190,463 | \$ 173,576 |
| Contribution as a percentage of covered | 15.78%     | 19.75%     | 22.75%     |

\*Note: Initial Year of GASB 68 Implementation, Schedule is intended to show information for 10 years. Additional Years will be displayed as they become available.

**Notes to Required Supplementary Information**

*Changes of Benefit Terms include:*

**TOWN OF LOCKPORT, LOUISIANA  
REQUIRED SUPPLEMENTAL INFORMATION  
Municipal Police Employees Retirement System  
Last Ten Fiscal Years\***

| For Fiscal Year ended<br>Measurement Date | June 30, 2015<br>June 30, 2014 | June 30, 2016<br>June 30, 2015 | June 30, 2017<br>June 30, 2016 |
|-------------------------------------------|--------------------------------|--------------------------------|--------------------------------|
|-------------------------------------------|--------------------------------|--------------------------------|--------------------------------|

**SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**

|                                                                                                        |            |            |            |
|--------------------------------------------------------------------------------------------------------|------------|------------|------------|
| Proportion of the net pension liability                                                                | 0.077471%  | 0.081963%  | 0.093038%  |
| Proportionate share of the net pension liability                                                       | \$ 484,665 | \$ 642,094 | \$ 872,028 |
| Covered employee payroll                                                                               | \$ 234,807 | \$ 219,244 | \$ 260,620 |
| Proportionate share of the net pension liability<br>as a percentage of its covered employee<br>payroll | 206.41%    | 292.87%    | 334.60%    |
| Plan fiduciary net position as a percentage of<br>the total pension liability                          | 75.10%     | 70.73%     | 66.04%     |

**SCHEDULE OF CONTRIBUTIONS**

|                                                             |            |            |            |
|-------------------------------------------------------------|------------|------------|------------|
| Contractually required contribution                         | \$ 69,061  | \$ 76,883  | \$ 84,975  |
| Contributions made                                          | 69,061     | 76,883     | 84,975     |
| Contribution deficiency (excess)                            | \$ -       | \$ -       | \$ -       |
| Covered employee payroll                                    | \$ 219,244 | \$ 260,620 | \$ 267,368 |
| Contribution as a percentage of covered<br>employee payroll | 31.50%     | 29.50%     | 31.78%     |

\*Note: Initial Year of GASB 68 Implementation, Schedule is intended to show information for 10 years. Additional Years will be displayed as they become available.

**Notes to Required Supplementary Information**

*Changes of Benefit Terms include:*

There were no changes of benefit assumptions for the year ended June 30, 2015, June 30, 2016 or June 30, 2017.

*Changes of Assumptions*

Inflation Rates decreased from 3.0% at June 30, 2014 measurement date to 2.875% at the June 30, 2015 measurement date. Salary increases, including inflation & merit also decreased for the time periods listed. There were no changes to changes of assumption for June 30,

***OTHER SUPPLEMENTARY  
INFORMATION***

**Town of Lockport, Louisiana**  
**SCHEDULE OF INSURANCE IN FORCE**  
**June 30, 2017**  
**(UNAUDITED)**

| Name of Insurer                            | Policy From | Policy To | Details of Coverage                                                                                                                                                                      | Amount                                                                                                       |
|--------------------------------------------|-------------|-----------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------|
| Louisiana Citizens Property Insurance Co.  | 9/23/2016   | 9/23/2017 | Property Coverage<br>Town Hall<br>Town Hall Contents<br>Sewer Plant Contents<br>The Locks<br>Boatbuilding Museum<br>Generators (5)<br>Old Police Department Building<br>Storage Building | \$ 1,000,000<br>\$ 150,000<br>\$ 25,000<br>\$ 145,000<br>\$ 300,000<br>\$ 235,260<br>\$ 60,000<br>\$ 120,000 |
| CNA Surety Bond                            | 1/1/2017    | 1/1/2018  | Fidelity Bond - Mayor                                                                                                                                                                    | \$ 5,000                                                                                                     |
| CNA Surety Bond                            | 11/3/2016   | 11/3/2017 | Fidelity Bond - Town Clerk<br>Fidelity Bond - Assistant Town Clerk                                                                                                                       | \$ 10,000<br>\$ 10,000                                                                                       |
| CNA Surety Bond                            | 8/20/2016   | 8/20/2017 | Clerk                                                                                                                                                                                    | \$ 10,000                                                                                                    |
| CNA Surety Bond                            | 1/18/2017   | 1/18/2021 | Fidelity Bond - Mayor Pro Tem                                                                                                                                                            | \$ 5,000                                                                                                     |
| CNA Surety Bond                            | 3/6/2017    | 3/6/2018  | Fidelity Bond - Secretary                                                                                                                                                                | \$ 10,000                                                                                                    |
| Louisiana Municipal Risk Management Agency | 1/1/2017    | 1/1/2018  | Workmen's Compensation                                                                                                                                                                   | LA Statutes                                                                                                  |
| Louisiana Municipal Risk Management Agency | 9/21/2016   | 9/21/2017 | Commercial General Liability<br>Premises per occurrence<br>Medical per person<br>Medical per accident<br>Fire Legal per occurrence                                                       | \$ 500,000<br>\$ 500,000<br>\$ 1,000<br>\$ 10,000<br>\$ 50,000                                               |
| Louisiana Municipal Risk Management Agency | 9/21/2016   | 9/21/2017 | Automobile Liability<br>Deductible                                                                                                                                                       | \$ 500,000<br>none                                                                                           |
| Louisiana Municipal Risk Management Agency | 9/21/2016   | 9/21/2017 | Law enforcement Officer<br>Deductible per occurrence                                                                                                                                     | \$ 500,000<br>\$ 1,000                                                                                       |
| Louisiana Municipal Risk Management Agency | 9/21/2016   | 9/21/2017 | Errors and Omissions<br>Deductible per occurrence                                                                                                                                        | \$ 500,000<br>\$ 1,000                                                                                       |
| Lloyd's/Lane & Assoc                       | 9/21/2016   | 9/21/2017 | Commercial Auto<br>Physical Damage<br>Comp/Collision<br>(Schedule vehicles)<br>Deductible (per unit)<br>Comprehensive<br>Collision as scheduled<br>Specified Parties                     | ACV or Cost<br><br><br><br>\$ 500<br>\$ 500<br>\$ 250                                                        |

**TOWN OF LOCKPORT, LOUISIANA**  
**SCHEDULE OF COMPENSATION, BENEFITS, and OTHER PAYMENTS TO AGENCY**  
**HEAD**

**As of and for the year ended June 30, 2017**

| <b>Agency Head Name:</b>                     | <b>Paul Champagne</b>  | <b>Ed Reinhardt</b>   |
|----------------------------------------------|------------------------|-----------------------|
|                                              | <b>- Mayor</b>         | <b>- Mayor</b>        |
|                                              | <b>7/1/16-12/31/16</b> | <b>1/1/17-6/30/17</b> |
| <b>Purpose</b>                               | <b>Amount</b>          | <b>Amount</b>         |
| Salary                                       | \$6,000                | \$6,000               |
| Benefits - insurance                         | \$0                    | \$0                   |
| Benefits - FICA                              | \$372                  | \$372                 |
| Deferred compensation (agency contributions) | \$0                    | \$0                   |
| Benefits - other (Medicare)                  | \$87                   | \$87                  |
| Car allowance                                | \$0                    | \$0                   |
| Vehicle provided by government               | \$0                    | \$0                   |
| Cell phone                                   | \$992                  | \$812                 |
| Dues                                         | \$0                    | \$0                   |
| Vehicle rental                               | \$0                    | \$0                   |
| Per diem                                     | \$0                    | \$0                   |
| Reimbursements                               | \$0                    | \$61                  |
| Travel                                       | \$507                  | \$0                   |
| Registration fees                            | \$200                  | \$100                 |
| Conference travel                            | \$769                  | \$291                 |
| Continuing professional education fees       | \$0                    | \$0                   |
| Housing                                      | \$0                    | \$0                   |
| Unvouchered expenses                         | \$0                    | \$0                   |
| Special meals                                | \$21                   | \$0                   |
| Other                                        | \$0                    | \$0                   |
| <b>TOTAL</b>                                 | <b>\$8,948</b>         | <b>\$7,723</b>        |

| <b>Agency Head Name:</b>                     | <b>Warren Vedros -</b> | <b>David</b>           |
|----------------------------------------------|------------------------|------------------------|
|                                              | <b>Police Chief</b>    | <b>Harrelson-</b>      |
|                                              | <b>7/1/16-6/14/17</b>  | <b>6/15/17-6/30/17</b> |
| Salary                                       | \$45,610               | \$1,745                |
| Supplemental Pay (State)                     | \$6,000                | \$250                  |
| Benefits - insurance                         | \$9,798                | \$196                  |
| Benefits - Retirement                        | \$16,227               | \$589                  |
| Deferred compensation (agency contributions) | \$0                    | \$0                    |
| Benefits - other (Medicare)                  | \$748                  | \$25                   |
| Car allowance                                | \$0                    | \$0                    |
| Vehicle provided by government               | \$0                    | \$0                    |
| Cell phone                                   | \$1,273                | \$0                    |
| Dues                                         | \$0                    | \$0                    |
| Vehicle rental                               | \$0                    | \$0                    |
| Per diem                                     | \$0                    | \$0                    |
| Reimbursements                               | \$0                    | \$0                    |
| Travel                                       | \$267                  | \$0                    |
| Registration fees                            | \$650                  | \$0                    |
| Conference travel                            | \$2,214                | \$0                    |
| Continuing professional education fees       | \$0                    | \$0                    |
| Housing                                      | \$0                    | \$0                    |
| Unvouchered expenses                         | \$0                    | \$0                    |
| Special meals                                | \$0                    | \$0                    |
| Other                                        | \$0                    | \$0                    |
| <b>TOTAL</b>                                 | <b>\$82,787</b>        | <b>\$2,804</b>         |

***REPORTS REQUIRED BY  
GOVERNMENT AUDITING STANDARDS***



# STAGNI & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

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## **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 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, business-type activities and each major fund of the Town of Lockport, Louisiana (the Town), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the basic financial statements as listed in the table of contents and have issued our report thereon dated December 21, 2017.

### ***Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the Town of Lockport'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Lockport'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.

Honorable Edward Reinhardt, Mayor  
And the Members of the Town Council  
Page 2

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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 disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management in a separate letter dated December 21, 2017.

### ***Purpose of this Report***

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

*Stagni & Company*

December 21, 2017  
Thibodaux, Louisiana



## **TOWN OF LOCKPORT, LOUISIANA**

### **Schedule of Current Year Findings For the Year Ended June 30, 2017**

We have audited the financial statements of the governmental activities, business activities and each major fund of the Town of Lockport, as of and for the year ended June 30, 2017 and have issued our report thereon dated December 21, 2017. 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.

#### **Section I - Summary of Auditor's Reports**

##### *Financial Statements*

The independent auditor's report issued on the financial statements was unmodified.

- Internal Control over financial reporting:
  - Material Weaknesses Identified? **No**
  - Significant Deficiencies Identified? **No**
- Non-Compliance Material to Financial Statements noted?: **No**

##### *Federal Awards – Not Applicable*

- Internal Control over major programs:
  - Material Weaknesses Identified?
  - Significant Deficiencies Identified?
- Type of Auditor's Report On Compliance for Major Programs:  
Are their findings required to be reported in accordance with Circular A-133, Section 510(a)?

#### **Section II - Financial Statement Findings**

- **NONE TO REPORT**

#### **Section III - Federal Award Findings and Questioned Costs**

- **Not Applicable**

**TOWN OF LOCKPORT**  
**LOCKPORT, LOUISIANA**  
Management's Corrective Action Plan  
For the Year Ended December 31, 2017

**Section I - Summary of Auditor's Reports**

The independent auditor's report issued on the financial statements was unmodified.

**Section II – Internal Control and Compliance Material to the Financial Statements**

**None to Report**

**Section III - Internal Control and Compliance Material to Federal Awards – Not Applicable**

**Section IV – Management Letter**

FINDING # **2017-001**

DESCRIPTIVE CAPTION ***Restricted Investments in Sewer Fund***

**Criteria or specific requirement** - *The bond covenant requirements of the Sewer Revolving Loan Funds, Issue 2013 requires management to transfer monthly to the Sewer Revenue Bond Sinking Fund an amount necessary to make the principal and interest payments as they become due and payable. It also requires the Town to transfer the highest amount of principal and interest due on each bond issue in future years on the outstanding revenue bonds to be deposited into the Sewer Revenue Bond Debt Service Reserve Fund. The Reserve Fund is restricted to the payment of principal and interest in case of default on the bond issue.*

**Condition found:** *The total balance in the Sewer Bond Sinking Fund at June 30, 2017 is \$554,930. The requirement is for the balance to be \$64,124. The total balance in the Sewer Bond Reserve Fund at June 30, 2017 is \$122,304. The requirement is for the balance to be \$78,823. There is also funds restricted in the Sewer System Renewal and Improvements and Capital Additions totaling \$39,433 and \$10,612, respectively, that no longer need to be restricted.*

**Cause** - *The Town transferred more than necessary for the monthly transfers to the Bond Sinking Fund. The Town had a prior Bond Issue that had amounts reserved for the Debt Service Reserve Fund, System Renewal and Improvements and Capital Additions that were not transferred to unrestricted investments when the previous Bond Issue was paid out in 2016.*

**Effect** - *The Town has funds that can be unrestricted and can reduce the deficit of the unrestricted net position of the sewer fund.*

**Recommendations** - *We recommend that the Town unrestrict funds available and transfer to unrestricted accounts.*

**Management's Corrective Action Planned** – *Management agrees and will unrestrict funds available and transfer to unrestricted accounts in the 2017-2018 fiscal year.*

**TOWN OF LOCKPORT, LOUISIANA**  
**Schedule of Prior Year Findings**  
For the Year Ended June 30, 2017

| Reference<br>Number                                                                      | Fiscal Year<br>Finding<br>Initially<br>Occurred | Description of Finding             | Corrective<br>Action Taken<br>(Yes, No, Partially) |
|------------------------------------------------------------------------------------------|-------------------------------------------------|------------------------------------|----------------------------------------------------|
| <i>Section I - Internal Control and Compliance Material to the Financial Statements:</i> |                                                 |                                    |                                                    |
| <b>2016-001</b>                                                                          | <b>2016</b>                                     | <b>Public Bid Law Compliance</b>   | Resolved                                           |
| <b>2016-002</b>                                                                          | <b>2016</b>                                     | <b>Public Lease Law Compliance</b> | Partially                                          |
| <i>Section II - Internal Control and Compliance Material to Federal Awards:</i>          |                                                 |                                    |                                                    |
| <b>NOT APPLICABLE</b>                                                                    |                                                 |                                    |                                                    |
| <i>Section III - Management Letter:</i>                                                  |                                                 |                                    |                                                    |
| <b>NOT APPLICABLE</b>                                                                    |                                                 |                                    |                                                    |



# STAGNI & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

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December 21, 2017

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

In planning and performing our audit of the financial statements of the Town of Lockport, Louisiana as of and for the year ended June 30, 2017 in accordance with auditing standards generally accepted in the United States of America, we considered the internal control over financial reporting (internal control) as a basis for designing our auditing procedures 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 internal control. Accordingly, we do not express an opinion on the effectiveness of the internal control.

However, during our audit we became aware of several matters that are opportunities for strengthening internal controls and operating efficiency. The memorandum that accompanies this letter summarizes our comments and suggestions regarding those matters. We previously reported on the internal control in our report dated December 21, 2017 and contains our report on any significant deficiencies in the internal control. This letter does not affect our report dated December 31, 2017, on the basic financial statements of the Town of Lockport, Louisiana.

The recommendations in this letter represent, in our judgment, those most likely to bring about beneficial improvements to the operations of your office. The findings related to compliance with applicable laws and regulations should be addressed immediately by management.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with various personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

Sincerely,

*Stagni & Company*



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STAGNI & COMPANY, LLC

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**FINDING # 2017-001**

**DESCRIPTIVE CAPTION *Restricted Investments in Sewer Fund***

• **Criteria or specific requirement:**

*The Bond Covenant accompanying the Sewer Revolving Loan Funds, Issue 2013 requires management to make monthly transfers to the Sewer Revenue Bond Sinking Fund in an amount necessary to make the principal and interest payments as they become due and payable and it requires the town to transfer the highest amount of principal and interest due on each bond issue in future years on the System's outstanding revenue bonds to be deposited into the Sewer Revenue Bond Debt Service Reserve Fund. The Reserve Fund is restricted to the payment of principal and interest in case of default on the bond issue.*

• **Conditions found:**

- *The Sewer Bond Sinking Fund at June 30, 2017 has \$554,930 deposited into it when the account is required to only have \$64,124.*
- *The Sewer Bond Reserve Fund at June 30, 2017 has \$122,304 deposited into it when the account is required to only have \$78,823.*
- *The Restricted funds in the Sewer Fund also has amounts deposited for Sewer System Renewal and Improvements and Capital Additions totaling \$39,433 and \$10,612, respectively that no longer need to be restricted.*

• **Cause:**

*The Town had previously transferred more than needed for the monthly transfers to the Bond Sinking Fund. The Town had a prior Bond Issue that had amounts reserved for the Debt Service Reserve Fund, System Renewal and Improvements and Capital Additions that were not transferred to unrestricted investments when the previous Bond Issue was paid out in 2016.*

• **Effect:**

*Although the Bond Covenants are completely complied with, the Town has funds that can be unrestricted and can reduce the deficit of the unrestricted net position of the sewer fund.*

• **Questioned costs:**

*None known.*

• **Recommendations:**

*We recommend that the Town follow the debt compliance requirements and transfer the funds that are not required to be restricted to unrestricted investment accounts.*



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STAGNI & COMPANY, LLC

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***TOWN OF LOCKPORT***

**Statewide Agreed Upon Procedures Report  
With Schedule of Findings and Management's Responses**

***As of and for the Year Ending  
June 30, 2017***



# STAGNI & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

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

To Mayor Edward Reinhardt and the Council,  
Town of Lockport, LA  
and the Louisiana Legislative Auditor

We have performed the procedures enumerated below, which were agreed to by the Town of Lockport and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2016 through June 30, 2017. The Entity's management is responsible for those C/C areas identified in the SAUPs.

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

The procedures and associated findings are described in the following schedule.

We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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

*Stagni & Company*

Thibodaux, Louisiana  
December 26, 2017

**Town of Lockport**  
**Schedule of Procedures and Associated Findings of the**  
**Statewide Agreed-Upon Procedures**  
**For the Year Ended June 30, 2017**

The required procedures and our findings are as follows:

**Procedures performed on the written policies and procedures:**

1. Obtain the written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the entity does not have any written policies and procedures), as applicable:
  - a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget  
**Performance:** Obtained and read the written policy for budgeting and found it to address all the functions listed above.  
**Exceptions:** There were no exceptions noted.  
**Management's response:** Not applicable.
  - b) **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.  
**Performance:** Obtained and read the written policy for purchasing and found it to address all the functions listed above.  
**Exceptions:** There were no exceptions noted.  
**Management's response:** Not applicable.
  - c) **Disbursements**, including processing, reviewing, and approving  
**Performance:** Obtained and read the written policy for disbursements and found it to address all the functions listed above.  
**Exceptions:** There were no exceptions noted.  
**Management's response:** Not applicable.
  - d) **Receipts**, including receiving, recording, and preparing deposits  
**Performance:** Obtained and read the written policy for receipts and found it to address all the functions listed above.  
**Exceptions:** There were no exceptions noted.  
**Management's response:** Not applicable.
  - e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.  
**Performance:** Obtained and read the written policy for payroll and personnel and found it to address all the functions listed above.  
**Exceptions:** There were no exceptions noted.  
**Management's response:** Not applicable.

**Town of Lockport**  
**Schedule of Procedures and Associated Findings of the**  
**Statewide Agreed-Upon Procedures**  
**For the Year Ended June 30, 2017**

**Procedures performed on the written policies and procedures (continued):**

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

**Performance:** Obtained and read the written policy for contracting and found it to address all the functions listed above.

**Exceptions:** There were no exceptions noted.

**Management's response:** Not applicable.

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

**Performance:** Obtained and read the written policy for credit cards and found it to address all the functions listed above.

**Exceptions:** There were no exceptions noted.

**Management's response:** Not applicable.

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

**Performance:** Obtained and read the written policy for travel and expense reimbursement.

**Exceptions:** There were no exceptions noted.

**Management's response:** Not applicable.

- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.

**Performance:** Obtained and read the written policy for ethics.

**Exceptions:** There were no exceptions noted.

**Management's response:** Not applicable.

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

**Performance:** Obtained and read the written policy for debt service.

**Exceptions:** There were no exceptions noted.

**Management's response:** Not applicable.

**Town of Lockport**  
**Schedule of Procedures and Associated Findings of the**  
**Statewide Agreed-Upon Procedures**  
**For the Year Ended June 30, 2017**

**Procedures performed on the Board of Commissioners:**

2. Obtain and review the board/committee minutes for the fiscal period, and:
  - a) Report whether the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.

**Performance:** Obtained and read the written minutes of quarterly board meetings.  
**Exceptions:** There were no exceptions noted.  
**Management's response:** Not applicable.
  - b) Report whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the entity's prior audit (GAAP-basis).

**Performance:** Inspected meeting minutes for budget to actual comparisons.  
**Exceptions:** There were no exceptions noted.  
**Management's response:** Not applicable.
  - c) Report whether the minutes referenced or included non-budgetary financial information (e.g. approval of contracts and disbursements) for at least one meeting during the fiscal period.

**Performance:** Inspected Board minutes for the fiscal year and noted non-budgetary financial information in the form of approvals of contract, and disbursements.  
**Exceptions:** There were no exceptions noted.  
**Management's response:** Not applicable.

**Procedures performed on the bank reconciliations:**

3. Obtain a listing of client bank accounts from management and management's representation that the listing is complete.

**Performance:** Obtained the listing of bank accounts from management, and received management's representation that it was complete.  
**Exceptions:** There were no exceptions noted.  
**Management's response:** Not applicable.
4. Using the listing provided by management, select all of the entity's bank accounts (if five accounts or less) or one-third of the bank accounts on a three year rotating basis (if more than 5 accounts). For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal period and report whether:
  - a) Bank reconciliations have been prepared;

**Performance:** Selected 5 bank accounts out of a total of 5 accounts. Inspected bank reconciliations prepared for each month.  
**Exceptions:** There were no exceptions noted.  
**Management's response:** Not applicable.

**Town of Lockport**  
**Schedule of Procedures and Associated Findings of the**  
**Statewide Agreed-Upon Procedures**  
**For the Year Ended June 30, 2017**

**Procedures performed on the bank reconciliations (continued):**

- b) Bank reconciliations include evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation; and

**Performance:** Inspected bank reconciliations (or statements for bank accounts that reconciliation were not prepared) for written approvals.

**Exceptions:** For the first half of the fiscal year (July 2016 to December 2016) there was no documentation of written approval on the bank reconciliations.

**Management's response:** Beginning in January 2017 the Town elected a new Mayor and with his administration a new policy was enforced to provide written documentation of approval by the Mayor on the bank statements that are attached to the bank reconciliations.

- c) If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period.

**Performance:** Inspected bank reconciliations for items outstanding for more than 6 months.

**Exceptions:** There was no documentation that items that have been outstanding for more than 6 months had been researched for reconciling.

**Management's response:** In the future, we will research the items and either re-issue or void as appropriate.

**Procedures performed on the collections:**

- 5. Obtain a listing of cash/check/money order (cash) collection locations and management's representation that the listing is complete.

**Performance:** Obtained the listing of cash/check/money order (cash) collection locations from management, and received management's representation that it was complete.

**Exceptions:** There were no exceptions noted.

**Management's response:** Not applicable.

- 6. Using the listing provided by management, select all of the entity's cash collection locations (if five locations or less) or one-third of the collection locations on a three year rotating basis (if more than 5 locations). For each cash collection location selected:

- a) Obtain existing written documentation (e.g. insurance policy, policy manual, job description) and report whether each person responsible for collecting cash is (1) bonded, (2) not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account (report if there are compensating controls performed by an outside party), and (3) not required to share the same cash register or drawer with another employee.

**Performance:** Inquired for the 1 cash collection location selected as to all of the requirements listed above.

**Exceptions:** There were no exceptions noted.

**Management's response:** Not applicable.

**Town of Lockport**  
**Schedule of Procedures and Associated Findings of the**  
**Statewide Agreed-Upon Procedures**  
**For the Year Ended June 30, 2017**

**Procedures performed on the collections (continued):**

- b) Obtain existing written documentation (e.g. sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and report whether the entity has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who is not responsible for cash collections in the cash collection location selected.

**Performance:** Requested the written policies that outlined the reconciliation of cash collections and inquired of separation of duties.

**Exceptions:** The person (Town Clerk) who reconciles cash collections to the general ledger is also responsible for cash collections. There are 2 other part time employees who cover the register when the Town Clerk is not available. All share the same register with a different login.

**Management's response:** The Town Clerk is the only full time employee therefore it is not possible to have separation of duties.

- c) Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:
- Using entity collection documentation, deposit slips, and bank statements, trace daily collections to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day at each collection location.

**Performance:** Traced collections from the highest dollar week of the cash collections to the deposit date on the corresponding bank statement noting number of days from receipt to deposit for each day at each collection location.

**Exceptions:** There following were the exceptions noted:

- Deposit dated 12/2/16 was deposited 6 days later
- Deposit dated 12/5/16 was deposited 3 days later

**Management's response:** Typically deposits are made weekly. Management will consider revising the policy.

- Using sequentially numbered receipts, system reports, or other related collection documentation, verify that daily cash collections are completely supported by documentation and report any exceptions.

**Performance:** Inspected sequentially numbered receipts, the journal of cash receipts and deposit slips from the bank. Noted that all collections are supported by adequate documentation.

**Exceptions:** There were no exceptions noted.

**Management's response:** Not applicable.

**Town of Lockport**  
**Schedule of Procedures and Associated Findings of the**  
**Statewide Agreed-Upon Procedures**  
**For the Year Ended June 30, 2017**

**Procedures performed on the collections (continued):**

7. Obtain existing written documentation (e.g. policy manual, written procedure) and report whether the entity has a process specifically defined (identified as such by the entity) to determine completeness of all collections, including electronic transfers, for each revenue source and agency fund additions by a person who is not responsible for collections.

**Performance:** Inspected the Policy Manual, and inquired of management as to separation of duties.

**Exceptions:** There were no exceptions noted.

**Management's response:** Not applicable.

**Procedures performed on the disbursements:**

8. Obtain a listing of entity disbursements from management or, alternately, obtain the general ledger and sort/filter for entity disbursements. Obtain management's representation that the listing or general ledger population is complete.

**Performance:** Obtained the listing of disbursements, and received management's representation that it was complete.

**Exceptions:** There were no exceptions noted.

**Management's response:** Not applicable.

9. Using the disbursement population from #8 above, randomly select 25 disbursements (or randomly select disbursements constituting at least one-third of the dollar disbursement population if the entity had less than 25 transactions during the fiscal period), excluding credit card/debit card/fuel card/P-card purchases or payments. Obtain supporting documentation (e.g. purchase requisitions, system screens/logs) for each transaction and report whether the supporting documentation for each transaction demonstrated that:

- a) Purchases were initiated using a requisition/purchase order system or an equivalent electronic system that separates initiation from approval functions in the same manner as a requisition/purchase order system.

**Performance:** Randomly selected 25 disbursements from the list provided. Inquired of management and reviewed the written policies on requisition/purchase orders and how invoices are approved for payment.

**Exceptions:** The purchase order policy states that purchases of materials or supplies over \$300 requires a purchase order. Of the 25 purchases we tested 5 purchases over \$300 did not have a purchase order. Of the 25 purchases we tested 6 had no written documentation for approval for payment.

**Management's response:** The new Mayor and administration has instilled a stricter policy for purchases and the policy manual will be revised.

**Town of Lockport**  
**Schedule of Procedures and Associated Findings of the**  
**Statewide Agreed-Upon Procedures**  
**For the Year Ended June 30, 2017**

**Procedures performed on the disbursements (continued):**

- b) Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.

**Performance:** Reviewed written policy and inspected documents for who initiated and/or approved purchase.

**Exceptions:** There were no exceptions noted.

**Management's response:** There were no exceptions noted.

- c) Payments for purchases were not processed without an approved requisition and/or purchase order, or electronic equivalent; a receiving report showing receipt of goods purchased, or electronic equivalent; and an approved invoice.

**Performance:** Inspected invoices selected for required purchase orders and approval for payment.

**Exceptions:** One payment was made without an invoice.

**Management's response:** The new Mayor and administration has instilled a stricter policy for purchases and the policy manual will be revised.

10. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the person responsible for processing payments is prohibited from adding vendors to the entity's purchasing/disbursement system.

**Performance:** Obtained and inspected the written policies, and inquired of management as to separation of duties.

**Exceptions:** The policy manual does not address or prohibit the person responsible for processing payments from adding vendors to the system.

**Management's response:** Management will consider revising its policy.

11. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.

**Performance:** Inspected the written policies, and inquired of management as to whether the persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.

**Exceptions:** No exceptions were noted.

**Management's response:** Not applicable.

12. Inquire of management and observe whether the supply of unused checks is maintained in a locked location, with access restricted to those persons that do not have signatory authority, and report any exceptions. Alternately, if the checks are electronically printed on blank check stock, review entity documentation (electronic system control documentation) and report whether the persons with signatory authority have system access to print checks.

**Town of Lockport  
Schedule of Procedures and Associated Findings of the  
Statewide Agreed-Upon Procedures  
For the Year Ended June 30, 2017**

**Procedures performed on the disbursements (continued):**

**Performance:** Inquired of management, as well as observed that the all supplies of unused checks are maintained in a locked location.

**Exceptions:** No exceptions were noted.

**Management's response:** Not applicable.

13. If a signature stamp or signature machine is used, inquire of the signer whether his or her signature is maintained under his or her control or is used only with the knowledge and consent of the signer. Inquire of the signer whether signed checks are likewise maintained under the control of the signer or authorized user until mailed. Report any exceptions.

**Performance:** Inquired of management of the details of signing checks and the control over them.

**Exceptions:** No exceptions were noted.

**Management's response:** Not applicable.

**Procedures performed on the credit cards, debit cards, fuel cards, p-cards:**

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

**Performance:** Obtained a listing of all active credit cards including the above-mentioned information for each card, and received management's representation that it was complete.

**Exceptions:** There were no exceptions noted.

**Management's response:** Not applicable.

15. Using the listing prepared by management, randomly select 10 cards (or at least one-third of the cards if the entity has less than 10 cards) that were used during the fiscal period, rotating cards each year. If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner.

Obtain the monthly statements, or combined statements if multiple cards are on one statement, for the selected cards. Select the monthly statement or combined statement with the largest dollar activity for each card (for a debit card, select the monthly bank statement with the largest dollar amount of debit card purchases) and:

- a) Report whether there is evidence that the monthly statement or combined statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder.

**Performance:** Obtained all monthly statements for all 2 of the total of 6 cards issued and observed for supporting documentation as well as approvals.

**Town of Lockport**  
**Schedule of Procedures and Associated Findings of the**  
**Statewide Agreed-Upon Procedures**  
**For the Year Ended June 30, 2017**

**Procedures performed on the credit cards, debit cards, fuel cards, p-cards (continued):**

**Exceptions:** Neither of the 2 statements examined showed documentation that they were reviewed or approved.

**Management's response:** Management has implemented stricter policies and procedures and will consider revising the policy manual.

- b) Report whether finance charges and/or late fees were assessed on the selected statements.

**Performance:** Reviewed all credit card statements for any late fees or finance charges.

**Exceptions:** There were no exceptions noted.

**Management's response:** Not applicable.

16. Using the monthly statements or combined statements selected under #15 above, obtain supporting documentation for all transactions for each of the cards selected (i.e. each of the cards should have one month of transactions subject to testing).

- a) For each transaction, report whether the transaction is supported by:

- An original itemized receipt (i.e., identifies precisely what was purchased)

**Performance:** Traced each transaction to an original itemized receipt.

**Exceptions:** There was one transaction noted that did not have a receipt.

**Management's response:** Management will enforce stricter adherence to the current policy that states all credit card transactions must be supported with appropriate documentation.

- Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.

**Performance:** Observed documentation for the purpose of each transaction noting clear purpose as business/public. There were no transactions for meal charges.

**Exceptions:** There were no exceptions noted.

**Management's response:** Not applicable.

- Other documentation that may be required by written policy (e.g., purchase order, written authorization.)

**Performance:** Observed written approvals of credit card transactions. Management reviews all transactions and then agrees to support before payment.

**Exceptions:** There were no exceptions noted.

**Management's response:** Not applicable.

- b) For each transaction, compare the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the entity's written purchasing/disbursement policies and the Louisiana Public Bid Law (i.e. transaction is a large or recurring purchase requiring the solicitation of bids or quotes) and report any exceptions.

**Performance:** Compared transaction detail to the written policies and Louisiana Public Bid Law.

**Town of Lockport**  
**Schedule of Procedures and Associated Findings of the**  
**Statewide Agreed-Upon Procedures**  
**For the Year Ended June 30, 2017**

**Procedures performed on the credit cards, debit cards, fuel cards, p-cards (continued):**

**Exceptions:** There were no exceptions noted.

**Management's response:** Not applicable.

- c) For each transaction, compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions

**Performance:** Inspected all transactions for compliance with Article 7, Section 14 of the Louisiana Constitution.

**Exceptions:** There were no exceptions noted.

**Management's response:** Not applicable.

**Procedures performed on the travel and expense reimbursements:**

17. Obtain from management a listing of all travel and related expense reimbursements, by person, during the fiscal period or, alternately, obtain the general ledger and sort/filter for travel reimbursements. Obtain management's representation that the listing or general ledger is complete.

**Performance:** Obtained a listing of all travel and related expense reimbursements including the above-mentioned information, and received management's representation that it was complete.

**Exceptions:** There were no exceptions noted.

**Management's response:** Not applicable.

18. Obtain the entity's written policies related to travel and expense reimbursements. Compare the amounts in the policies to the per diem and mileage rates established by the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov)) and report any amounts that exceed GSA rates.

**Performance:** Compared transaction detail to the written policies; and to the per diem and mileage rates established by the U.S. General Services Administration.

**Exceptions:** There were no exceptions noted.

**Management's response:** Not applicable.

19. Using the listing or general ledger from #17 above, select the three persons who incurred the most travel costs during the fiscal period. Obtain the expense reimbursement reports or prepaid expense documentation of each selected person, including the supporting documentation, and choose the largest travel expense for each person to review in detail. For each of the three travel expenses selected:

**Town of Lockport**  
**Schedule of Procedures and Associated Findings of the**  
**Statewide Agreed-Upon Procedures**  
**For the Year Ended June 30, 2017**

**Procedures performed on the travel and expense reimbursements (continued):**

- a) Compare expense documentation to written policies and report whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging). If the entity does not have written policies, compare to the GSA rates (#18 above) and report each reimbursement that exceeded those rates.

**Performance:** Selected the 3 employees with the most travel costs during the period and the highest travel expenditure reimburse for each. Compared documentation to the applicable rates listed above.

**Exceptions:** There were no exceptions noted.

**Management's response:** Not applicable.

- b) Report whether each expense is supported by:

- An original itemized receipt that identifies precisely what was purchased. [Note: An expense that is reimbursed based on an established per diem amount (e.g., meals) does not require a receipt.]

**Performance:** Traced each expense to the original itemized receipt with detail of reimbursement.

**Exceptions:** There were no exceptions noted.

**Management's response:** Not applicable.

- Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating).

**Performance:** Traced each expense to the original itemized receipt with detail of reimbursement.

**Exceptions:** There were no exceptions noted.

**Management's response:** Not applicable.

- Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance)

**Performance:** Traced each expense to the original itemized receipt with documentation for reimbursement.

**Exceptions:** There were no exceptions noted.

**Management's response:** Not applicable.

- c) Compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse). Report whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

**Town of Lockport**  
**Schedule of Procedures and Associated Findings of the**  
**Statewide Agreed-Upon Procedures**  
**For the Year Ended June 30, 2017**

**Procedures performed on the travel and expense reimbursements (continued):**

**Performance:** Inspected all transactions for compliance with Article 7, Section 14 of the Louisiana Constitution.

**Exceptions:** There were no exceptions noted.

**Management's response:** Not applicable.

- d) Report whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

**Performance:** Inspected all transactions for documentation of review and approval in writing other than the person receiving the reimbursement.

**Exceptions:** One exception was noted. There was no written evidence of approval for payment.

**Management's response:** Management has revised the policies and procedures for travel reimbursements approval.

**Procedures performed on contracts:**

20. Obtain a listing of all contracts in effect during the fiscal period or, alternately, obtain the general ledger and sort/filter for contract payments. Obtain management's representation that the listing or general ledger is complete.

**Performance:** Obtained a listing of all contracts, and received management's representation that it was complete.

**Exceptions:** There were no exceptions noted.

**Management's response:** Not applicable.

21. Using the listing above, select the five contract "vendors" that were paid the most money during the fiscal period (excluding purchases on state contract and excluding payments to the practitioner). Obtain the related contracts and paid invoices and:

- a) Report whether there is a formal/written contract that supports the services arrangement and the amount paid.

**Performance:** Obtained a copy and reviewed 4 of the 4 contracts in effect for the fiscal year.

**Exceptions:** There were no exceptions noted.

**Management's response:** Not applicable.

- b) Compare each contract's detail to the Louisiana Public Bid Law or Procurement Code. Report whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and:

**Town of Lockport**  
**Schedule of Procedures and Associated Findings of the**  
**Statewide Agreed-Upon Procedures**  
**For the Year Ended June 30, 2017**

**Procedures performed on contracts (continued):**

- If yes, obtain/compare supporting contract documentation to legal requirements and report whether the entity complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder)

**Performance:** Compared each contract's detail to the Louisiana Public Bid Law or Procurement Code. Report whether each contract is subject to the Louisiana Public Bid Law.

**Exceptions:** There were no exceptions noted.

**Management's response:** Not applicable.

- If no, obtain supporting contract documentation and report whether the entity solicited quotes as a best practice.

**Performance:** Compared each contract's detail noting whether the entity solicited quotes as a best practice.

**Exceptions:** There were no exceptions noted.

**Management's response:** Not applicable.

- c) Report whether the contract was amended. If so, report the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment.

**Performance:** Inspected contract and inquired of management whether the contract was amended. None of the contracts were amended during the year.

**Exceptions:** There were no exceptions noted.

**Management's response:** Not applicable.

- d) Select the largest payment from each of the five contracts, obtain the supporting invoice, compare the invoice to the contract terms, and report whether the invoice and related payment complied with the terms and conditions of the contract.

**Performance:** Inspected contract to agree to the actual expenditure.

**Exceptions:** There were no exceptions noted.

**Management's response:** Not applicable.

- e) Obtain/review contract documentation and board minutes and report whether there is documentation of board approval, if required by policy or law (e.g. Lawrson Act or Home Rule Charter).

**Performance:** Observed approval of contract by management.

**Exceptions:** There were no exceptions noted.

**Management's response:** Not applicable.

**Town of Lockport**  
**Schedule of Procedures and Associated Findings of the**  
**Statewide Agreed-Upon Procedures**  
**For the Year Ended June 30, 2017**

**Procedures performed on payroll and personnel:**

22. Obtain a listing of employees (and elected officials, if applicable) with their related salaries, and obtain management's representation that the listing is complete.

**Performance:** Obtained a listing of employees with their related salaries, and received management's representation that it was complete.

**Exceptions:** There were no exceptions noted.

**Management's response:** Not applicable.

Randomly select five employees/officials, obtain their personnel files, and:

- a) Review compensation paid to each employee during the fiscal period and report whether payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure.

**Performance:** Compared compensation from the approved pay letter in personnel folders with payments made to employees during the fiscal year.

**Exceptions:** There were no exceptions noted.

**Management's response:** Not applicable.

- b) Review changes made to hourly pay rates/salaries during the fiscal period and report whether those changes were approved in writing and in accordance with written policy.

**Performance:** Observed the written policy and traced all salary adjustments approved in writing as per the policy.

**Exceptions:** There were no exceptions noted.

**Management's response:** Not applicable.

23. Obtain attendance and leave records and randomly select one pay period in which leave has been taken by at least one employee. Within that pay period, randomly select 25 employees/officials (or randomly select one-third of employees/officials if the entity had less than 25 employees during the fiscal period), and:

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

**Performance:** Randomly selected one pay period to test leave taken during that period. Inspected 7 daily attendance and leave records for proper documentation.

**Exceptions:** There were no exceptions noted.

**Management's response:** Not applicable.

- b) Report whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees/officials.

**Performance:** Reviewed documentation of daily attendance and leave records for proper approval.

**Exceptions:** There was no written documentation of approval on any of the leave records reviewed.

**Town of Lockport**  
**Schedule of Procedures and Associated Findings of the**  
**Statewide Agreed-Upon Procedures**  
**For the Year Ended June 30, 2017**

**Procedures performed on payroll and personnel (continued):**

**Management's response:** Leave request forms were not formally used, verbal requests and approval were the norm during the fiscal year. Management has addressed and will be considering a new formal policy for requesting and approving leave.

- c) Report whether there is written documentation that the entity maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees/officials that earn leave.

**Performance:** Reviewed documentation of daily attendance and leave records each employee eligible for leave.

**Exceptions:** There were no exceptions noted.

**Management's response:** Not applicable.

24. Obtain from management a list of those employees/officials that terminated during the fiscal period and management's representation that the list is complete. If applicable, select the two largest termination payments (e.g., vacation, sick, compensatory time) made during the fiscal period and obtain the personnel files for the two employees/officials. Report whether the termination payments were made in strict accordance with policy and/or contract and approved by management.

**Performance:** Obtained list of terminated employees during the fiscal period and management's representation that the list is complete. Of the terminated employees, we traced the 2 employees with the largest termination payments to their personnel files to determine if payments were made in strict accordance with the written policies.

**Exceptions:** There were no exceptions noted.

**Management's response:** Not applicable.

25. Obtain supporting documentation (e.g. cancelled checks, EFT documentation) relating to payroll taxes and retirement contributions during the fiscal period. Report whether the employee and employer portions of payroll taxes and retirement contributions, as well as the required reporting forms, were submitted to the applicable agencies by the required deadlines.

**Performance:** Reviewed payroll and retirement forms filed along with cancelled checks and EFT documentation for the fiscal year to determine if all forms were submitted to the proper agencies by the required deadlines.

**Exceptions:** There were 3 exceptions for Form 941s filed that were noted. Semi-monthly payroll, if pay day is Wednesday-Friday then payment is due the following Wednesday, if payday is Saturday-Tuesday, payment is due the following Friday.

- Payroll/Liability date of 3/10/2017 cleared the bank on 11/16/2017
- Payroll/Liability date of 3/5/2017 cleared the bank on 6/7/2017
- Payroll/Liability date of 6/30/2017 cleared the bank on 7/6/2017

**Management's response:** All payments for Form 941s will be made as required from now on.

**Town of Lockport**  
**Schedule of Procedures and Associated Findings of the**  
**Statewide Agreed-Upon Procedures**  
**For the Year Ended June 30, 2017**

**Procedures performed on ethics:**

26. Using the five randomly selected employees/officials from procedure #22 under "Payroll and Personnel" above, obtain ethics compliance documentation from management and report whether the entity maintained documentation to demonstrate that required ethics training was completed.

**Performance:** Performed a search on the LA Ethics Board website for the 5 employees selected for compliance documentation certificates.

**Exceptions:** There were no exceptions noted.

**Management's response:** Not applicable.

27. Inquire of management whether any alleged ethics violations were reported to the entity during the fiscal period. If applicable, review documentation that demonstrates whether management investigated alleged ethics violations, the corrective actions taken, and whether management's actions complied with the entity's ethics policy. Report whether management received allegations, whether management investigated allegations received, and whether the allegations were addressed in accordance with policy.

**Performance:** Inquired of management whether any alleged ethics violations were reported during the fiscal year and management's representation.

**Exceptions:** There were one exceptions noted.

**Management's response:** The former Lockport Police Chief resigned when he was indicted on eight felony counts and charged with one count of felony theft, three counts of malfeasance in office, three counts of filing false public records and one count of forgery.

**Procedures performed on debt service:**

28. If debt was issued during the fiscal period, obtain supporting documentation from the entity, and report whether State Bond Commission approval was obtained.

**Performance:** Obtained supporting documentation on debt issued and review for appropriate approval from the State Bond Commission.

**Exceptions:** The Town entered into a lease-purchase agreement for 2 automobiles for the police department that should have been approved by the State Bond Commission.

**Management's response:** Management was not aware that lease purchases required State Bond Commission approval. It will be noted for future lease purchases.

29. If the entity had outstanding debt during the fiscal period, obtain supporting documentation from the entity and report whether the entity made scheduled debt service payments and maintained debt reserves, as required by debt covenants.

**Performance:** Not applicable.

**Exceptions:** Not applicable.

**Management's response:** Not applicable.

**Town of Lockport**  
**Schedule of Procedures and Associated Findings of the**  
**Statewide Agreed-Upon Procedures**  
**For the Year Ended June 30, 2017**

**Procedures performed on debt service (continued):**

30. If the entity had tax millages relating to debt service, obtain supporting documentation and report whether millage collections exceed debt service payments by more than 10% during the fiscal period. Also, report any millages that continue to be received for debt that has been paid off.

**Performance:** Not applicable.

**Exceptions:** Not applicable.

**Management's response:** Not applicable.

**Other Procedures performed:**

31. Inquire of management whether the entity had any misappropriations of public funds or assets. If so, obtain/review supporting documentation and report whether the entity reported the misappropriation to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

**Performance:** Inquired of management whether any misappropriations of public funds or assets during the fiscal year and management's representation.

**Exceptions:** There was one exceptions noted – see #27.

**Management's response:** The incident has been reported to the proper authorities.

32. Observe and report whether the entity has posted on its premises and website, the notice required by R.S. 24:523.1. This notice (available for download or print at [www.la.gov/hotline](http://www.la.gov/hotline)) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.

**Performance:** Inquired of management and observed such notice posted as required.

**Exceptions:** There were no exceptions noted.

**Management's response:** Not applicable.

33. If the practitioner observes or otherwise identifies any exceptions regarding management's representations in the procedures above, report the nature of each exception.

**Performance:** Inspected all procedures, and the results of such procedures and compared them to management's representation.

**Exceptions:** There were no exceptions noted.

**Management's response:** Not applicable.