

**Town of Lockport
Lockport, Louisiana**

Annual Financial Report
As of and for the
Year Ended June 30, 2019

Town of Lockport
Table of Contents
June 30, 2019

	<u>Page</u>
Independent Auditor's Report	1-3
Management's Discussion and Analysis	4-13
Financial Statements	
Statement of Net Position	14
Statement of Activities	15
Balance Sheet - Governmental Funds	16
Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds	17
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	18
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities	19
Statement of Net Position - Proprietary Fund	20
Statement of Revenues, Expenses and Changes in Net Position - Proprietary Fund	21
Statement of Cash Flows - Proprietary Fund	22
Notes to the Financial Statements	23-50
Required Supplementary Information	
Budgetary Comparison Schedule - General Fund	51-53
Budgetary Comparison Schedules - Special Revenue Funds	54-56
Municipal Employees Retirement System - Last Ten Fiscal Years	57
Municipal Police Employees Retirement System - Last Ten Fiscal Years	58
Other Supplementary Information	
Schedule of Insurance in Force	59
Schedule of Compensation, Benefits, and Other Payments to Town Heads	60
Compensation Paid to Members of the Town Council	61
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 <i>Government Auditing Standards</i>	62-63
Schedule of Findings and Responses	64
Management's Corrective Action Plan	65
Schedule of Prior Findings and Resolution Matters	66
Statewide Agreed-Upon Procedures	67-80

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Lockport (the Town), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Town of Lockport's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the remaining aggregate fund information of the Town of Lockport as of June 30, 2019, the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 13, the budgetary comparison schedules on pages 51 through 56, and the schedules of employer's share of net pension liability and employer pension contributions on pages 57 and 58 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Lockport's basic financial statements. The Schedules of Compensation, Benefits and Other Payments to the Town Heads, and Compensation Paid to Members of the Town Council on pages 60 to 61 are presented for purposes of additional analysis and are not a required part of the financial statements.

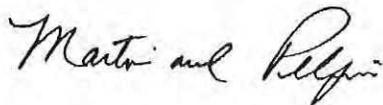
The Schedules of Compensation, Benefits, and Other Payments to the Town Heads and Compensation Paid to Members of the Town Council are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to

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

The Schedule of Insurance In Force on page 59 has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or provide assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 2019, on our consideration of Town of Lockport's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Lockport's internal control over financial reporting and compliance.



Houma, Louisiana
November 15, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS

Town of Lockport
Management's Discussion and Analysis
June 30, 2019

As management of the Town of Lockport, we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town as of and for the fiscal year ended June 30, 2019.

Please note that prior period adjustments as discussed in Note 15 to the basic financial statements have been made. Such adjustments have been reflected in the 2018 amounts shown on certain statements and schedules in this analysis.

FINANCIAL HIGHLIGHTS

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

The Town's revenues of \$2,505,108 exceeded expenditures of \$1,537,249 by \$967,859. Total revenues were \$769,608 higher than they were last year, and total expenses were \$198,744 higher than they were last year.

Total net position increased by \$967,859 (approximately 13.11%) as a result of this year's operations. The majority of this increase is attributable to a \$990,000 state capital outlay awarded to the Town by the Louisiana Office of Facility Planning and Control of the Division of Administration for the purpose of improving streets within the Town. \$922,568 was received and expended during the fiscal year, and is classified as construction in progress, as the project was not complete as of June 30, 2019; hence, no expense has been recognized in connection with the project, as improvements are not yet being depreciated.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

Town of Lockport
Management's Discussion and Analysis
June 30, 2019

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

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

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

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

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

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

FINANCIAL ANALYSIS AS A WHOLE (GWFS)

Net position may serve over time as a useful indicator of an entity's financial position. In the case of the Town, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$8,349,716 at the close of the most recent year, June 30, 2019. The largest portions of the Town's total assets are capital assets, net of accumulated depreciation (79.63%); and cash and cash equivalents, including investments in LAMP (Louisiana Asset Management Pool) (19.03%).

Town of Lockport
Management's Discussion and Analysis
June 30, 2019

The Town's Net Position

	Governmental Activities		Business-Type Activities		Total	
	June 30,		June 30,		June 30,	
	2019	2018	2019	2018	2019	2018
ASSETS						
Current and other assets	\$ 1,507,712	\$ 1,477,114	\$ 577,428	\$ 520,674	\$ 2,085,140	\$ 1,997,788
Restricted assets	-	-	275,259	254,253	275,259	254,253
Capital assets, net	3,412,758	2,489,783	5,818,651	5,860,824	9,231,409	8,350,607
TOTAL ASSETS	<u>4,920,470</u>	<u>3,966,897</u>	<u>6,671,338</u>	<u>6,635,751</u>	<u>11,591,808</u>	<u>10,602,648</u>
DEFERRED OUTFLOWS OF RESOURCES	263,440	325,126	12,718	25,589	276,158	350,715
LIABILITIES						
Current liabilities	224,797	109,107	7,163	169,299	231,960	278,406
Non-current liabilities	978,907	1,114,926	2,150,826	2,115,656	3,129,733	3,230,582
TOTAL LIABILITIES	<u>1,203,704</u>	<u>1,224,033</u>	<u>2,157,989</u>	<u>2,284,955</u>	<u>3,361,693</u>	<u>3,508,988</u>
DEFERRED INFLOWS OF RESOURCES	134,023	55,465	22,534	7,053	156,557	62,518
NET POSITION						
Net investment in capital assets	3,396,880	2,460,469	3,710,220	4,231,140	7,107,100	6,691,609
Restricted	-	-	275,259	254,253	275,259	254,253
Unrestricted	449,303	552,056	518,054	(116,061)	967,357	435,995
TOTAL NET POSITION	<u>\$ 3,846,183</u>	<u>\$ 3,012,525</u>	<u>\$ 4,503,533</u>	<u>\$ 4,369,332</u>	<u>\$ 8,349,716</u>	<u>\$ 7,381,857</u>

Total assets plus deferred outflows of resources increased by \$914,603, and total liabilities plus deferred inflows of resources decreased by \$53,256. The increase in assets and deferred outflows of resources is primarily due to the increase of \$880,802 in capital assets, specifically, construction in progress related to street improvements. The net decrease in total liabilities and deferred inflows of resources is primarily due to the payment of long-term debt.

Town of Lockport
Management's Discussion and Analysis
June 30, 2019

The Town's Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
	June 30,		June 30,		June 30,	
	2019	2018	2019	2018	2019	2018
PROGRAM REVENUES						
Charges for services	\$ 187,258	\$ 195,797	\$ 266,392	\$ 272,041	\$ 453,650	\$ 467,838
Operating grants & contributions	120,903	23,568	-	-	120,903	23,568
Capital grants & contributions	1,030,823	21,357	19,215	305,009	1,050,038	326,366
TOTAL PROGRAM REVENUES	1,338,984	240,722	285,607	577,050	1,624,591	817,772
PROGRAM EXPENSES						
General government	339,042	362,049	-	-	339,042	362,049
Streets and highways	114,271	111,135	-	-	114,271	111,135
Drainage	73,340	87,732	-	-	73,340	87,732
Public safety	581,367	486,073	-	-	581,367	486,073
Culture and recreation	26,194	31,894	-	-	26,194	31,894
Sewer	-	-	403,035	259,622	403,035	259,622
TOTAL EXPENSES	1,134,214	1,078,883	403,035	259,622	1,537,249	1,338,505
NET PROGRAM INCOME (LOSS)	204,770	(838,161)	(117,428)	317,428	87,342	(520,733)
GENERAL REVENUES						
Ad valorem taxes	79,913	79,164	-	-	79,913	79,164
Sales taxes	454,533	483,643	242,257	255,988	696,790	739,631
Franchise taxes	56,163	61,753	-	-	56,163	61,753
Other	38,279	31,196	9,372	5,984	47,651	37,180
TOTAL GENERAL REVENUES	628,888	655,756	251,629	261,972	880,517	917,728
CHANGES IN NET POSITION	833,658	(182,405)	134,201	579,400	967,859	396,995
NET POSITION - BEGINNING, AS RESTATED	3,012,525	3,194,930	4,369,332	3,789,932	7,381,857	6,984,862
NET POSITION - ENDING	\$ 3,846,183	\$ 3,012,525	\$ 4,503,533	\$ 4,369,332	\$ 8,349,716	\$ 7,381,857

As indicated above, net position increased by \$967,859 in 2019, which indicates revenues were sufficient to cover expenses incurred during the year. The increase in change in net position from 2018 to 2019 is primarily due to the Town receiving a \$990,000 state capital outlay award for the purpose of improving streets.

Town of Lockport
Management's Discussion and Analysis
June 30, 2019

FINANCIAL ANALYSIS OF INDIVIDUAL FUNDS (FFS)

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

The governmental funds reported combined ending fund balances of \$1,282,916, a \$99,415 decrease from the prior fiscal year. This decrease, in contrast with the overall increase in net position of governmental activities, is primarily due to the fact that under the modified accrual approach to accounting, assets are expensed in the year of purchase rather than capitalized.

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

The General Fund is the chief operating fund. At the end of the current fiscal year, unassigned fund balance totaled \$30,267. The fund balance of the General Fund decreased during the current fiscal year. Total revenues and expenditures both increased significantly due to the state capital outlay grant.

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 \$1,112,661 – a decrease of 3.6% from the prior year. The total revenue collected for Sales Taxes was \$349,641 which was a decrease of 4.39%. There was a 0.8% decrease in the current expenditures and a 0.8% increase in the amount transferred out to the other funds.

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 \$266,392 - a 2.08% decrease over last year. Total operating expenses for providing sewer services of \$384,073 resulted in an operating loss of \$117,681. Non-operating revenues net of non-operating expenses totaled \$251,881, resulting in net income of \$134,201 for the Sewer Fund. Net position for the Sewer Fund at the end of the fiscal year was \$4,503,533, an increase of 3.10% from the previous year.

Town of Lockport
Management's Discussion and Analysis
June 30, 2019

BUDGETARY HIGHLIGHTS

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

The original budget for the General Fund was revised to reflect a revenue increase of \$1,079,903. The majority of the increase is attributable to the Town being awarded a \$990,000 State Capital Outlay Grant. Supplemental appropriations or authorized budget amendments were necessary and approved as follows:

	Budget Amounts		Increase (Decrease)
	Original	Final	
REVENUES			
Ad valorem tax	\$ 80,000	\$ 80,000	\$ -
Sales and use tax	102,600	99,000	(3,600)
Franchise tax	54,500	54,500	-
Licenses and permits	45,000	42,118	(2,882)
Insurance premium tax	70,000	68,533	(1,467)
Intergovernmental	15,060	1,090,154	1,075,094
Fines and forfeitures	71,460	78,503	7,043
Other	6,450	12,165	5,715
TOTAL REVENUES	445,070	1,524,973	1,079,903
CURRENT EXPENDITURES			
General government	190,400	185,588	(4,812)
Public safety	503,818	539,122	35,304
Streets and highways	75,325	74,850	(475)
Drainage	37,905	41,958	4,053
Culture and recreation	12,715	15,282	2,567
TOTAL CURRENT	820,163	856,800	36,637
CAPITAL OUTLAY	9,500	1,050,684	1,041,184
DEBT SERVICE	15,980	15,979	(1)
TOTAL EXPENDITURES	845,643	1,923,463	1,077,820
OTHER FINANCING SOURCES	401,978	401,978	-
NET CHANGES IN FUND BALANCE	\$ 1,405	\$ 3,488	\$ 2,083

Town of Lockport
Management's Discussion and Analysis
June 30, 2019

BUDGETARY HIGHLIGHTS (CONTINUED)

The Town's actual revenues for the General Fund were less than the budgeted revenues by \$24,425, an unfavorable variance of 1.60%. The Town's actual expenditures were more than the budgeted expenditures by \$47,049, an unfavorable variance of 2.45%.

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Increase (Decrease)</u>
REVENUES			
Ad valorem tax	\$ 80,000	\$ 79,913	\$ (87)
Sales and use tax	99,000	104,892	5,892
Franchise tax	54,500	56,163	1,663
Licenses and permits	42,118	43,079	961
Insurance premium tax	68,533	98,250	29,717
Intergovernmental	1,090,154	1,027,072	(63,082)
Fines and forfeitures	78,503	78,413	(90)
Other	12,165	12,766	601
TOTAL REVENUES	<u>1,524,973</u>	<u>1,500,548</u>	<u>(24,425)</u>
CURRENT EXPENDITURES			
General government	185,588	187,373	1,785
Public safety	539,122	555,325	16,203
Streets and highways	74,850	73,011	(1,839)
Drainage	41,958	39,943	(2,015)
Culture and recreation	15,282	14,754	(528)
TOTAL CURRENT EXPENDITURES	<u>856,800</u>	<u>870,406</u>	<u>13,606</u>
CAPITAL OUTLAY	1,050,684	1,084,128	33,444
DEBT SERVICE	<u>15,979</u>	<u>15,978</u>	<u>(1)</u>
TOTAL EXPENDITURES	1,923,463	1,970,512	47,049
OTHER FINANCING SOURCES	<u>401,978</u>	<u>401,978</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	<u>\$ 3,488</u>	<u>\$ (67,986)</u>	<u>\$ (71,474)</u>

Town of Lockport
Management's Discussion and Analysis
June 30, 2019

BUDGETARY HIGHLIGHTS (CONTINUED)

The original budget for the Sales Tax Fund was revised to reflect a net increase of \$3,627. The majority of the increase is attributable to earning more interest income than budgeted. Supplemental appropriations or authorized budget amendments were necessary and approved as follows:

	<u>Budget Amounts</u>		<u>Increase (Decrease)</u>
	<u>Original</u>	<u>Final</u>	
REVENUES			
Sales and use tax	\$ 342,000	\$ 333,275	\$ (8,725)
Other	3,000	15,352	12,352
TOTAL REVENUES	345,000	348,627	3,627
CURRENT EXPENDITURES			
General government	4,800	4,800	-
OTHER FINANCING USES	401,978	401,978	-
NET CHANGES IN FUND BALANCE	<u>\$ (61,778)</u>	<u>\$ (58,151)</u>	<u>\$ 3,627</u>

The Town's actual revenues for the sales tax fund were more than the budgeted revenues by \$16,788, a favorable variance of 4.82%. The Town's actual expenditures were more than the budgeted expenditures by \$244, an unfavorable variance of 5.08%.

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Increase (Decrease)</u>
	REVENUES		
Sales and use tax	\$ 333,275	\$ 349,641	\$ 16,366
Other	15,352	15,774	422
TOTAL REVENUES	348,627	365,415	16,788
CURRENT EXPENDITURES			
General government	4,800	5,044	244
OTHER FINANCING USES	401,978	401,978	-
NET CHANGES IN FUND BALANCE	<u>\$ (58,151)</u>	<u>\$ (41,607)</u>	<u>\$ 16,544</u>

Town of Lockport
Management's Discussion and Analysis
June 30, 2019

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

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

CAPITAL ASSETS

As of June 30, 2019, the Town had \$3,412,758 and \$5,818,651 invested in capital assets for governmental and business-type activities, respectively, as detailed in the table below:

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>June 30,</u>		<u>June 30,</u>		<u>June 30,</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Capital assets	\$ 6,288,075	\$ 5,203,946	\$ 7,787,083	\$ 7,669,827	\$ 14,075,158	\$ 12,873,773
Accumulated depreciation	(2,875,317)	(2,714,163)	(1,968,432)	(1,809,003)	(4,843,749)	(4,523,166)
Net capital assets	<u>\$ 3,412,758</u>	<u>\$ 2,489,783</u>	<u>\$ 5,818,651</u>	<u>\$ 5,860,824</u>	<u>\$ 9,231,409</u>	<u>\$ 8,350,607</u>

Capital assets consist of land, construction in progress, buildings, parks, machinery and equipment, automobiles, drainage infrastructure, and sewer system, including sewer lines. Depreciation expense for the year ending June 30, 2019 was \$161,154 for governmental activities, and \$159,429 for business-type activities, for a total of \$320,583.

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

LONG-TERM DEBT

A summary of long-term debt is as follows:

	<u>Payable</u>	<u>Debt</u>	<u>Debt</u>	<u>Payable</u>
	<u>07/01/18</u>	<u>Incurred</u>	<u>Retired</u>	<u>06/30/19</u>
Sewer Sales Tax Bonds	<u>\$ 2,177,788</u>	<u>\$ 76,858</u>	<u>\$(146,215)</u>	<u>\$ 2,108,431</u>

At the beginning of the year the Town had outstanding principal of \$2,177,788; during the year, the Town requested total drawdowns of \$76,858, of which \$19,215 was forgiven, and principal in the amount of \$127,000 was paid in February 2019 with the remaining \$2,108,431 as outstanding 2013 Sales Tax Bonds as of June 30, 2019.

Town of Lockport
Management's Discussion and Analysis
June 30, 2019

REQUEST FOR INFORMATION

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

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

FINANCIAL STATEMENTS

Town of Lockport
Statement of Net Position
June 30, 2019

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 644,114	\$ 477,826	\$ 1,121,940
Investments	809,643	165	809,808
Receivables	10,035	-	10,035
Due from other governments	43,920	40,679	84,599
Due from other funds	-	58,611	58,611
Other assets	-	147	147
Restricted assets:			
Investments	-	275,259	275,259
Capital assets:			
Non-depreciable	1,631,502	1,426,926	3,058,428
Depreciable, net	1,781,256	4,391,725	6,172,981
TOTAL ASSETS	4,920,470	6,671,338	11,591,808
DEFERRED OUTFLOWS OF RESOURCES	263,440	12,718	276,158
LIABILITIES			
Accounts payable and accrued expenses	166,186	7,163	173,349
Due to other funds	58,611	-	58,611
Non-current liabilities:			
Due within one year	15,878	144,000	159,878
Due in more than one year	-	1,964,431	1,964,431
Net pension liability	963,029	42,395	1,005,424
TOTAL LIABILITIES	1,203,704	2,157,989	3,361,693
DEFERRED INFLOWS OF RESOURCES	134,023	22,534	156,557
NET POSITION			
Net investment in capital assets	3,396,880	3,710,220	7,107,100
Restricted for:			
Debt service	-	275,259	275,259
Unrestricted	449,303	518,054	967,357
TOTAL NET POSITION	\$ 3,846,183	\$ 4,503,533	\$ 8,349,716

See accompanying notes.

Town of Lockport
Statement of Activities
For the Year Ended June 30, 2019

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Position		
		Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Governmental Activities	Business-Type Activities	Total
Primary Government:							
Government activities:							
General government	\$ 339,042	\$ 108,845	\$ 98,250	\$ -	\$ (131,947)	\$ -	\$ (131,947)
Street and highways	114,271	-	21,955	948,973	856,657	-	856,657
Drainage	73,340	-	-	81,850	8,510	-	8,510
Public safety	581,367	78,413	-	-	(502,954)	-	(502,954)
Culture and recreation	26,194	-	698	-	(25,496)	-	(25,496)
Total government activities	1,134,214	187,258	120,903	1,030,823	204,770	-	204,770
Business-type activities							
Sewer	403,035	266,392	-	19,215	-	(117,428)	(117,428)
Total primary government	<u>\$1,537,249</u>	<u>\$ 453,650</u>	<u>\$ 120,903</u>	<u>\$ 1,050,038</u>	<u>204,770</u>	<u>(117,428)</u>	<u>87,342</u>
General Revenues:							
Property taxes					79,913	-	79,913
Sales taxes					454,533	242,257	696,790
Franchise taxes					56,163	-	56,163
Unrestricted investment earnings					18,450	8,051	26,501
Revenue from nonemployer contributing entities					19,829	1,321	21,150
					<u>628,888</u>	<u>251,629</u>	<u>880,517</u>
Changes in net position					<u>833,658</u>	<u>134,201</u>	<u>967,859</u>
Net position at beginning of year, as restated (note 15)					<u>3,012,525</u>	<u>4,369,332</u>	<u>7,381,857</u>
Net position at end of year					<u>\$ 3,846,183</u>	<u>\$ 4,503,533</u>	<u>\$ 8,349,716</u>

See accompanying notes.

Town of Lockport
Balance Sheet – Governmental Funds
June 30, 2019

	<u>General Fund</u>	<u>Sales Tax Fund</u>	<u>Building Maintenance Fund</u>	<u>Parish Transportation Fund</u>	<u>Total</u>
ASSETS					
Cash and cash equivalents	\$ 220,485	\$ 386,725	\$ 19,689	\$ 17,216	\$ 644,115
Investments	94,148	692,151	23,344	-	809,643
Receivables:					
Account receivables	7,990	-	2,045	-	10,035
Intergovernmental	10,135	33,785	-	-	43,920
Due from other funds	7,741	-	28,721	-	36,462
TOTAL ASSETS	\$ 340,499	\$ 1,112,661	\$ 73,799	\$ 17,216	\$ 1,544,175
LIABILITIES					
Accounts payable and accrued expenses	\$ 165,249	\$ -	\$ 937	\$ -	\$ 166,186
Due to other funds	93,609	-	1,272	192	95,073
TOTAL LIABILITIES	258,858	-	2,209	192	261,259
FUND BALANCES					
Committed for:					
Technology upgrades	18,143	-	-	-	18,143
Witness fees	32,491	-	-	-	32,491
Other	740	-	-	-	740
Assigned to:					
Sales taxes	-	1,112,661	-	-	1,112,661
Building maintenance	-	-	71,590	-	71,590
Parish transportation	-	-	-	17,024	17,024
Unassigned	30,267	-	-	-	30,267
TOTAL FUND BALANCES	81,641	1,112,661	71,590	17,024	1,282,916
TOTAL LIABILITIES AND FUND BALANCES	\$ 340,499	\$ 1,112,661	\$ 73,799	\$ 17,216	\$ 1,544,175

See accompanying notes.

Town of Lockport
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2019

	General Fund	Sales Tax Fund	Building Maintenance Fund	Parish Transportation Fund	Total
REVENUES					
Taxes	\$ 339,219	\$ 349,641	\$ -	\$ -	\$ 688,860
License and permits	43,079	-	-	-	43,079
Intergovernmental	1,027,072	-	-	26,406	1,053,478
Fines and forfeitures	78,413	-	-	-	78,413
Other	12,765	15,774	55,678	-	84,217
TOTAL REVENUE	<u>1,500,548</u>	<u>365,415</u>	<u>55,678</u>	<u>26,406</u>	<u>1,948,047</u>
EXPENDITURES					
Current:					
General government	187,373	5,044	57,620	-	250,037
Public safety	555,325	-	-	-	555,325
Streets and highways	73,011	-	-	14,286	87,297
Drainage	39,943	-	-	-	39,943
Culture and recreation	14,754	-	-	-	14,754
Debt service:					
Principal	13,436	-	-	-	13,436
Interest	2,542	-	-	-	2,542
Capital outlay	1,084,128	-	-	-	1,084,128
TOTAL EXPENDITURES	<u>1,970,512</u>	<u>5,044</u>	<u>57,620</u>	<u>14,286</u>	<u>2,047,462</u>
Revenue over (under) expenditures	(469,964)	360,371	(1,942)	12,120	(99,415)
OTHER FINANCING SOURCES (USES)					
Transfer in	401,978	-	-	-	401,978
Transfer out	-	(401,978)	-	-	(401,978)
Total other financing sources (uses)	<u>401,978</u>	<u>(401,978)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	(67,986)	(41,607)	(1,942)	12,120	(99,415)
FUND BALANCES					
Beginning of year	149,627	1,154,268	73,532	4,904	1,382,331
End of year	<u>\$ 81,641</u>	<u>\$ 1,112,661</u>	<u>\$ 71,590</u>	<u>\$ 17,024</u>	<u>\$ 1,282,916</u>

See accompanying notes.

Town of Lockport
 Reconciliation of the Governmental Funds Balance Sheet
 to the Statement of Net Position
 June 30, 2019

**NET POSITION OF TOTAL GOVERNMENTAL FUNDS
 ON FUND FINANCIAL STATEMENTS:** \$ 1,282,916

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

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

Non-depreciable capital assets	1,631,502	
Depreciable capital assets	4,656,573	
Accumulated depreciation	<u>(2,875,317)</u>	3,412,758

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

Capital lease obligation		(15,878)
Net pension liability		(963,029)

Deferred pension amounts are not reported in the funds but are reports in the GWFS:

Deferred outflows	263,440	
Deferred inflows	<u>(134,024)</u>	<u>129,416</u>

NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 3,846,183

Town of Lockport
 Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and
 Changes in Fund Balances to the Statement of Activities
 For the Year Ended June 30, 2019

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$ (99,415)

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

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

Capital outlay	1,084,128
Depreciation expense	(161,154)

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

Capital lease payment	13,436
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Some expenditures reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds.

Pension related	<u>(3,337)</u>
Change in net position of governmental activities	<u>\$ 833,658</u>

Town of Lockport
Statement of Net Position – Proprietary Fund
June 30, 2019

ASSETS	<u>Enterprise Fund</u>
Current assets:	
Cash and cash equivalents	\$ 477,826
Investments	165
Due from other governments	40,679
Due from other funds	64,888
Other assets	<u>147</u>
Total current assets	<u>583,705</u>
Noncurrent assets:	
Restricted assets-	
Investments	<u>275,259</u>
Capital assets	
Non-depreciable	1,426,926
Depreciable, net	<u>4,391,725</u>
Net capital assets	5,818,651
Total noncurrent assets	<u>6,093,910</u>
TOTAL ASSETS	<u>6,677,615</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>12,718</u>
LIABILITIES	
Current liabilities:	
Payable from current assets-	
Accrued liabilities	7,163
Due to other funds	<u>6,277</u>
Total payable from current assets	13,440
Payable from restricted assets:	
Bonds payable within one year	<u>144,000</u>
Total current liabilities	157,440
Non-current liabilities	
Sales tax bonds payable	1,964,431
Net pension liability	<u>42,395</u>
TOTAL LIABILITIES	<u>2,164,266</u>
DEFERRED INFLOWS OF RESOURCES	<u>22,534</u>
NET POSITION	
Net investment in capital assets	3,710,220
Restricted for debt service	275,259
Unrestricted	<u>518,054</u>
TOTAL NET POSITION	<u><u>\$ 4,503,533</u></u>

See accompanying notes.

Town of Lockport
Statement of Revenues, Expenses and Changes in Net Position – Proprietary Fund
For the Year Ended June 30, 2019

	<u>Enterprise Fund</u>
OPERATING REVENUES	
Sewer fees charged	\$ 266,392
OPERATING EXPENSES	
Salaries	86,380
Payroll benefits	3,262
Retirement	3,393
Office costs	
Insurance	6,320
Utilities, phone and postage	48,047
Vehicle costs	1,221
Rent	1,950
Dues and subscriptions	405
Maintenance supplies	4,498
Repairs and maintenance	22,580
Travel and conferences	1,406
Collection fees	20,362
Uniforms	341
Other	24,479
Depreciation	159,429
TOTAL OPERATING EXPENSES	384,073
OPERATING LOSS	(117,681)
NON-OPERATING REVENUE (EXPENSES)	
Sales tax revenue	242,257
Investment income	8,051
Revenue from nonemployer contributions	1,322
Debt forgiveness	19,215
Interest and fiscal charges	(18,963)
TOTAL NON-OPERATING REVENUE (EXPENSES)	251,882
NET INCOME	134,201
NET POSITION	
Beginning of year, as restated (note 15)	4,369,332
End of year	\$ 4,503,533

See accompanying notes.

Town of Lockport
Statement of Cash Flows – Proprietary Fund
For the Year Ended June 30, 2019

	<u>Enterprise Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Increase in net assets	\$ 134,201
Adjustments to reconcile increase in net assets to net cash flows provided by operating activities:	
Depreciation	159,429
(Increase) / decrease in operating assets:	
Due from other governments	(17,582)
Deferred outflows of resources	12,872
Increase / (decrease) in operating liabilities:	
Accrued liabilities	(97,891)
Deferred inflows of resources	<u>15,481</u>
NET CASH FLOWS PROVIDED BY OPERATING ACTIVITIES	<u>206,510</u>
CASH FLOWS USED IN INVESTING ACTIVITIES	
Purchases of capital assets	<u>(117,256)</u>
CASH FLOWS FROM FINANCING ACTIVITIES	
Proceeds from bonds payable	57,643
Principal payments of bonds payable	<u>(127,000)</u>
NET CASH FLOWS USED IN FINANCING ACTIVITIES	<u>(69,357)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	19,897
BEGINNING CASH AND CASH EQUIVALENTS	<u>733,353</u>
ENDING CASH AND CASH EQUIVALENTS	<u>\$ 753,250</u>
SUPPLEMENTAL DISCLOSURES:	
Interest paid during the year	<u>\$ 18,963</u>

See accompanying notes.

Town of Lockport
Notes to the Financial Statements
For the Year Ended June 30, 2019

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

Note 1 – Summary of Significant Accounting Policies

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

A. Reporting Entity

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

B. Basis of Presentation and Accounting- Measurement Focus

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or activity is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or activity. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or activity and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or activity.

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

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

Town of Lockport
Notes to the Financial Statements
For the Year Ended June 30, 2019

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

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

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

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

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

Governmental funds:

General Fund - 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:

Town of Lockport
Notes to the Financial Statements
For the Year Ended June 30, 2019

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

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

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

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

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

Town of Lockport
Notes to the Financial Statements
For the Year Ended June 30, 2019

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

Proprietary Funds

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

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

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

C. Accounting Estimates

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

D. Cash and Cash Equivalents and Investments

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

Town of Lockport
Notes to the Financial Statements
For the Year Ended June 30, 2019

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

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

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

E. Receivables

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

F. Interfund Receivables

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

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

G. Capital Assets

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

Town of Lockport
Notes to the Financial Statements
For the Year Ended June 30, 2019

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

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

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

H. Long-Term Debt

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

I. Compensated Absences

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

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

J. Restricted Net Position

Restricted assets in the enterprise fund - Sewer Fund consists of \$275,259 in specific assets required to be segregated as to use pursuant to restrictions arising from the Sewer Revenue Bond Issue.

Town of Lockport
Notes to the Financial Statements
For the Year Ended June 30, 2019

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

K. Fund Equity

Government-wide Financial Statements

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

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

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

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

Fund Financial Statements

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

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

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

Town of Lockport
Notes to the Financial Statements
For the Year Ended June 30, 2019

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

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

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

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

L. Pensions

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

M. Deferred Outflows/Inflows of Resources

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

N. Budgets

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

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

Town of Lockport
Notes to the Financial Statements
For the Year Ended June 30, 2019

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

O. New GASB Statements

Statement No. 87, "Leases" increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. Management has not yet determined the effect of this Statement on the financial statements.

Note 2 – Deposits and Investments

Bank Deposits:

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

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

As of June 30, 2019, the Town had deposits as follows:

	<u>Bank Balances</u>	<u>Reported Balance</u>
Cash and cash equivalents	<u>\$ 1,272,404</u>	<u>\$ 1,121,940</u>

Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. The Town has a policy for custodial credit risk. As of June 30, 2019, \$772,404 of the Town's bank balance was exposed to credit risk. These were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Town's name.

Town of Lockport
Notes to the Financial Statements
For the Year Ended June 30, 2019

Note 2 – Deposits and Investments (Cont.)

As of June 30, 2019, bank deposits were adequately collateralized in accordance with state law by securities held by unaffiliated banks for the account of the Town. The Governmental Accounting Standards Board (GASB), which promulgates the standards for accounting and financial reporting for state and local governments, considers the securities subject to custodial credit risk. Even though the pledged securities are considered subject to custodial credit risk under the provisions of GASB Statement 40, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within ten days of being notified by the depositor that the fiscal agent has failed to pay deposited funds upon demand.

Investments:

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

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

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

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investments in external investment pools are not exposed to custodial credit risk because of their natural diversification and the diversification required by the Securities and Exchange Commission.

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

Town of Lockport
Notes to the Financial Statements
For the Year Ended June 30, 2019

Note 2 – Deposits and Investments (Cont.)

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

LAMP is an investment pool that, to the extent practical, invests in a manner consistent with GASB Statement No. 79. The following facts are relevant for investment pools:

- Credit risk: LAMP is rated AAAM by Standard & Poor's.
- Custodial credit risk: LAMP participants' investments in the pool are evidenced by shares of the pool. Investments in pools should be disclosed, but are not categorized because they are not evidenced by securities that exist in physical or book-entry form. The public entity's investment is with the pool, not the securities that make up the pool; therefore, no disclosure is required.
- Concentration of credit risk: Pooled investments are excluded from the 5 percent disclosure requirement.
- Interest rate risk: LAMP is designed to be highly liquid to give its participants immediate access to their account balances. LAMP prepares its own interest rate risk disclosure using the weighted average maturity (WAM) method. The WAM of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days or 762 days for US Government floating/variable rate investments. The WAM for LAMP's total investments is 33 days as of June 30, 2019.
- Foreign currency risk: Not applicable.

The investments in LAMP are stated at fair value. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the net asset value of the pool shares. Investments in LAMP as of June 30, 2019 amounted to \$1,085,067 and are classified on the Statement of Net Position as "Investments".

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

Town of Lockport
Notes to the Financial Statements
For the Year Ended June 30, 2019

Note 2 – Deposits and Investments (Cont.)

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

Reported amount of deposits	\$ 1,121,940
Reported amount of investments	<u>1,085,067</u>
Total	<u>\$ 2,207,007</u>
Cash	\$ 1,121,940
Investments	<u>1,085,067</u>
Total	<u>\$ 2,207,007</u>

Note 3 – Due from Other Governmental Units

The amounts due from other governmental units at June 30, 2019 is as follows:

	<u>Lafourche Parish School Board</u>	<u>Lafourche Parish Water District 1</u>	<u>Totals</u>
Governmental activities			
General fund	\$ 10,135	\$ -	\$ 10,135
Sales tax fund	<u>33,785</u>	<u>-</u>	<u>33,785</u>
Total governmental activities	43,920	-	43,920
Business-type activities			
Sewer fund	<u>21,157</u>	<u>19,522</u>	<u>40,679</u>
Government wide	<u>\$ 65,077</u>	<u>\$ 19,522</u>	<u>\$ 84,599</u>

Town of Lockport
Notes to the Financial Statements
For the Year Ended June 30, 2019

Note 4 – Capital Assets

Capital assets are valued at historical cost. Depreciation of all capital assets is calculated over the estimated useful lives using the straight-line method (five to fifty years). Capital asset activity for the year ended June 30, 2019 was as follows:

<u>Governmental Activities</u>	<u>Balance at July 1, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2019</u>
Capital assets not being depreciated				
Land	\$ 496,531	\$ -	\$ -	\$ 496,531
Construction in progress	50,842	1,084,129	-	1,134,971
Total non-depreciable capital assets	547,373	1,084,129	-	1,631,502
Capital assets being depreciated				
Buildings	1,405,356	-	-	1,405,356
Infrastructure	2,323,474	-	-	2,323,474
Equipment	689,675	-	-	689,675
Parks	238,068	-	-	238,068
Total depreciable capital assets	4,656,573	-	-	4,656,573
Less: Accumulated depreciation				
Buildings	865,315	40,580	-	905,895
Infrastructure	1,177,573	60,371	-	1,237,944
Equipment	566,495	48,762	-	615,257
Parks	104,780	11,441	-	116,221
Total accumulated depreciation	2,714,163	161,154	-	2,875,317
Capital assets being depreciated, net	1,942,410	(161,154)	-	1,781,256
Total governmental activities capital assets, net	<u>\$ 2,489,783</u>	<u>\$ 922,975</u>	<u>\$ -</u>	<u>\$ 3,412,758</u>
<u>Business-Type Activities</u>				
Capital assets not being depreciated				
Construction in progress	\$ 1,401,829	\$ 25,097	\$ -	\$ 1,426,926
Capital assets being depreciated				
Sewer system	6,222,335	23,488	-	6,245,823
Machinery and equipment	45,663	68,671	-	114,334
Total depreciable capital assets	6,267,998	92,159	-	6,360,157
Less: Accumulated depreciation				
Sewer system	1,765,047	153,779	-	1,918,826
Machinery and equipment	43,956	5,650	-	49,606
Total accumulated depreciation	1,809,003	159,429	-	1,968,432
Capital assets being depreciated, net	4,458,995	(67,270)	-	4,391,725
Total business-type activities capital assets, net	<u>\$ 5,860,824</u>	<u>\$ (42,173)</u>	<u>\$ -</u>	<u>\$ 5,818,651</u>

Town of Lockport
Notes to the Financial Statements
For the Year Ended June 30, 2019

Note 4 – Capital Assets (Cont.)

Depreciation expense as of June 30, 2019 was allocated to functions of the Town as follows:

Governmental Activities:

General government	\$ 65,843
Streets and highways	23,499
Drainage	26,974
Public safety	33,397
Culture and recreation	<u>11,441</u>
Total depreciation expense	<u>\$ 161,154</u>

Business-Type Activities:

Sewer	<u>\$ 159,429</u>
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Construction in progress in the amounts of \$1,134,971 and \$1,426,926 in governmental and business-type activities, respectively, relate to roadway and drainage improvements.

Note 5 – Interfund Receivables/Payables

Interfund receivables and payables for the individual funds for the year ended June 30, 2019 is as follows:

	<u>Receivable</u>	<u>Payable</u>
General fund	\$ 7,741	\$ 93,609
Special revenue funds		
Building maintenance fund	28,721	1,272
Parish transportation fund	-	192
Proprietary funds		
Sewer fund	<u>64,888</u>	<u>6,277</u>
Total interfund receivables/payables	<u>\$ 101,350</u>	<u>\$ 101,350</u>

Town of Lockport
Notes to the Financial Statements
For the Year Ended June 30, 2019

Note 6 – Interfund Transfers

A reconciliation of operating transfers for the individual funds as of June 30, 2019 is as follows:

	In	Out
General fund	\$ 401,978	\$ -
Special revenue funds		
Sales tax fund	-	401,978
 Total interfund transfers	 \$ 401,978	 \$ 401,978

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

Note 7 – Property Taxes

Property taxes are levied each November 1 on the assessed value listed as of the prior January 1 for all real property, merchandise and movable property located in the Town. Assessed values are established by the Lafourche Parish Assessor's Office and the State Tax Commission at percentages of actual value as specified by Louisiana law. A reevaluation of all property is required to be completed no less than every four years. The last reevaluation was completed for the list of January 1, 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 2018 levy was based, was \$9,690,910.

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, 2019, the tax rate was \$8.26 per \$1,000 of assessed valuation on property within the Town for general government services. Total taxes levied, as adjusted, were \$80,047 and collected were \$79,913.

Town of Lockport
Notes to the Financial Statements
For the Year Ended June 30, 2019

Note 8 – Long-Term Debt

Taxable Sales Tax Bonds Series 2013

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

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

At the beginning of the year the Town had outstanding principal of \$2,177,787; during the year, the Town requested total drawdowns of \$76,859, of which \$19,215 was forgiven, and principal in the amount of \$127,000 was paid with the remaining \$2,108,431 outstanding at June 30, 2019.

Bond Requirements and Covenants

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

a) Sewer Revenue Bond Sinking Fund

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

b) Sewer Revenue Bond Debt Service Reserve Fund

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

Town of Lockport
Notes to the Financial Statements
For the Year Ended June 30, 2019

Note 8 – Long-Term Debt (Cont.)

Principal (annually) and interest (semi-annually) payments will be paid until 2034. The accounting requirements of the bond resolutions, as stated in a) through b) above, have been complied with for the year ended June 30, 2019.

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

<u>Maturity date</u>	<u>Principal</u>	<u>Interest/Fees</u>	<u>Total</u>
2020	\$ 108,000	\$ 19,340	\$ 127,340
2021	108,750	17,972	126,722
2022	109,500	16,594	126,094
2023	111,000	15,207	126,207
2024	111,750	13,784	125,534
2025-2031	812,250	55,445	867,695
2032-2034	747,181	6,319	753,500
Totals	<u>\$ 2,108,431</u>	<u>\$ 144,661</u>	<u>\$ 2,253,092</u>

Note 9 – Capital Leases

The Town entered into a sixty-month lease-purchase agreement with the Ford Motor Credit Company in 2015 for the purchase of two automobiles for the police department. The lease commences on that date with the initial term of 60 months. Annual payments of \$15,878 are due with final payment due on October 23, 2019. Total initial cost of the vehicles was \$70,862.

Note 10 – Pension Plans

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

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

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

Town of Lockport
Notes to the Financial Statements
For the Year Ended June 30, 2019

Note 10 – Pension Plans (Cont.)

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

General information about the Plans follows:

Municipal Employees' Retirement System

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

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

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

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

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

Town of Lockport
Notes to the Financial Statements
For the Year Ended June 30, 2019

Note 10 – Pension Plans (Cont.)

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

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

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

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

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

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

Contributions - According to state statute, contribution requirements for all employers are actuarially determined each year. For the year ended June 30, 2018 (the plan measurement date), the actual employer contribution rate was 24.75% and the employee contribution rate was 9.50%. Contributions to the pension plan totaled \$35,186.

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

Town of Lockport
Notes to the Financial Statements
For the Year Ended June 30, 2019

Note 10 – Pension Plans (Cont.)

Municipal Police Employees' Retirement System

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

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

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

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

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

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

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

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

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

Town of Lockport
Notes to the Financial Statements
For the Year Ended June 30, 2019

Note 10 – Pension Plans (Cont.)

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

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

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

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

Town of Lockport
Notes to the Financial Statements
For the Year Ended June 30, 2019

Note 10 – Pension Plans (Cont.)

Contributions - Contributions by employers are actuarially determined by law, but cannot be less than 9% of compensation excluding overtime, but including state supplemental pay. For the year ended June 30, 2018 (plan measurement date), employee and employer contributions were 10% and 30.75%, 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 30.75% and employee rates were 8%. For members whose earnable compensation is less than poverty guidelines, employer contributions were 33.25% and employee rates were 7.50%.

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, 2018 (the plan measurement date) and excluded from pension expense.

Employer contributions to the pension plan totaled \$83,159.

As of June 30, 2019, the Town reported the proportionate shares of the net pension liability of the Plans, as follows:

<u>Plans</u>	<u>Proportionate share of net pension liability</u>
MERS-A	\$ 280,175
MPERS	725,249
Total	<u>\$ 1,005,424</u>

The net pension liability for both plans was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liability was based on a projection of the long-term contributions to the plans relative to the projected contributions of all participating employers, actuarially determined.

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

<u>Plan</u>	<u>Proportionate share</u>	
Measurement date:	<u>06/30/17</u>	<u>06/30/18</u>
MERS	0.095579%	0.067664%
MPERS	0.089355%	0.085787%

Town of Lockport
Notes to the Financial Statements
For the Year Ended June 30, 2019

Note 10 – Pension Plans (Cont.)

At the June 30, 2018 measurement date the Town recognized pension expense as follows:

Plan	Pension expense
MERS	\$ 10,673
MPERS	123,440
Total	\$ 134,113

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

Municipal Employees Retirement System (MERS-A)	Governmental Activities		Business-Type Activities		Total MERS-A	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 7,312	\$ -	\$ 2,648	\$ -	\$ 9,960
Changes in assumptions	7,201	-	1,233	-	8,434	-
Differences between projected and actual earnings on investments	36,659	-	6,276	-	42,935	-
Changes in proportion	-	54,904	-	19,886	-	74,790
Employer contributions subsequent to measurement date	30,429	-	5,209	-	35,638	-
	\$ 74,289	\$ 62,216	\$ 12,718	\$ 22,534	\$ 87,007	\$ 84,750

Municipal Police Employees Retirement System (MPERS)	Governmental Activities		Business-Type Activities		Total MPERS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 3,269	\$ 37,062	\$ -	\$ -	\$ 3,269	\$ 37,062
Changes in assumptions	47,395	-	-	-	47,395	-
Differences between projected and actual earnings on investments	34,767	-	-	-	34,767	-
Changes in proportion	20,612	34,745	-	-	20,612	34,745
Employer contributions subsequent to measurement date	83,108	-	-	-	83,108	-
	\$ 189,151	\$ 71,807	\$ -	\$ -	\$ 189,151	\$ 71,807

Total of Both Systems (MERS-A + MPERS)	Governmental Activities		Business-Type Activities		Total MERS-A + MPERS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 3,269	\$ 44,374	\$ -	\$ 2,648	\$ 3,269	\$ 47,022
Changes in assumptions	54,596	-	1,233	-	55,829	-
Differences between projected and actual earnings on investments	71,426	-	6,276	-	77,702	-
Changes in proportion	20,612	89,649	-	19,886	20,612	109,535
Employer contributions subsequent to measurement date	113,537	-	5,209	-	118,746	-
	\$ 263,440	\$ 134,023	\$ 12,718	\$ 22,534	\$ 276,158	\$ 156,557

Town of Lockport
Notes to the Financial Statements
For the Year Ended June 30, 2019

Note 10 – Pension Plans (Cont.)

The deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date (June 30, 2018) will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30,	MERS	MPERS	TOTAL
2019	\$ (19,848)	\$ 48,970	\$ 29,122
2020	(18,548)	10,647	(7,901)
2021	3,787	(26,643)	(22,856)
2022	1,228	1,262	2,490

Actuarial assumptions:

The total pension liabilities in the June 30, 2018 actuarial valuations were determined using the following actuarial assumptions, applied to all periods included in the measurements:

	MERS	MPERS
Inflation	2.600%	2.600%
Discount rate used to measure pension liability	7.275%	7.200%
Salary increases	5.0% (2.875% Inflation, 2.125% Merit)	Vary from 9.75% for 1st year of service to 4.25% after 23 years
Investment rate of return	7.275%	7.200%
Actuarial cost method	Entry age normal	Entry age normal
Expected remaining service lives	3 years	4 years
Cost of Living Adjustment	none	none

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

Town of Lockport
Notes to the Financial Statements
For the Year Ended June 30, 2019

Note 10 – Pension Plans (Cont.)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return was 7.00% (MERS) and 8.03% (MPERS) for the year ending June 30, 2018.

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, 2018, are summarized in the following tables:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
MERS:		
Public equity	50.0%	2.20%
Public fixed income	35.0%	1.50%
Alternatives	15.0%	0.60%
TOTALS	100.0%	4.30%
Inflation		2.70%
Expected Arithmetic Nominal Return		<u>7.00%</u>
MPERS:		
Public equity	52.0%	3.58%
Public fixed income	22.0%	0.46%
Alternatives	20.0%	1.07%
Other	6.0%	0.17%
TOTALS	94.0%	5.28%
Inflation		2.75%
Expected Arithmetic Nominal Return		<u>8.03%</u>

Town of Lockport
Notes to the Financial Statements
For the Year Ended June 30, 2019

Note 10 – Pension Plans (Cont.)

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

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

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

Plan	6.275%	7.275%	8.275%
MERS-A	\$ 359,910	\$ 280,175	\$ 212,118
Plan	6.200%	7.200%	8.200%
MPERS	1,019,175	725,249	478,656
TOTALS	<u>\$ 1,379,085</u>	<u>\$ 1,005,424</u>	<u>\$ 690,774</u>

Pension plan fiduciary net position:

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

Support of Non-employer Contributing Entities:

Contributions received by a pension plan from non-employer contributing entities that are not in a special funding situation are recorded as revenue by the respective pension plan. The Town recognizes revenue in an amount equal to their proportionate share of the total contributions to the pension plan from these non-employer contributing entities. During the year ended June 30, 2019, the Town recognized revenue as a result of support received from non-employer contributing entities of \$4,221 for its participation in MERS and \$16,929 for its participation in MPERS. These amounts were allocated to the government-wide and business type activities in proportion to their current contributions.

Town of Lockport
Notes to the Financial Statements
For the Year Ended June 30, 2019

Note 10 – Pension Plans (Cont.)

Payables to the pension plans:

At June 30, 2019, no amounts were due to the pension plans for employer and employee required contributions.

Note 11 – Risk Management

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

Note 12 – Commitments and Contingencies

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

Note 13 – Other Required Disclosures

As of February 2001, Lafourche Parish Water District #1 began billing and collecting sewer fees for the Town of Lockport. The Water District remits the fees to the Town, less an eight percent collection fee. The aggregate dollar amount collected for sewer services during the year was \$246,871 for services to an average of 1,071 customers per month (unaudited) for 12 months resulting in an average monthly billing of \$19.20 per user. The number of users at the end of the fiscal year was 1,076 (unaudited).

Note 14 – Subsequent Events

The Town of Lockport has evaluated subsequent events through November 15, 2019, the date which the financial statements were available to be issued, and it was determined that an event occurred that requires disclosure. The 2019-2020 budget was adopted on Monday, October 7, 2019. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

Note 15 – Prior Period Adjustments

The amount of debt forgiveness in the Town's Sewer Fund (see Note 8) was overstated in the June 30, 2018 financial statements. The actual amount of debt forgiven during the July 1, 2017 to June 30, 2018 fiscal year was \$305,009; the amount recognized as debt forgiveness was \$853,113, resulting in an overstatement of revenues and understatement of the bond payable in the amount of \$548,104. As a result, beginning net position has been reduced and bond payable increased by \$548,104.

Town of Lockport
Notes to the Financial Statements
For the Year Ended June 30, 2019

Note 15 – Prior Period Adjustments (Cont.)

The beginning net position of the Town's governmental activities and business-type activities were misstated due to improper recording of pension-related items in the June 30, 2018 financial statements. The Town erroneously allocated a portion of the GASB 68 activity related to the Municipal Police Employee's Retirement System (MPERS) into the Sewer Fund, but no employees paid out of business-type activities participate in this plan. Further, contributions made after the measurement period (June 30, 2017) during the June 30, 2018 fiscal year should have been included as deferred outflows of resources. The correction of these misstatements resulted in a \$27,760 increase to the governmental activities beginning net position, and a \$39,754 increase to the Sewer Fund's net position.

A summary of these prior period adjustments is as follows:

	Governmental Activities	Business-type Activities	Total
Net position per June 30, 2018 annual report	\$ 2,984,765	\$ 4,877,682	\$ 7,862,447
Overstatement of debt forgiveness	-	(548,104)	(548,104)
Improper recording of pension-related activity	27,760	39,754	67,514
Net position, June 30, 2018, as restated	\$ 3,012,525	\$ 4,369,332	\$ 7,381,857

REQUIRED SUPPLEMENTARY INFORMATION

Town of Lockport
Budgetary Comparison Schedules – General Fund
Year Ended June 30, 2019

	Budget Amounts		Actual Amounts	Variance (Un)Favorable
	Original	Final		
REVENUES				
Taxes:				
Ad valorem	\$ 80,000	\$ 80,000	\$ 79,913	\$ (87)
Sales and use	102,600	99,000	104,892	5,892
Franchise:				
Entergy	36,000	36,000	35,577	(423)
South coast gas	3,800	3,800	4,718	918
Vision communications	8,500	8,500	9,671	1,171
AT&T - local phone service	3,500	3,500	3,592	92
AT&T - video	2,700	2,700	2,605	(95)
Licenses and permits:				
Occupational licenses	37,000	37,000	36,811	(189)
Permits	8,000	5,118	6,268	1,150
Insurance premium tax	70,000	68,533	98,250	29,717
Intergovernmental:				
State of Louisiana				
Beer taxes	2,000	2,649	2,719	70
Video poker	9,500	12,000	16,457	4,457
State maintenance contract	2,660	2,780	2,780	-
CEA with drainage district 1	-	81,825	81,850	25
Grant - capital outlay	-	990,000	922,568	(67,432)
Local:				
Off track betting	900	900	698	(202)
Fines and forfeitures	71,460	78,503	78,413	(90)
Other:				
Donations - police department	-	5,000	5,000	-
Lockport food festival	3,000	2,000	2,000	-
Pavillion rental	1,000	1,000	1,550	550
Interest earned	1,200	2,095	2,145	50
Other - town	1,250	2,070	2,071	1
Total revenues	<u>445,070</u>	<u>1,524,973</u>	<u>1,500,548</u>	<u>(24,425)</u>
EXPENDITURES				
Executive/Administration				
Current:				
Salaries	73,100	71,371	71,188	183
Payroll benefits	9,880	9,256	9,284	(28)
Retirement	13,520	13,250	13,520	(270)
Dues and subscriptions	5,000	5,000	6,631	(1,631)
Utilities, phone and postage	8,500	8,581	10,040	(1,459)
Rent	1,800	1,800	1,950	(150)
Professional fees	44,000	44,000	43,568	432
Bank charges	2,000	256	156	100
Insurance	9,200	8,409	8,356	53
Office and maintenance supplies	7,000	7,500	6,799	701
Travel and conferences	6,000	9,665	9,415	250
Sales tax collection fee	2,000	1,500	-	1,500
Other expenses	8,400	5,000	6,466	(1,466)
Total current expenditures	<u>190,400</u>	<u>185,588</u>	<u>187,373</u>	<u>(1,785)</u>
Debt service - principal	-	-	-	-
Capital outlay	-	-	-	-
Total executive/administration	<u>190,400</u>	<u>185,588</u>	<u>187,373</u>	<u>(1,785)</u>

See independent auditor's report.

Town of Lockport
Budgetary Comparison Schedules – General Fund
Year Ended June 30, 2019

	Budget Amounts		Actual Amounts	Variance (Un)Favorable
	Original	Final		
Public Safety				
Current:				
Salaries	256,250	258,026	266,823	(8,797)
Fees paid to witnesses & other agencies	5,500	3,950	4,520	(570)
Payroll benefits	41,300	40,510	42,550	(2,040)
Retirement	88,518	88,410	87,588	822
Dues and subscriptions	2,000	825	694	131
Utilities, phone and postage	8,000	10,895	11,056	(161)
Office rent	6,000	6,000	6,500	(500)
Vehicle costs	24,000	32,815	33,263	(448)
Insurance	42,250	41,548	39,612	1,936
Office and maintenance supplies	23,000	47,659	46,302	1,357
Conferences	3,000	1,298	1,298	-
Collection fee	1,000	1,000	778	222
Uniforms-ammo	3,000	6,186	5,386	800
Other expenses	-	-	8,955	(8,955)
Total current expenditures	<u>503,818</u>	<u>539,122</u>	<u>555,325</u>	<u>(16,203)</u>
Debt service				
Principal retirement	13,436	13,436	13,436	-
Interest and fiscal charges	2,544	2,543	2,542	1
Total debt service	<u>15,980</u>	<u>15,979</u>	<u>15,978</u>	<u>1</u>
Capital outlay				
Total public safety	<u>519,798</u>	<u>555,101</u>	<u>571,303</u>	<u>(16,202)</u>
Streets and highways				
Current:				
Salaries	22,450	21,706	21,170	536
Payroll benefits	10,600	12,514	12,551	(37)
Retirement	3,675	3,512	3,527	(15)
Utilities, phone and postage	800	800	494	306
Vehicle costs	-	-	171	(171)
Insurance	6,800	5,768	5,378	390
Street lights	30,000	30,000	29,378	622
Other	1,000	550	342	208
Total current expenditures	<u>75,325</u>	<u>74,850</u>	<u>73,011</u>	<u>1,839</u>
Capital outlay	-	990,000	1,084,128	(94,128)
Total streets and highways	<u>75,325</u>	<u>1,064,850</u>	<u>1,157,139</u>	<u>(92,289)</u>
Drainage				
Current:				
Salaries	16,555	16,555	17,071	(516)
Payroll benefits	6,600	5,667	3,842	1,825
Retirement	2,400	2,250	2,034	216
Utilities, phone and postage	1,000	800	494	306
Vehicle costs	1,700	1,700	2,317	(617)
Repairs and maintenance	3,500	8,999	8,795	204
Insurance	5,800	5,546	5,048	498
Maintenance and supplies	-	-	-	-
Other expenses	350	441	342	99
Total current expenditures	<u>37,905</u>	<u>41,958</u>	<u>39,943</u>	<u>2,015</u>
Capital outlay	9,500	60,684	-	60,684
Total drainage	<u>47,405</u>	<u>102,642</u>	<u>39,943</u>	<u>62,699</u>

See independent auditor's report.

Town of Lockport
Budgetary Comparison Schedules – General Fund
Year Ended June 30, 2019

	Budget Amounts		Actual Amounts	Variance (Un)Favorable
	Original	Final		
Culture and recreation				
Current:				
Salaries	5,615	5,615	5,583	32
Payroll benefits	400	263	224	39
Retirement	1,000	1,000	882	118
Utilities, phone and postage	2,800	2,800	2,328	472
Insurance	400	400	266	134
Maintenance and supplies	1,000	3,500	3,767	(267)
Other expenses	1,500	1,704	1,704	-
Total current expenditures	<u>12,715</u>	<u>15,282</u>	<u>14,754</u>	<u>528</u>
Capital outlay	-	-	-	-
Total culture and recreation	<u>12,715</u>	<u>15,282</u>	<u>14,754</u>	<u>528</u>
Total expenditures:				
Current	820,163	856,800	870,406	(13,606)
Debt service	15,980	15,979	15,978	1
Capital outlay	9,500	1,050,684	1,084,128	(33,444)
	<u>845,643</u>	<u>1,923,463</u>	<u>1,970,512</u>	<u>(47,049)</u>
Revenues over (under) expenditures	<u>(400,573)</u>	<u>(398,490)</u>	<u>(469,964)</u>	<u>71,474</u>
OTHER FINANCING SOURCES				
Transfers in - sales tax fund	376,500	376,500	376,500	-
Appropriations capital expenditures	<u>25,478</u>	<u>25,478</u>	<u>25,478</u>	<u>-</u>
Total other financing sources (uses)	401,978	401,978	401,978	-
Net changes in fund balances	1,405	3,488	(67,986)	71,474
FUND BALANCE				
Beginning of year	119,801	149,627	149,627	-
End of year	<u>\$ 121,206</u>	<u>\$ 153,115</u>	<u>\$ 81,641</u>	<u>\$ 71,474</u>

See independent auditor's report.

Town of Lockport
Budgetary Comparison Schedules – Sales Tax Fund
Year Ended June 30, 2019

	Budget Amounts		Actual Amounts	Variance (Un)Favorable
	Original	Final		
REVENUES				
Taxes - sales and use	\$ 342,000	\$ 333,275	\$ 349,641	\$ 16,366
Interest earned	3,000	15,352	15,774	422
Total revenues	<u>345,000</u>	<u>348,627</u>	<u>365,415</u>	<u>16,788</u>
EXPENDITURES				
General government - current:				
Rent expense	1,800	1,800	1,950	(150)
Collection fee	3,000	3,000	3,094	(94)
Total expenditures	<u>4,800</u>	<u>4,800</u>	<u>5,044</u>	<u>(244)</u>
Revenues over expenditures	340,200	343,827	360,371	16,544
OTHER FINANCING USES				
Operating transfers out:				
General fund	<u>(401,978)</u>	<u>(401,978)</u>	<u>(401,978)</u>	<u>-</u>
Net change in fund balance	(61,778)	(58,151)	(41,607)	16,544
FUND BALANCES				
Beginning of year	1,126,742	1,154,268	1,154,268	-
End of year	<u>\$ 1,064,964</u>	<u>\$ 1,096,117</u>	<u>\$ 1,112,661</u>	<u>\$ 16,544</u>

See independent auditor's report.

Town of Lockport
 Budgetary Comparison Schedules – Building Maintenance Fund (Non-major)
 Year Ended June 30, 2019

	Budget Amounts		Actual Amounts	Variance (Un)Favorable
	Original	Final		
REVENUES				
Rental income	\$ 59,910	\$ 54,828	\$ 55,146	\$ 318
Interest income	250	515	532	17
Total revenues	<u>60,160</u>	<u>55,343</u>	<u>55,678</u>	<u>335</u>
EXPENDITURES				
General government				
Current:				
Salaries	7,800	7,538	8,772	(1,234)
Payroll benefits	650	615	686	(71)
Utilities	12,500	12,498	11,117	1,381
Repairs and maintenance	8,800	8,091	10,446	(2,355)
Insurance	26,615	24,914	24,914	-
Maintenance and supplies	2,000	2,000	1,685	315
Total expenditures	<u>58,365</u>	<u>55,656</u>	<u>57,620</u>	<u>(1,964)</u>
Net change in fund balance	1,795	(313)	(1,942)	(1,629)
FUND BALANCE				
Beginning of year	78,771	73,532	73,532	-
End of year	<u>\$ 80,566</u>	<u>\$ 73,219</u>	<u>\$ 71,590</u>	<u>\$ (1,629)</u>

See independent auditor's report.

Town of Lockport
 Budgetary Comparison Schedules – Parish Transportation Fund (Non-major)
 Year Ended June 30, 2019

	Budget Amounts		Actual Amounts	Variance (Un)Favorable
	Original	Final		
REVENUES				
Intergovernmental - state	\$ 19,000	\$ 24,593	\$ 26,406	\$ 1,813
EXPENDITURES				
General Government				
Current:				
Auto and truck	2,900	3,459	3,165	294
Equipment maintenance	3,000	3,000	1,676	1,324
Engineering	-	743	-	743
Maintenance and supplies	5,000	5,200	8,629	(3,429)
Other	5,000	1,000	816	184
Total expenditures	<u>15,900</u>	<u>13,402</u>	<u>14,286</u>	<u>(884)</u>
Net change in fund balance	3,100	11,191	12,120	929
FUND BALANCE				
Beginning of year	1,789	4,904	4,904	-
End of year	<u>\$ 4,889</u>	<u>\$ 16,095</u>	<u>\$ 17,024</u>	<u>\$ 929</u>

See independent auditor's report.

Town of Lockport
Required Supplementary Information
Municipal Employees Retirement System
Last Ten Fiscal Years

For Fiscal Year Ended Measurement Date	June 30, 2015 <u>June 30, 2014</u>	June 30, 2016 <u>June 30, 2015</u>	June 30, 2017 <u>June 30, 2016</u>	June 30, 2018 <u>June 30, 2017</u>	June 30, 2019 <u>June 30, 2018</u>
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY					
Proportion of the net pension liability	0.080970%	0.096474%	0.106620%	0.095579%	0.067664%
Proportionate share of the net pension liability	\$ 207,805	\$ 344,620	\$ 437,005	\$ 399,847	\$ 280,175
Covered employee payroll	139,492	161,637	173,576	124,169	135,332
Proportionate share of the net pension liability as a percentage of covered employee payroll	148.97%	213.21%	251.77%	322.02%	207.03%
Plan fiduciary net position as a percentage of the total pension liability	73.99%	66.18%	62.11%	62.49%	63.94%
SCHEDULE OF CONTRIBUTIONS					
Contractually required contribution	25,507	37,616	39,489	27,142	35,747
Contributions made	25,507	37,616	39,489	27,142	35,747
Contribution deficiency (excess)	<u>\$ -</u>				
Covered employee payroll	\$ 139,492	\$ 161,650	\$ 173,576	\$ 124,169	\$ 135,332
Contribution as a percentage of covered employee payroll	18.29%	23.27%	22.75%	21.86%	26.41%

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

Note to Required Supplementary Information

<i>Changes of Benefit Terms</i>	no changes				
<i>Changes of Assumptions</i>					
Actuarial cost method	Entry age normal				
Expected remaining service lives	3 years				
Investment rate of return	7.500%	7.500%	7.500%	7.400%	7.275%
Inflation rate	3.000%	2.875%	2.875%	2.775%	2.600%
Salary increases, including inflation and merit increases	5.750%	5.000%	5.000%	5.000%	5.000%
Discount rate	7.750%	7.500%	7.500%	7.400%	7.275%

See independent auditor's report.

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

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

See independent auditor's report.

OTHER SUPPLEMENTARY INFORMATION

Town of Lockport
Schedule of Insurance In Force
As of and for the Year Ended June 30, 2019
(Unaudited)

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

See independent auditor's report.

Town of Lockport
 Schedule of Compensation, Benefits and Other Payments to Town Heads
 Year Ended June 30, 2019

<u>Purpose</u>	Agency Head Name:	Ed Reinhardt - Mayor
Salary		\$ 12,000
Benefits - insurance		-
Benefits - FICA		1,975
Deferred compensation (agency contributions)		-
Benefits		-
Car allowance		-
Vehicle provided by government		-
Cell phone		-
Dues		-
Vehicle rental		-
Per diem		-
Reimbursement		-
Travel		-
Registration fees		575
Conference travel		1,098
Continuing professional education fees		-
Housing		-
Unvouchered expenses		-
Social meals		-
Other		-
TOTAL		\$ 15,648

<u>Purpose</u>	Agency Head Name:	David Harrelson - Police Chief
Salary		\$ 45,360
Supplemental pay (state)		6,000
Benefits - insurance		5,631
Benefits - retirement		16,564
Deferred compensation (agency contributions)		-
Benefits - other (FICA & medicare)		2,282
Car allowance		-
Vehicle provided by government		-
Cell phone		-
Dues		-
Vehicle rental		-
Per diem		-
Reimbursement		-
Travel		-
Registration fees		360
Conference travel		938
Continuing professional education fees		-
Housing		-
Unvouchered expenses		-
Social meals		-
Other		-
TOTAL		\$ 77,135

See independent auditor's report.

Town of Lockport
Compensation Paid to Members of the Town Council
Year Ended June 30, 2019

Stephen Baudoin	\$	2,300
Wayne Bourgeois, Jr.		2,500
Bobbie Galjour		2,300
Sharon Guidry		1,700
Rodney Hartman		<u>2,500</u>
	\$	<u>11,300</u>

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

REPORTS REQUIRED BY GOVERNMENT AUDITING STANDARDS

**Martin
and
Pellegrin**

103 Ramey Road
Houma, Louisiana 70360

*Certified Public Accountants
(A Professional Corporation)*

Ph. (985) 851-3638
Fax (985) 851-3951

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Lockport, Louisiana (The Town), a component unit of the Terrebonne Parish Consolidated Government, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise The Town's basic financial statements, and have issued our report thereon dated November 15, 2019.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

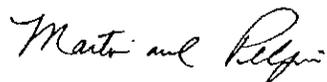
As part of obtaining reasonable assurance about whether the Town of Lockport's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards*, which is described in the accompanying Schedule of Findings and Responses as Item 2019-001.

Town of Lockport's Response to Finding

The Town of Lockport's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Responses. The Town of Lockport's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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. This report is intended solely for the information and use of management, the reporting entity, federal awarding agencies and pass-through entities, and the Legislative Auditor for the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



November 15, 2019
Houma, Louisiana

Town of Lockport
Schedule of Findings and Responses
For the Year Ended June 30, 2019

Section I – Summary of Auditor’s Results

1. The auditor's report expresses an unmodified opinion on the financial statements of the Town of Lockport.
2. No deficiencies in internal control over financial reporting were noted during the audit of the financial statements.
3. One instance (2019-001) of noncompliance or other matters required to be reported in accordance with *Government Auditing Standards* was noted during the audit.
4. A management letter was not issued.
5. The Town did not receive or expend federal funds in excess of \$750,000 during the year.

Section II – Financial Statement Findings

2019-001 – Adoption of Annual Budget

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

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

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

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

Recommendation: We recommend the Town timely adopt its future budgets.

Response: The management of the Town of Lockport concurs with this finding.

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

This section is not applicable.

Town of Lockport
Management's Corrective Action Plan for Current Year Findings
For the Year Ended June 30, 2019

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

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

Adoption of Annual Budget

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

Recommendation: We recommend the Town timely adopt its future budgets.

Planned Action: The management of the Town of Lockport will timely adopt future budgets.

Section II – Internal Control and Compliance Material to Federal Awards

This section is not applicable.

Section III – Management Letter

This section is not applicable.

Town of Lockport
Schedule of Prior Findings and Resolution Matters
For the Year Ended June 30, 2019

Note: All prior findings relate to the June 30, 2018 audit engagement.

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

This section is not applicable.

Section II – Internal Control and Compliance Material to Federal Awards

This section is not applicable.

Section III – Management Letter

This section is not applicable.

STATEWIDE AGREED-UPON PROCEDURES

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

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

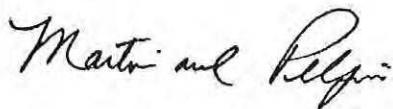
We have performed the procedures enumerated below, which were agreed to by the management of Town of Lockport and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2018 through June 30, 2019. The Town'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 on pages 68-80.

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 Louisiana Legislative Auditor as a public document.



Houma, Louisiana
November 15, 2019

Town of Lockport
Lockport, Louisiana

Schedule of Procedures and Associated Findings of the
Statewide Agreed-Upon Procedures
For the Year Ended June 30, 2019

The required procedures and our findings are as follows:

Written Policies and Procedures

1. Obtain and inspect the Town's written policies and procedures and observe that they address each of the following categories and subcategories, as applicable:

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

Performance: Obtained and inspected the Town's written policy for budgeting.

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 contain the elements included 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 contain the requirements included above.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

d) Receipts/Collections, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions

Performance: Obtained and read the written policy for receipts/collections and found it to contain the requirements listed above.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

Town of Lockport
Lockport, Louisiana

Schedule of Procedures and Associated Findings of the
Statewide Agreed-Upon Procedures
For the Year Ended June 30, 2019

- 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 contained all listed requirements.

Exceptions: There were no exceptions.

Management's response: Not applicable.

- 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 contained all listed requirements.

Exceptions: There were no exceptions.

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 of statements, and (5) monitoring card usage

Performance: Obtained and read the written policy for credit cards and found it contained all requirements listed above, except as noted below.

Exceptions: While some of the elements of the above are mentioned, the policy is vague. Also, the policy does not address how cards are controlled, the approval of statements, and monitoring of card usage.

Management's response: Management will consider adding more specific details to the written credit card policy including the elements noted above.

- 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 travel and expense reimbursement policy and found it contained all requirements listed above.

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

Town of Lockport
Lockport, Louisiana

Schedule of Procedures and Associated Findings of the
Statewide Agreed-Upon Procedures
For the Year Ended June 30, 2019

Performance: Obtained and read the ethics policy of Lafourche Parish Public Towns, which the Town adheres to, and found it contained all requirements listed above, except as noted below.

Exceptions: While employees of the Town annually attest through signature verification that they have read the ethics policy, this is not mentioned in the written ethics policy.

Management's response: Management will consider adding this requirement to the policy.

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

Performance: Obtained and read the debt service policy and found it contained all requirements listed above.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

Performance: Obtained and read management's description of the disaster recovery/business continuity policy and found it contained all requirements listed above.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

Board or Finance Committee

2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:

- a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
- b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds.

Town of Lockport
Lockport, Louisiana

Schedule of Procedures and Associated Findings of the
Statewide Agreed-Upon Procedures
For the Year Ended June 30, 2019

Performance: Determined that the procedures under #2 could be excluded as the Town did not have any exceptions in the Board or Finance Committee category in Year 1 and was thereby exempt in Year 2.

Bank Reconciliations

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

Performance: Obtained the listing of bank accounts from management and received management's representation in a separate letter.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- a) Bank reconciliations include evidence that they were prepared within two months of the related statement closing date;

Performance: Inspected documentation for evidence of bank reconciliations being prepared within two months of the related statement closing date.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

Performance: Inspected documentation for management approval of each bank reconciliation.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

Performance: Determined that there were no outstanding reconciling items that were more than 12 months from the statement closing date.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

Town of Lockport
Lockport, Louisiana

Schedule of Procedures and Associated Findings of the
Statewide Agreed-Upon Procedures
For the Year Ended June 30, 2019

Collections

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

Performance: Observed the listing of deposit sites from management and received management's representation in a separate letter.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site, obtain and inspect written policies and procedures relating to employee job duties at each collection location, and observe that job duties are properly segregated at each collection location such that:

Performance: Observed the listing of collection locations from management and received management's representation in a separate letter.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

Performance: Inspected policy manuals and inquired of client to determine that cash drawers/registers are not shared by employees.

Exceptions: Employees responsible for cash collections share cash registers; however, each employee has their own log in and password.

Management's response: Management will separate these duties when it is cost-beneficial to do so. Management will continue to use the compensating controls in place.

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

Performance: Inspected policy manuals and inquired of client to ensure separation of duties for those employees collecting cash and those employees preparing/making bank deposits.

Exceptions: The person responsible for making the deposit can also collect cash.

Town of Lockport
Lockport, Louisiana

Schedule of Procedures and Associated Findings of the
Statewide Agreed-Upon Procedures
For the Year Ended June 30, 2019

Management's response: Management will separate these duties when it is cost-beneficial to do so. Management will continue to closely monitor the collection activities of the Town of Lockport.

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

Performance: Inspected policy manuals and inquired of client to ensure separation of duties for those employees collecting cash and those employees posting collection entries to the general ledger or subsidiary ledgers.

Exceptions: The person responsible for posting collection entries to the general ledger also collects cash on occasion.

Management's response: Management will separate these duties when it is cost-beneficial to do so. Management will continue to closely monitor the collection activities of the Town of Lockport.

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

Performance: Inspected policy manuals and inquired of client to ensure separation of duties for those employees collecting cash and those employees reconciling cash collections to the general ledger and/or subsidiary ledgers.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

Performance: Inspected policy manuals and inquired of client to determine if employees with access to cash are covered by a bond or insurance policy.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

7. Randomly select two deposit dates for each of the entity's bank accounts. Obtain supporting documentation for each of the deposits (maximum of ten deposits) and:

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

Town of Lockport
Lockport, Louisiana

Schedule of Procedures and Associated Findings of the
Statewide Agreed-Upon Procedures
For the Year Ended June 30, 2019

Performance: Inspected receipts to determine if they are sequentially pre-numbered.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

Performance: Inspected deposits from two random deposit dates to determine if they had sequentially pre-numbered receipts, system reports, and other collection documentation that agreed to the respective deposit slips.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

Performance: Inspected deposits from two random deposit dates to determine if the deposit slips agreed to the actual deposits per the bank statements.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than ten miles from the collection location or the deposit is less than \$100).

Performance: Determined if deposits from two random dates were deposited within one business day of receipt by reviewing each check date or the date received according to each deposit verification slip.

Exceptions: Five of the deposits included checks/cash that were not deposited within one business day of receipt.

Management's response: Management will ensure that deposits are made in a timely manner.

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

Performance: Inspected deposits from two random deposit dates to determine if the deposits per the bank statements agree to the general ledger.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

Town of Lockport
Lockport, Louisiana

Schedule of Procedures and Associated Findings of the
Statewide Agreed-Upon Procedures
For the Year Ended June 30, 2019

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

8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select five locations (or all locations if less than five).
9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties, and observe that job duties are properly segregated such that:
 - a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
 - b) At least two employees are involved in processing and approving payments to vendors.
 - c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
 - d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.
10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select five disbursements for each location, obtain supporting documentation for each transaction and:
 - a) Observe that the disbursement matched the related original invoice/billing statement.
 - b) Observe that the disbursement documentation included evidence of segregation of duties tested under #9, as applicable.

Performance: Determined that the procedures under numbers 8-10 could be excluded as the Town did not have any exceptions in the Non-Payroll Disbursements category in Year 2.

**Town of Lockport
Lockport, Louisiana**

Schedule of Procedures and Associated Findings of the
Statewide Agreed-Upon Procedures
For the Year Ended June 30, 2019

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

11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.
12. Using the listing prepared by management, randomly select five cards (or all cards if less than five) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:
 - a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder.
 - b) Observe that finance charges and late fees were not assessed on the selected statements.
13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only).

Performance: Determined that the procedures under numbers 11-13 could be excluded as the Town did not have any exceptions in the Credit Cards/Debit Cards/Fuel Cards/P-Cards category in Year 2.

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

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

Town of Lockport
Lockport, Louisiana

Schedule of Procedures and Associated Findings of the
Statewide Agreed-Upon Procedures
For the Year Ended June 30, 2019

- a) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).
- b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
- c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).
- d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Performance: Determined that the procedures under #14 could be excluded as the Town did not have any exceptions in the Travel and Travel-Related Expense Reimbursements category in Year 2.

Contracts

15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. Obtain management's representation that the listing is complete. Randomly select five contracts (or all contracts if less than five) from the listing, excluding the practitioner's contract, and:
- a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
 - b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).
 - c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.
 - d) Randomly select one payment from the fiscal period for each of the five contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

Town of Lockport
Lockport, Louisiana

Schedule of Procedures and Associated Findings of the
Statewide Agreed-Upon Procedures
For the Year Ended June 30, 2019

Performance: Determined that the procedures under #15 could be excluded as the Town did not have any exceptions in the Contracts category in Year 1 and was thereby exempt in Year 2.

Payroll and Personnel

16. Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select five employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.
17. Randomly select one pay period during the fiscal period. For the five employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:
 - a) Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory).
 - b) Observe that supervisors approved the attendance and leave of the selected employees/officials.
 - c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
18. Obtain a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours to the employee/officials' cumulative leave records, and agree the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.
19. Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

Performance: Determined that the procedures under numbers 16-19 could be excluded as the Town did not have any exceptions in the Payroll and Personnel category in Year 2.

Town of Lockport
Lockport, Louisiana

Schedule of Procedures and Associated Findings of the
Statewide Agreed-Upon Procedures
For the Year Ended June 30, 2019

Ethics

20. Obtain ethics documentation for five randomly selected employees/officials from management, and:

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

Performance: Determined that five randomly selected employees completed one hour of ethics training during the fiscal year.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

Performance: Determined whether five randomly selected employees attested through signature verification that he/she read the ethics policy during the fiscal year.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

Debt Service

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

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

Performance: Determined that the procedures under numbers 21 and 22 could be excluded as the Town did not have any exceptions in the Debt Service category in Year 2.

Town of Lockport
Lockport, Louisiana

Schedule of Procedures and Associated Findings of the
Statewide Agreed-Upon Procedures
For the Year Ended June 30, 2019

Other

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

Performance: Inquired of management of any misappropriations of public funds or assets and determined that none were noted.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

Performance: Observed such notice posted on the premises and website.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.