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TOWN OF LOCKPORT, LOUISIANA

ANNUAL FINANCIAL REPORT

JUNE 30, 1998

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Release Date SEP 9 1998

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Ann J. Hebert

Certified Public Accountant
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INDEPENDENT AUDITOR'S REPORT

The Honorable Joe B. Townsend, Jr., Mayor
and the Members of the Town Council
Lockport, Louisiana

I have audited the accompanying general purpose financial statements and the combining and individual fund and account group financial statements of the Town of Lockport, Louisiana as of June 30, 1998, and for the year then ended, as listed in the table of contents. These financial statements are the responsibility of the Town of Lockport, Louisiana management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards and standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Town of Lockport, Louisiana as of June 30, 1998, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with generally accepted accounting principles. Also, in my opinion, the combining and individual fund and account group financial statements referred to above present fairly, in all material respects the financial position of each of the individual funds and account groups of the Town of Lockport, Louisiana as of June 30, 1998, and the results of operations of such funds and the cash flows of the individual proprietary funds for the year then ended in conformity with generally accepted accounting principals.

In accordance with Government Auditing Standards, I have also issued a report dated September 29, 1998 on my consideration of the Town of Lockport's internal control over financial reporting and my test of its compliance with certain provisions of laws and regulations, contracts and grants.

My audit was conducted for the purpose of forming an opinion on the general purpose financial statements taken as a whole and on the combining and individual fund and account group financial

statements. The financial information listed as supporting schedules in the table of contents is presented for purposes of additional analysis and is not a required part of the general purpose financial statements of the Town of Lockport, Louisiana. Such information, except for the "Principal Taxpayers", and "Miscellaneous Statistics" marked "unaudited" on which I express no opinion, has been subjected to the auditing procedures applied in the audit of the general purpose, combining and individual fund and account group financial statements and, in my opinion, is fairly stated in all material respects in relation to the financial statements of each of the respective individual funds and account groups, taken as a whole.

Thibodaux, Louisiana
September 29, 1998

Ann J. Hebert

Certified Public Accountant
901 Ridgefield Road
Thibodaux, Louisiana

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REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

The Honorable Joe B. Townsend, Jr., Mayor
and the Members of the Town Council
Lockport, Louisiana

I have audited the accompanying general purpose financial statements and the combining and individual fund and account group financial statements of the Town of Lockport, Louisiana, as of June 30, 1998, and for the year then ended, and have issued my report thereon dated September 29, 1998. I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Town of Lockport, Louisiana's general purpose financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Summary of prior year compliance conditions:

1997 - 1 - Condition

The Town of Lockport, Louisiana's actual expenses exceeded budgeted expenses in the sewer system fund by 17.8 percent.

Recommendation

On an interim basis, management should compare actual amounts to budgeted amounts and inform the board in writing when actual revenues and/or expenses do not comply with LSA-R.S. 39:1310 so that the board may take appropriate action.

Resolved

1997-2-CONDITION

Internal Revenue Service Form 1096 and 1099's issued by the Town of Lockport, Louisiana were not in compliance.

Recommendation

Annually, a complete list of individuals receiving non-employee compensation of \$600 or greater be compiled and Form 1099 issued to each of these individuals.

Resolved

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the Town of Lockport, Louisiana's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the general purpose financial statements and not to provide assurances on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

Summary of prior year internal control conditions:

1997 - 1 - Condition

Accounting records not maintained on a timely and current basis due to unusual circumstances and inadequate staffing.

Recommendation

Management and the board should periodically review office staffing to assure adequate staffing is available for timely accounting and reporting.

Resolved

1997 - 2 - Condition

Purchase order system inconsistent.

Recommendation

Board and management should establish and document in writing Purchase Order System to be maintained.

Resolved

1997 - 3 - Condition

Solicitations made by Lockport Police Department on Lockport Police Department stationary and signed by unauthorized person.

Recommendation

All solicitations be board approved and signed by authorized personnel. List of persons receiving solicitations should be recorded.

Resolved

1997 - 4 - Condition

Record of summons tickets issued not maintained. Traffic tickets and summons tickets remain unrecorded. Confidential informant tickets not officially recorded through Town Hall.

Recommendation

All traffic and summons books should be issued from Town Hall. The Town Hall should maintain records as to the numbers issued and to whom issued. At any given time, tickets should be accounted for by officers, as being: (1) Issued and recorded, (2) Voided with all copies present, (3) Unissued and all copies present in book or (4) Recorded and maintained in special designated file as confidential informant.

Periodically management should test the system by verifying location of randomly selected tickets and summons.

Resolved

This report is intended for the information of the management, the Louisiana Legislative Auditor and federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.

Thibodaux, Louisiana

September 29, 1998

GENERAL PURPOSE FINANCIAL STATEMENTS
(COMBINED STATEMENTS - OVERVIEW)

TOWN OF LOCKPORT

COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS
June 30, 1998

| | Governmental Fund Types | |
|-------------------------------|-------------------------|--------------------|
| | General | Special Revenue |
| ASSETS | | |
| Assets | | |
| Cash and cash equivalents | \$ 259,905 | \$ 306,862 |
| Receivables | 15,343 | 600 |
| Due from other governments | 29,124 | 18,095 |
| Due from other funds | 175,000 | - |
| Prepaid expenses | 150 | 150 |
| Meter deposits | 10 | - |
| Restricted Assets | | |
| Cash and cash equivalents | - | - |
| Receivable | - | - |
| Fixed Assets | | |
| Property, plant and equipment | - | - |
| Accumulated depreciation | - | - |
| General Fixed Assets | - | - |
| Other Assets | | |
| Commercial deposits | - | - |
| TOTAL ASSETS | \$ 479,532 | \$ 325,707 |

(Continued next page)

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

| Proprietary Fund Types | Account Groups | | Totals (Memorandum Only) | |
|---------------------------|-------------------------|---------------------------|-----------------------------|---------------------|
| | General Fixed Assets | General Long-term Debt | June 30, 1998 | June 30, 1997 |
| Enterprise | | | | |
| \$ 462,272 | \$ - | \$ - | \$ 1,029,039 | \$ 819,719 |
| 42,133 | - | - | 58,076 | 53,244 |
| 166,957 | - | - | 214,176 | 209,312 |
| - | - | - | 175,000 | 24,114 |
| 1,764 | - | - | 2,064 | 1,938 |
| - | - | - | 10 | 10 |
| 163,100 | - | - | 163,100 | 150,071 |
| - | - | - | - | - |
| 3,270,587 | - | - | 3,270,587 | 3,242,328 |
| (587,999) | - | - | (587,999) | (692,270) |
| - | 1,803,268 | - | 1,803,268 | 1,922,836 |
| 5 | - | - | 5 | 5 |
| <u>\$ 3,518,819</u> | <u>\$ 1,803,268</u> | <u>\$ -</u> | <u>\$ 6,127,326</u> | <u>\$ 5,731,307</u> |

TOWN OF LOCKPORT
 COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS - (Continued)
 June 30, 1998

| | Governmental Fund Types | |
|---|-------------------------|--------------------|
| | General | Special Revenue |
| LIABILITIES AND FUND BALANCE | | |
| LIABILITIES | | |
| Accounts payable | \$ 22,394 | \$ 1,307 |
| Accrued expenses | 1,141 | - |
| Contracts payable | 160,403 | - |
| Due to other funds | - | 170,000 |
| Bonds payable | - | - |
| Current Liabilities (from Restricted Assets) | | |
| Accrued interest payable | - | - |
| Customers' meter deposits | - | - |
| Bonds payable | - | - |
| Long-term liabilities | | |
| Bonds payable | - | - |
| | <u>183,938</u> | <u>171,307</u> |
| TOTAL LIABILITIES | | |
| FUND BALANCE | | |
| Contributed Capital | - | - |
| Investment in General | | |
| Fixed Assets | - | - |
| Retained Earnings | | |
| Reserved | - | - |
| Unreserved | | |
| Undesignated | - | - |
| Fund Balance | | |
| Unreserved | | |
| Designated | - | 80,000 |
| Undesignated | 295,594 | 74,400 |
| | <u>295,594</u> | <u>154,400</u> |
| TOTAL FUND BALANCE | | |
| TOTAL LIABILITIES AND FUND BALANCE | <u>\$ 479,532</u> | <u>\$ 325,707</u> |

(Concluded)

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

| Proprietary Fund Types | Account Groups | | Totals (Memorandum Only) | |
|---------------------------|-------------------------|---------------------------|-----------------------------|---------------------|
| | General Fixed Assets | General Long-term Debt | June 30, 1998 | June 30, 1997 |
| Enterprise | | | | |
| \$ 13,444 | \$ - | \$ - | \$ 37,145 | \$ 30,856 |
| - | - | - | 1,141 | 9,342 |
| 185,619 | - | - | 346,022 | 130,042 |
| 5,000 | - | - | 175,000 | 24,114 |
| 46,666 | - | - | 46,666 | 45,333 |
| 15,897 | - | - | 15,897 | 16,436 |
| 44,286 | - | - | 44,286 | 42,220 |
| 23,334 | - | - | 23,334 | 22,667 |
| <u>1,563,000</u> | <u>-</u> | <u>-</u> | <u>1,563,000</u> | <u>1,633,000</u> |
| <u>1,897,246</u> | <u>-</u> | <u>-</u> | <u>2,252,491</u> | <u>1,954,010</u> |
| 1,328,230 | - | - | 1,328,230 | 1,118,087 |
| - | 1,803,268 | - | 1,803,268 | 1,922,836 |
| 118,814 | - | - | 118,814 | 107,851 |
| 174,529 | - | - | 174,529 | 141,616 |
| - | - | - | 80,000 | 80,000 |
| - | - | - | 369,994 | 406,907 |
| <u>1,621,573</u> | <u>1,803,268</u> | <u>-</u> | <u>3,874,835</u> | <u>3,777,297</u> |
| <u>\$ 3,518,819</u> | <u>\$ 1,803,268</u> | <u>\$ -</u> | <u>\$ 6,127,326</u> | <u>\$ 5,731,307</u> |

TOWN OF LOCKPORT

COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
 FUND BALANCE-ALL GOVERNMENTAL FUND TYPES
 Year Ended June 30, 1998

| | Governmental Fund Types | | (Memorandum Only) | |
|----------------------------|-------------------------|-----------------|-------------------|----------------|
| | General | Special Revenue | June 30, 1998 | June 30, 1997 |
| REVENUES | | | | |
| Ad valorem taxes | \$ 42,279 | \$ - | \$ 42,279 | \$ 39,923 |
| Fines and forfeits | 25,174 | - | 25,174 | 16,800 |
| Sales tax collections | - | 232,505 | 232,505 | 195,167 |
| Interest income | 2,895 | 9,470 | 12,365 | 9,243 |
| Intergovernmental | 111,066 | - | 111,066 | 118,421 |
| Licenses and permits | 142,361 | - | 142,361 | 145,087 |
| Leases | 1,200 | 18,354 | 19,554 | 22,066 |
| Other | 27,297 | - | 27,297 | 20,900 |
| TOTAL REVENUE | 352,272 | 260,329 | 612,601 | 567,607 |
| EXPENDITURES | | | | |
| General and administrative | 82,448 | 7,540 | 89,988 | 92,471 |
| Streets and highways | 53,565 | - | 53,565 | 62,650 |
| Drainage | 25,158 | - | 25,158 | 36,066 |
| Public safety - police | 144,936 | - | 144,936 | 136,512 |
| Parks and recreation | 1,273 | - | 1,273 | 996 |
| Town hall complex | - | 14,168 | 14,168 | 14,840 |
| Capital outlays | 191,956 | 6,020 | 197,976 | 19,522 |
| TOTAL EXPENDITURES | 499,336 | 27,728 | 527,064 | 363,057 |

(Continued)

| | | | | |
|--|-------------------|-------------------|-------------------|-------------------|
| Excess (deficiency) of revenues over expenditures | <u>(147,064)</u> | <u>232,601</u> | <u>85,537</u> | <u>204,550</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Operating transfers in (out) | | | | |
| Sales Tax Fund | 244,000 | - | 244,000 | 67,500 |
| General Fund | - | (244,000) | (244,000) | (67,500) |
| Sewer System Fund | (1,225) | (70,000) | (71,225) | (50,000) |
| Water System Fund | (1,225) | - | (1,225) | - |
| TOTAL OTHER FINANCING SOURCES (USES): | <u>241,550</u> | <u>(314,000)</u> | <u>(72,450)</u> | <u>(50,000)</u> |
| Excess (deficiency) of revenues over expenditures and other sources (uses) | 94,486 | (81,399) | 13,087 | 154,550 |
| Fund Balances at beginning of year | 201,108 | 285,799 | 486,907 | 332,357 |
| Residual equity transfer-out | - | (50,000) | (50,000) | - |
| Fund balances at end of year | <u>\$ 295,594</u> | <u>\$ 154,400</u> | <u>\$ 449,994</u> | <u>\$ 486,907</u> |

(Concluded)

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

TOWN OF LOCKPORT

COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
 FUND BALANCE-BUDGET (GAAP BASIS) AND ACTUAL
 GENERAL, AND SPECIAL REVENUE FUND TYPES
 Year Ended June 30, 1998

| | General Fund | | | Special Revenue Fund Types | | |
|----------------------------|----------------|----------------|---|----------------------------|----------------|---|
| | Budget | Actual | Variance- favorable (unfavorable) | Budget | Actual | Variance- favorable (unfavorable) |
| REVENUES | | | | | | |
| Ad valorem tax | \$ 43,567 | \$ 42,279 | \$ (1,288) | \$ - | \$ - | \$ - |
| Fines and forfeits | 24,999 | 25,174 | 175 | - | - | - |
| Sales tax collections | - | - | - | 217,999 | 232,505 | 14,506 |
| Interest income | 1,800 | 2,895 | 1,095 | 7,902 | 9,470 | 1,568 |
| Intergovernmental | 110,247 | 111,066 | 819 | - | - | - |
| Licenses and permits | 136,469 | 142,361 | 5,892 | - | - | - |
| Leases | 1,200 | 1,200 | - | 17,679 | 18,354 | 675 |
| Other | 13,591 | 27,297 | 13,706 | - | - | - |
| TOTAL REVENUES | 331,873 | 352,272 | 20,399 | 243,580 | 260,329 | 16,749 |
| EXPENDITURES | | | | | | |
| General and administrative | 90,914 | 82,448 | 8,466 | 7,911 | 7,540 | 371 |
| Streets and highways | 62,792 | 53,565 | 9,227 | - | - | - |
| Drainage | 23,397 | 25,158 | (1,761) | - | - | - |
| Public safety - police | 144,545 | 144,936 | (391) | - | - | - |
| Parks and recreation | 1,498 | 1,273 | 225 | - | - | - |
| Town hall complex | - | - | - | 15,256 | 14,168 | 1,088 |
| Capital outlays | 252,431 | 191,956 | 60,475 | 4,999 | 6,020 | (1,021) |
| TOTAL EXPENDITURES | 575,577 | 499,336 | 76,241 | 28,166 | 27,728 | 438 |

(Continued)

| | | | | | | |
|--|-------------------|-------------------|------------------|-------------------|-------------------|------------------|
| Excess (deficiency) of revenues over expenditures | (243,704) | (147,064) | 96,640 | 215,414 | 232,601 | 17,187 |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Operating transfers in (out) | | | | | | |
| Sales Tax Fund | 244,000 | 244,000 | - | - | - | - |
| General Fund | - | - | - | (244,000) | (244,000) | - |
| Sewer System Fund | - | (1,225) | (1,225) | (70,000) | (70,000) | - |
| Water System Fund | - | (1,225) | (1,225) | - | - | - |
| TOTAL OTHER FINANCING SOURCES (USES) | 244,000 | 241,550 | (2,450) | (314,000) | (314,000) | - |
| Excess (deficiency) of revenues over expenditures and other sources (uses) | 296 | 94,486 | 94,190 | (98,586) | (81,399) | 17,187 |
| Fund Balances at beginning of year | 201,108 | 201,108 | - | 285,799 | 285,799 | - |
| Residual equity transfer-out | - | - | - | (50,000) | (50,000) | - |
| Fund Balances at end of year | \$ 201,404 | \$ 295,594 | \$ 94,190 | \$ 137,213 | \$ 154,400 | \$ 17,187 |

(Concluded)

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

TOWN OF LOCKPORT

COMBINED STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN RETAINED EARNINGS - PROPRIETARY FUND TYPES - ENTERPRISE FUNDS
Year Ended June 30, 1998

| | Enterprise Fund Types | | Totals |
|---|-------------------------|-------------------------|----------------------|
| | Water System Fund | Sewer System Fund | (Memorandum Only) |
| OPERATING SERVICES | | | |
| Charges for services - | | | |
| Water sales | \$ 136,503 | \$ - | \$ 136,503 |
| Sewer fees | - | 164,505 | 164,505 |
| Delinquent charges | 3,655 | 4,652 | 8,307 |
| Miscellaneous | 3,315 | - | 3,315 |
| TOTAL OPERATING REVENUES | 143,473 | 169,157 | 312,630 |
| OPERATING EXPENSES: | | | |
| Water department expenses | 108,749 | - | 108,749 |
| Sewer department expenses | - | 76,494 | 76,494 |
| General and administrative | 23,165 | 21,855 | 45,020 |
| Depreciation expense | 16,876 | 55,076 | 71,952 |
| TOTAL OPERATING EXPENSES | 148,790 | 153,425 | 302,215 |
| OPERATING INCOME (LOSS) | (5,317) | 15,732 | 10,415 |
| NONOPERATING REVENUES (EXPENSES): | | | |
| Interest earnings | 1,894 | 21,322 | 23,216 |
| Interest expense | - | (49,205) | (49,205) |
| Water Plant evaluation | (13,000) | - | (13,000) |
| TOTAL NONOPERATING REVENUES (EXPENSES) | (11,106) | (27,883) | (38,989) |
| INCOME (LOSS) BEFORE OPERATING TRANSFERS | (16,423) | (12,151) | (28,574) |
| OTHER FINANCING SOURCES (USES): | | | |
| Operating transfers - in | 1,225 | 71,225 | 72,450 |
| Operating transfers - out | - | - | - |
| TOTAL OTHER FINANCING SOURCES (USES) | 1,225 | 71,225 | 72,450 |
| NET INCOME (LOSS) | (15,198) | 59,074 | 43,876 |
| Retained earnings, beginning | 2,148 | 247,319 | 249,467 |
| Retained earnings, ending | \$ (13,050) | \$ 306,393 | \$ 293,343 |

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

TOWN OF LOCKPORT
 COMBINED STATEMENT OF CASH FLOWS
 PROPRIETARY FUND TYPES - ENTERPRISE FUNDS
 Year Ended June 30, 1998

| | Enterprise Fund Types | | Totals (Memorandum Only) |
|--|-------------------------|-------------------------|--------------------------------|
| | Water System Fund | Sewer System Fund | |
| Cash flows from operating activities: | | | |
| Operating flows from operating activities | \$ (5,317) | \$ 15,732 | \$ 10,415 |
| Adjusting to reconcile net income to net cash provided by operating activities: | | | |
| Depreciation | 16,876 | 55,076 | 71,952 |
| (Increase) decrease in: | | | |
| Accounts receivable | (1,634) | (1,576) | (3,210) |
| Due from other funds | - | - | - |
| Prepaid expenses | (92) | (34) | (126) |
| Increase (decrease) in: | | | |
| Accounts payable | 4,201 | 2,494 | 6,695 |
| Accrued liabilities | 2,066 | (539) | 1,527 |
| Due to other funds | (7,719) | 3,715 | (4,004) |
| Contracts payable | - | (5,000) | (5,000) |
| Net cash provided (used) by operating activities | <u>8,381</u> | <u>69,868</u> | <u>78,249</u> |
| Cash flows from noncapital financing activities: | | | |
| Operating transfer in (out) | <u>1,225</u> | <u>71,225</u> | <u>72,450</u> |
| Net cash provided (used) by noncapital financing activities | <u>1,225</u> | <u>71,225</u> | <u>72,450</u> |
| Cash flows from investing activities: | | | |
| Interest on investments | 1,894 | 21,322 | 23,216 |
| Water Works System | (120,418) | - | (120,418) |
| Construction-in-progress | (20,540) | - | (20,540) |
| Purchase of Equipment | (2,943) | - | (2,943) |
| Water Plant evaluation | (13,000) | - | (13,000) |
| Net cash provided (used) by investing activities | <u>(155,007)</u> | <u>21,322</u> | <u>(133,685)</u> |
| Cash flows from capital and related financing activities: | | | |
| Interest paid | - | (49,205) | (49,205) |
| Bonds retired | - | (68,000) | (68,000) |
| Contributions - State Grant | 132,626 | - | 132,626 |
| Residual equity transfer-in | 50,000 | - | 50,000 |
| Net cash provided (used) by capital and related financing activities | <u>182,626</u> | <u>(117,205)</u> | <u>65,421</u> |
| Net increase (decrease) in cash | 37,225 | 45,210 | 82,435 |
| Cash and cash equivalents at beginning of year | <u>72,838</u> | <u>469,591</u> | <u>542,429</u> |
| Cash and cash equivalents at end of year | <u>\$ 110,063</u> | <u>\$ 514,801</u> | <u>\$ 624,864</u> |

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

TOWN OF LOCKPORT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1998

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

1. Financial reporting entity

The financial statements of the Town consist only of the funds and account groups of the Town. The Town has no oversight responsibility for any other governmental entity since no other entities are considered controlled by or dependent on the Town. Control by or dependence is determined on the basis of budget adoption, taxing authority, authority to issue debt and election or appointment of governing body.

2. Fund Accounting

The accounts of the Town are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped, in the financial statements in this report, into four generic fund types and two broad fund categories as follows:

GOVERNMENTAL FUND TYPES

General Fund

The General fund is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund.

Special revenue funds

Special revenue funds are used to account for the proceeds of specific revenue sources (other than expendable trusts, or major capital projects) that are legally restricted to expenditures for specified purposes.

Debt service funds

Debt service funds are used to account for the accumulation of resources for, and payment of general long-term principal, interest and related cost.

TOWN OF LOCKPORT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1998

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

2. Fund Accounting - Continued

PROPRIETARY FUND TYPES

Enterprise funds

Enterprise funds are used to account for the operations of the Water System Fund and Sewer System Fund. Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar 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 that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

3. Property, plant and equipment and long-term liabilities

The accounting and reporting treatment applied to the fixed assets and long-term liabilities associated with a fund are determined by its measurement focus. All governmental fund type operations are accounted for on a spending or "financial flow" measurement focus which means only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of "available spendable resource". Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

Property, plant and equipment used in governmental fund type operations are accounted for in the General Fixed Assets Account Group, rather than in governmental funds. No depreciation has been provided on such property, plant and equipment.

All property, plant and equipment are valued at historical cost. Donated property, plant and equipment are valued at their estimated fair value on the date donated.

The Town has adopted the accounting policy of not capitalizing "infrastructure" general fixed assets (roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, lighting systems and similar assets that are immovable and of value only to the Town). The expenditures for infrastructure during the current year were \$160,403.

Long-term liabilities expected to be financed from governmental funds are accounted for in the General Long-Term Debt Account Group, not in the governmental funds.

The two account groups are not "funds". They are concerned only with the measurement of financial position. They are not involved with measurement of results of operations.

TOWN OF LOCKPORT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1998

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

3. Property, plant and equipment and long-term liabilities - Continued

Because of their spending measurement focus, expenditure recognition for governmental fund types is limited to exclude amounts represented by non-current liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities. They are instead reported as liabilities in the General Long-Term Debt Account Group.

All proprietary funds are accounted for on a cost of service or "capital maintenance" measurement focus. This means that all assets and liabilities (whether current or noncurrent) associated with their activity are included on their balance sheets. Their report fund equity (net total assets) is segregated into contributed capital and retained earnings components.

Depreciation is provided in the enterprise funds in amounts sufficient to relate the cost of the depreciable assets, to operations over their estimated service lives on the straight-line basis. The service lives by type of asset are as follows:

| | |
|--------------|---------------|
| Buildings | 20 - 40 years |
| Improvements | 10 - 20 years |
| Equipment | 5 - 10 years |

4. Basis of accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

All governmental funds are accounted for by using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. Revenue sources which have been treated as susceptible to accrual basis include property taxes, regularly billed charges for services provided, share taxes from other governments and franchise fees. Gross receipts are considered "measurable" when in the hands of intermediary collecting governments and are recognized as revenue at that time. All major revenues are susceptible to accrual.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. An exception to this general rule is principal and interest on general long-term debt which is recognized when due.

The proprietary funds are accounted for by using the accrual basis of accounting. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred.

TOWN OF LOCKPORT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1998

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

5. Budgets and budgetary accounting

The Town's procedures in establishing the budgetary data reflected in the financial statements are as follows:

a. The executive budget is prepared annually for the General, Special Revenue, Debt Service Funds and Sewer System Fund in accordance with the basis of accounting utilized by each fund and is submitted to the Town Council no later than fifteen days prior to the beginning of each fiscal year.

b. A summary of the proposed budget is published and the public notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.

c. A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing.

d. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of an appropriation ordinance prior to the commencement of the fiscal year for which the budget is being adopted and said appropriation ordinance is consistent with the budget.

e. Budgetary amendments involving the transfer of funds from one department, program or function to another or involving increases in expenditures, resulting from revenues exceeding amounts estimated require the approval of the Town Council. Budget amendments and emergency expenditures follow the guidelines set forth under LSA-R.S. 39:1312-13.

f. *All budgetary appropriations lapse at the end of each fiscal year.*

g. Budgets for the General, Special Revenue and Debt Service Funds and Sewer System Fund are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as originally adopted, or as amended from time to time by the Town Council. For year ending June 30, 1998, amendments were made to original budget on June 16, 1998.

6. Cash and Cash equivalents

Cash equivalents consist of certificates of deposit and investments in the Louisiana Asset Management Pool. All deposits are carried at cost plus accrued interest.

State laws authorize the Town of Lockport to invest in the following:

Direct U. S. Treasury obligations.

Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed

TOWN OF LOCKPORT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1998

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

6. Cash and Cash equivalents - Continued

by federal agencies and provided such obligations are backed by the full faith and credit of the U. S.

Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by U. S. government instrumentalities, which are federally sponsored.

Direct security repurchase agreements of any federal book entry only securities enumerated in above paragraphs.

Time certificates of deposit of state banks organized under the laws of Louisiana, or national banks having their principal offices in the state of Louisiana.

Mutual or trust fund institutions which are registered with the Securities and Exchange Commission under the Securities Act of 1933 and the Investment Act of 1940, and which have underlying investments consisting solely of and limited to securities of the U. S. government or its agencies.

Under state law the Town of Lockport, Louisiana may deposit funds in obligations of the United States, time certificates of deposit of state banks organized under the laws of Louisiana, national banks having their principle office in the state of Louisiana, and S. E. C. registered mutual or trust funds having investments solely in United States obligations.

7. Compensated Absences

Under the terms of the Town's vacation policy, no vacation time may be accumulated by employees. A maximum of 180 days sick leave may be accumulated, however, employees are not compensated for the accumulated sick leave upon retirement or other termination. Due to the non-cummulative policy on vacation days and since no vesting of sick pay is allowed under state law, no accrued liability for compensated absences has been reported.

8. Bad debts

Uncollectible amounts due for ad valorem taxes and customers' utility receivables are recognized as bad debts through the direct charge off method. Due to immaterial amounts, establishment of an allowance account was not provided.

9. Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments are recorded in the fund general ledgers, is not utilized by the Town.

TOWN OF LOCKPORT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 1998

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

10. Total columns on combined statements - overview

Total columns on the combined statements - overview are captioned Memorandum Only to indicate that they are presented only to facilitate financial position, results of operations, or changes in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

11. Prepaid Expenses

Payments made to vendors for services that will benefit periods beyond June 30, 1998, are recorded as prepaid items. A portion of the relevant funds' balances equal to the prepaid items may be reserved to indicate that it is not available for appropriation.

12. Fund Equity

Reservations of fund balance represent amounts that are not appropriable or legally segregated for a specific purpose. Reservations of retained earnings are limited to outside third-party restrictions. Designations of fund balance represent tentative management plans that are subject to change. The proprietary funds' contributed capital represents equity acquired through capital grants and capital contributions from bond issues, or other funds.

NOTE B - DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS

At June 30, 1998, deposits and investments were comprised of:

| | |
|---|---------------------|
| Cash deposits - | |
| Insured (FDIC) Individual Fund Checking Account (Interest and Non-interest bearing) | \$ 102,900 |
| Certificate of Deposit | 100,000 |
| Uninsured: | |
| Collateral held by Town's agent in Town's name Individual fund checking accounts | 446,303 |
| Certificate of Deposits | <u>355,000</u> |
| Total Cash Deposits | <u>\$ 1,004,203</u> |

TOWN OF LOCKPORT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 1998

NOTE B - DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS - Continued

Investments -

| | Carrying Amount | Account Value |
|---|--------------------|------------------|
| <i>Investments in a pool managed by Louisiana Asset Management Pool</i> | \$ 186,483 | \$ 186,483 |
| Total investments | 186,483 | 186,483 |
| Total cash and investments | \$ 1,190,686 | |

Interest earned on pooled deposits and investments is allocated to participating funds based upon their combined cash and investment balances.

NOTE C - RECEIVABLES

Ad valorem taxes -

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied on December 1 and are due and payable at that time. All unpaid taxes levied December 1 become delinquent February 1 of the following year. The Town bills and collects its own property taxes using the assessed values determined by the tax assessor of Lafourche Parish. Town property tax revenues are recognized when they become available. Available includes those property tax receivables expected to be collected within sixty days after year end.

For the year ended June 30, 1998, taxes of 8.26 mills were levied on property with assessed valuations totaling \$5,056,295 and were dedicated as follows:

| | |
|----------------------------|------------|
| General corporate purposes | 8.26 mills |
|----------------------------|------------|

Total taxes levied were \$41,765. Taxes receivable at June 30, 1998, consisted of the following:

| | |
|-----------------------------------|----------|
| Taxes receivable current roll | \$ 3,717 |
| Taxes receivable prior years | 687 |
| Notice fee and penalty receivable | 203 |
| | \$ 4,607 |

TOWN OF LOCKPORT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1998

NOTE C - RECEIVABLES - Continued

Other receivables

| | General Fund | Special Revenue Funds | Proprietary Enterprise Funds | Total |
|---------------------|------------------|-----------------------------|------------------------------------|------------------|
| Franchise Tax | \$ 10,736 | \$ - | \$ - | \$ 10,736 |
| Accrued Interest | - | - | 4,453 | 4,453 |
| Accounts Receivable | - | 600 | 37,680 | 38,280 |
| | <u>\$ 10,736</u> | <u>\$ 600</u> | <u>\$ 42,133</u> | <u>\$ 53,469</u> |

NOTE D - INTERFUND RECEIVABLES, PAYABLES

Individual fund interfund receivable and payable balances at June 30, 1998, were as follows:

| Fund | Interfund Receivable | Interfund Payables |
|------------------------|-------------------------|-----------------------|
| General Fund | \$ 175,000 | \$ - |
| Special Revenue Funds: | | |
| Sales Tax Fund | - | 170,000 |
| Enterprise Funds: | | |
| Water System Fund | - | 1,000 |
| Sewer System Fund | - | 4,000 |
| | <u>\$ 175,000</u> | <u>\$ 175,000</u> |

NOTE E - DUE FROM OTHER GOVERNMENTAL UNITS

Amounts due from other governmental units at June 30, 1998, consisted of the following:

| | Governmental Funds | Proprietary Enterprise Funds | |
|-------------------------------|-----------------------|------------------------------------|-----------------------|
| State of Louisiana | | | |
| Department of Transportation | \$ 2,450 | | Maintenance Agreement |
| Department of Treasury | 4,410 | | Parish Transportation |
| | | | Program |
| Department of Treasury | 16,544 | | Shared Taxes |
| Department of Treasury | 5,360 | | Rural Development |
| | | | Grant |
| Department of Transportation | | 166,957 | Capital Outlay Grant |
| Lafourche Parish Council | 360 | | Off-track Betting |
| Lafourche Parish School Board | 18,095 | | Sales Tax |
| | <u>\$ 47,219</u> | <u>\$ 166,957</u> | |

TOWN OF LOCKPORT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1998

NOTE F - RESTRICTED ASSETS

Certain assets of the enterprise funds are classified as restricted assets because their use is limited. Restricted assets were applicable to the following at June 30, 1998:

| | Enterprise Funds | |
|---|-------------------------|-------------------------|
| | Water System Fund | Sewer System Fund |
| Restricted Cash and cash equivalents: | | |
| Customers' meter deposit | \$ 44,286 | \$ - |
| Sewer Revenue Bond Sinking Fund | - | 39,231 |
| Sewer Revenue Reserve Fund | - | 19,583 |
| Sewer Renewal and Replacement Fund | - | 60,000 |
| Total restricted cash and cash equivalents | <u>\$ 44,286</u> | <u>\$ 118,814</u> |

NOTE G - CHANGES IN GENERAL FIXED ASSETS

A summary of changes in general fixed assets (Note A3) as follows:

| | Balance June 30, 1997 | Additions | Deletions | Balance June 30, 1998 |
|-----------------------------------|-----------------------------|------------------|-------------------|-----------------------------|
| Land | \$ 177,595 | \$ - | \$ - | \$ 177,595 |
| Buildings | 732,091 | 9,517 | - | 741,608 |
| Traffic system | 83,498 | 3,913 | 11,355 | 76,056 |
| Office equipment and furniture | 99,640 | 6,510 | 46,493 | 59,657 |
| Automobiles and trucks | 64,150 | - | 4 | 64,146 |
| Drainage system pumping unit | 77,538 | - | 77,538 | - |
| Other equipment | 95,144 | 17,632 | 21,750 | 91,026 |
| Comeaux ditch drainage project | 149,960 | - | - | 149,960 |
| Drainage system - general | 232,383 | - | - | 232,383 |
| Timber bulkhead | 210,837 | - | - | 210,837 |
| | <u>\$ 1,922,836</u> | <u>\$ 37,572</u> | <u>\$ 157,140</u> | <u>\$ 1,803,268</u> |

TOWN OF LOCKPORT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 1998

NOTE H - PROPRIETARY FUNDS - PROPERTY, PLANT AND EQUIPMENT

A summary of property, plant and equipment at June 30, 1998, follows:

| | Water System Fund | Sewer System Fund |
|--|-------------------------|-------------------------|
| Land | \$ 10,000 | \$ - |
| Water Works System | 604,144 | - |
| Sewer System | - | 2,447,071 |
| Office Equipment | 3,213 | - |
| Construction-in-Progress | 206,159 | - |
| | <u>823,516</u> | <u>2,447,071</u> |
| Less accumulated depreciation | <u>(334,129)</u> | <u>(253,870)</u> |
| | <u>\$ 489,387</u> | <u>\$ 2,193,201</u> |
| Depreciation expense for the period ending June 30, 1998 was: | <u>\$ 16,876</u> | <u>\$ 55,076</u> |

NOTE I - CHANGES IN LONG-TERM DEBT

Proprietary Funds

Sewer Revenue Bonds, Series 1995, of the Town of Lockport, State of Louisiana (DEQ)

On December 1, 1996, the Town of Lockport issued Sewer Revenue bonds in the principal amount of \$1,770,000 to be amortized from March 1, 1997 to March 1, 2016 due in annual installments of \$69,000 to \$115,000; interest rate of 2.178620 percent. (This issue is to be paid from Sewer Revenue fees and \$80,000 pledged from Sales Tax Revenues.)

| | |
|--------------------------------|---------------------|
| Bonds payable at July 1, 1997 | \$ 1,701,000 |
| Bonds added | - |
| Bonds retired | <u>68,000</u> |
| Bonds payable at June 30, 1997 | <u>\$ 1,633,000</u> |

TOWN OF LOCKPORT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 1998

NOTE I - CHANGES IN LONG-TERM DEBT - Continued

The annual requirements to amortize this debt as of June 30, 1998, including interest payments of \$411,257, are as follows (in thousands of dollars):

| Year Ending June 30 | |
|------------------------|-----------------|
| 1999 | \$ 118 |
| 2000 | 118 |
| 2001 | 118 |
| 2002 | 118 |
| 2003-2016 | <u>1,564</u> |
| | <u>\$ 2,036</u> |

NOTE J - DEDICATION OF PROCEEDS OF SPECIAL REVENUE FUNDS

Sales Tax Fund

Proceeds of the 1% sales and use tax are dedicated to the following purposes:

1. Constructing, acquiring, extending and/or improving:

- Sewers and sewerage disposal works
- Water works facilities
- Drainage facilities
- Streets (including sidewalks and street lighting facilities)
- Public parks
- 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.

2. 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 said purposes.
3. Paying principal and interest on any bonded debt or funded indebtedness of said purposes.

TOWN OF LOCKPORT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1998

NOTE J - DEDICATION OF PROCEEDS OF SPECIAL REVENUE FUNDS - Continued

4. Thirty percent of the proceeds of the tax shall be used for any lawful corporate purpose of the Town; or for any one or more of said purposes; and further, the Town is 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 30 of the Louisiana Revised Statutes of 1950, as amended.

Building Maintenance Fund

Notwithstanding any other ordinance to the contrary, revenue which accumulate in this fund shall be used solely for and are hereby dedicated for the payment of operating expenses and capital expenditures incurred directly for the preservation and operation of the physical plant of the Town Hall Complex.

NOTE K - PENSION PLANS

1. Employee Pension Plans (Other than Policemen)

All employees of the Town, with the exception of policemen, are members of the state's municipal Employees' Retirement System (Plan A), a cost sharing multiple-employer retirement system (PERS). The System is a statewide public retirement system for the benefit of municipal employees, which is administered and controlled by a separate board of trustees. The System was organized under constitutional and/or statutory provisions of state law which has provided for the method of funding and benefit privileges.

Generally all full-time employees are eligible to participate in the System, provided they meet the statutory criteria of age, physical condition and are not members of any other fund financed wholly or partly by public funds for the retirement of employees by the state or by a city, parish, village or other political subdivision in the state of Louisiana. Benefits vest with ten years of service. Any member is eligible to retire if he has at least thirty years of creditable service, regardless of age; or twenty-five years of creditable service, and is at least fifty-five; or ten years of creditable service, and is at least age sixty. The monthly retirement allowance is equal to three percent of the member's final compensation multiplied by his years of creditable service; however, elected officials receive an additional one-half percent for each year of such elective service, and any employee who was a member of the state's supplemental plan prior to October 1, 1978, has the benefit earned for service credited on the basis of one percent of final compensation plus two dollars per month for each of final compensation for each year thereafter. The System also provides death and disability benefits. All benefits are established by state statute.

Employees are required by state statute to contribute nine and one-fourth percent of gross salary, to which the Town contributes five and three-fourth percent as an employer's match. The Town's contribution to the System for the year ended June 30, 1998, was \$19,439 of which \$7,451 was contributed by the Town. The Town's total payroll in fiscal year 1998 was \$251,976, and the

TOWN OF LOCKPORT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1998

NOTE K - PENSION PLANS - Continued

1. Employee Pension Plans (Other than Policemen) - Continued

Town's contributions were based on a payroll of \$129,595. There were no related party transactions.

The pension benefit obligation, which is the actuarial present value of credited projected benefits, adjusted for the effects of projected salary increases and any step rate benefits estimated to be payable in the future as a result of employee service to date. The pension benefit obligation at June 30, 1997, for the System (Plan A), determined through actuarial valuation (Attained Age Normal Method) performed as of that date, was \$372,810,130. The System's net assets available for benefits on that date were \$358,812,541, leaving an unfunded pension benefit obligation of \$13,997,589. When compared to the prior fiscal year, the unfunded actuarial accrued liability decreased by \$18,069,184.

In determining actuarial costs, certain assumptions were made regarding future experience under the plan. These assumptions include the rate of investment return and the rate of salary increase. The rate used in the valuation at June 30, 1997, was eight percent.

Historical trend information designed to provide information about the Systems' progress made in accumulating sufficient assets to pay benefits is presented in the separately issued PERS annual report of June 30, 1997.

2. Policemen

All policemen of the Town are members of the state's Municipal Police Employees' Retirement System, a cost-sharing multiple-employer retirement system (PERS). The System is a statewide public retirement system for the benefit of full-time police officers, which is administered and controlled by a separate board of trustees. The system was organized under constitutional and/or statutory provisions of state law which has provided for the method of funding and benefit privileges. Any full-time police officer, empowered to make arrests, employed by the Town and earning at least \$375 per month excluding state supplemental pay, or an elected chief of Police whose salary is at least \$100 per month are eligible to participate in the System. Policemen hired must become members as a condition of employment unless covered under the federal Social Security program by the municipality. Benefits vest after one year as member of the System; or before attaining age fifty with twenty years of creditable service; or after one year as member of the System before attaining age fifty-five with twelve years of creditable service. At retirement age, members are entitled to three and one-third percent of average final compensation times years of creditable service. Average salary is determined based on the member's highest average salary, including state supplemental pay, but excluding overtime pay, for any consecutive thirty-six months of service. The System also provides death and disability benefits. All benefits are established by state statute.

Members are required by state statute to contribute seven and one-half percent of earnable

TOWN OF LOCKPORT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1998

NOTE K - PENSION PLANS - Continued

2. Policemen - Continued

compensation (over thirty years of service, no contribution is required). The Town currently contributes nine percent as an employer's match. The Town's contribution to the System for year ended June 30, 1998, was \$15,758, of which \$8,606 was contributed by the Town. The Town's total payroll in fiscal year 1998 was \$90,421 and the Town's contributions were based on a payroll of \$81,790 plus state supplemental pay of \$13,712. There were no related party transactions.

The pension benefit obligation, which is the actuarial present value of credited projected benefits, is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases and any step rate benefits estimated to be payable in the future as a result of employee service to date. The pension benefit obligation at June 30, 1997, for the System as a whole, determined through actuarial valuation (Entry Age Normal Method) performed as of that date, was \$911,661,730. The System's net assets available for benefits on that date were \$929,844,233, leaving a surplus of \$18,182,503. During the past fiscal year the actuarial accrued surplus decreased by \$8,973,631.

In determining actuarial costs, certain assumptions were made regarding future experience under the plan. These assumptions include the rate of investment return and the rate of salary increase. The rate used in the valuation at June 30, 1997, was seven percent.

Historical trend information designed to provide information about the System's progress made in accumulating sufficient assets to pay benefits is presented in the separately issued PERS annual report of June 30, 1997.

NOTE L - RESERVATIONS AND DESIGNATIONS OF FUND BALANCES

Governmental Funds

| | | |
|----------------|-----------|--------------------------------|
| Sales tax fund | \$ 80,000 | designated for long-term debt. |
|----------------|-----------|--------------------------------|

Proprietary Funds

| | | |
|-------------------|------------|------------------------------|
| Sewer system fund | \$ 118,814 | reserved for long-term debt. |
|-------------------|------------|------------------------------|

TOWN OF LOCKPORT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 1998

NOTE M - CONTRACTS PAYABLE

Proprietary Fund

Water System Fund

| | |
|---|-----------|
| Gulf South Engineers, Inc. Contract dated September 16, 1997, for Water Systems Improvements Phase II in the amount of \$38,400. | \$ 17,860 |
| Phylway Construction, Inc. Contract date May 8, 1998, for Water Systems Improvements Phase II in the amount of \$167,759. | 167,759 |

General Fund

| | |
|--|-------------------|
| Barriere Construction Co., LLC Contract dated April 28, 1998, for Lockport Street Repairs in the amount of \$160,403. | <u>160,403</u> |
| | <u>\$ 346,022</u> |

NOTE N - CHANGES IN CONTRIBUTED CAPITAL

| | <u>Enterprise Funds</u> | |
|--|-------------------------|-------------------|
| | Water System Fund | Sewer System Fund |
| Contributed Capital at beginning of year | \$ 352,083 | \$ 766,004 |
| Residual equity transfer-in (Sales Tax Fund) | \$ 50,000 | - |
| State of Louisiana - Capital Outlay Grant | <u>160,143</u> | <u>-</u> |
| Contributed Capital at end of year | <u>\$ 562,226</u> | <u>\$ 766,004</u> |

TOWN OF LOCKPORT
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 1998

NOTE O - GRANTS

The following are grants received during the year ended June 30, 1998:

| Grantor | Purpose | Amount |
|---|---|------------|
| Houma-Terrebonne Arts and Humanities | Community Development | \$ 1,600 |
| State of Louisiana Capital Outlay Grant | Water Systems Improvements facility - Phase II | \$ 160,143 |
| State of Louisiana Rural Development Grant | Drainage Improvements Amount of \$25,000 for reimbursement of cost as incurred | \$ 5,360 |

NOTE P - CONTINGENT LIABILITIES

The Town of Lockport is a defendant in five lawsuits. Although the outcome of these lawsuits are not presently determinable, in the opinion of the Town's attorney, the resolution of these matters will not have a material adverse effect on the financial condition of the Town.

NOTE Q - FUND DEFICITS

The general-purpose financial statements include the following fund with cumulative retained earnings deficits at June 30, 1998:

| Fund | Deficit Amount |
|-------------------------|----------------|
| Water System Enterprise | \$ 13,050 |

During the fiscal year ended June 30, 1998, the following steps were taken to remedy the fund deficits.

On July 15, 1997, a Water Plant Committee was appointed to study the options available to the Town concerning the Water System Enterprise Fund projected deficits.

On October 21, 1997 Gulf South Engineers were engaged to evaluate the Water System of the Town of Lockport.

On April 21, 1998 the Water Plant Committee unanimously approved the recommendation that the Town open negotiations with the Lafourche Parish Water District #1 for the purchase of the Town's water distribution system.

TOWN OF LOCKPORT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1998

NOTE Q - FUND DEFICITS - Continued

At June 30, 1998, the Town Council had not made a final decision.

NOTE R - OTHER REQUIRED DISCLOSURES

The aggregate dollar amount billed for Sewer Services during the year ended June 30, 1998 was \$169,146 for service to an average of 1,089 customers per month resulting in an average monthly billing of \$12.94 per user. The number of users at the end of the fiscal year was 1,098.

Town of Lockport shall charge the following rates for all sewer services furnished by the System, viz:

| | |
|----------------------------------|-------------------------------|
| First 2,000 gallons per month | \$ 5.00 per 1st 2,000 gallons |
| All over 2,000 gallons per month | \$ 1.93 per 1,000 gallons |

FINANCIAL STATEMENTS
OF INDIVIDUAL FUNDS
AND ACCOUNT GROUPS

GENERAL FUND

To account for resources traditionally associated with governments which are not required to be accounted for in a special purpose fund.

TOWN OF LOCKPORT
GENERAL FUND

BALANCE SHEET
June 30, 1998

| | 1998 |
|---|-------------------|
| ASSETS | |
| Cash | |
| Bank operating account | \$ 257,514 |
| Bank payroll clearing | 988 |
| Bank police dept. show | 734 |
| Petty cash | 100 |
| NSF checks | 569 |
| Receivables | |
| Ad valorem tax receivable | 4,607 |
| Other receivables | 10,736 |
| Due from other governments | |
| State grants receivable | 5,360 |
| State shared tax receivable | 16,544 |
| Parish Transp Prog - receivable | 4,410 |
| State Maint Contr - receivable | 2,450 |
| Laf Parish Council - receivable | 360 |
| Due from other funds | 175,000 |
| Prepaid expenses | 150 |
| Meter deposits - commercial | 10 |
| TOTAL ASSETS | \$ 479,532 |
| LIABILITIES AND FUND BALANCE | |
| LIABILITIES | |
| Accounts payable | \$ 22,394 |
| Accrued expenses | 1,141 |
| Contracts payable | 160,403 |
| TOTAL LIABILITIES | 183,938 |
| FUND BALANCE | |
| Unreserved | |
| Undesignated | 295,594 |
| TOTAL FUND BALANCE | 295,594 |
| TOTAL LIABILITIES AND FUND BALANCE | \$ 479,532 |

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

TOWN OF LOCKPORT
GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
Year Ended June 30, 1998

| | 1998 | | Variance- favorable (unfavorable) |
|----------------------------|-------------------|-------------------|---|
| | Budget | Actual | |
| REVENUES | | | |
| Ad valorem tax | | | |
| Ad valorem tax | \$ 42,788 | \$ 41,765 | \$ (1,023) |
| Notice fees | 779 | 514 | (265) |
| Fines and forfeits | 24,999 | 25,174 | 175 |
| Interest income | 1,800 | 2,895 | 1,095 |
| Intergovernmental | | | |
| Grants | 27,000 | 6,960 | (20,040) |
| Lafourche Parish Council | | | |
| Off-track betting | 1,999 | 2,168 | 169 |
| State of Louisiana | | | |
| Beer tax | 3,100 | 4,091 | 991 |
| Parish Transportation Prog | 22,999 | 26,564 | 3,565 |
| State Maintenance Contract | 2,450 | 2,450 | - |
| Tobacco tax | 12,700 | 12,714 | 14 |
| Video Poker | 39,999 | 56,119 | 16,120 |
| Licenses and permits | | | |
| Franchises | | | |
| Callais Cablevision | 7,500 | 8,197 | 697 |
| Louisiana Power & Light | 34,000 | 31,671 | (2,329) |
| South Coast Gas | 4,200 | 4,462 | 262 |
| Occupational licenses | 90,000 | 96,575 | 6,575 |
| Building permits | 769 | 1,456 | 687 |
| Leases | | | |
| Louisiana Power & Light | 1,200 | 1,200 | - |
| Other | 13,591 | 27,297 | 13,706 |
| TOTAL REVENUES | \$ 331,873 | \$ 352,272 | \$ 20,399 |

(Continued next page)

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

TOWN OF LOCKPORT
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-BUDGET
(GAAP BASIS) AND ACTUAL
Year Ended June 30, 1998
(Continued)

| | 1998 | | Variance- favorable (unfavorable) |
|----------------------------------|----------------|----------------|---|
| | Budget | Actual | |
| EXPENDITURES | | | |
| General and administrative | | | |
| Salaries | \$ 37,999 | \$ 37,072 | \$ 927 |
| Accounting | 4,722 | 5,957 | (1,235) |
| Retirement | 1,800 | 1,460 | 340 |
| Conferences and travel | 3,800 | 2,389 | 1,411 |
| Utilities, phone and postage | 3,999 | 4,113 | (114) |
| Stationary, print & office exp | 4,198 | 4,199 | (1) |
| Legal and auditing | 17,000 | 10,874 | 6,126 |
| Advertising | 49 | - | 49 |
| Insurance | 7,999 | 7,216 | 783 |
| Dues and subscriptions | 1,800 | 1,743 | 57 |
| Payroll expense | 3,099 | 3,079 | 20 |
| Rent expense | 1,800 | 1,869 | (69) |
| Bank charges | 549 | 274 | 275 |
| Other expense | 2,100 | 2,203 | (103) |
| Capital Outlays | 1,234 | - | 1,234 |
| Total General and administrative | <u>92,148</u> | <u>82,448</u> | <u>9,700</u> |
| Streets and highways | | | |
| Salaries | 16,999 | 14,880 | 2,119 |
| Retirement | 900 | 895 | 5 |
| Utilities, phone and postage | 499 | 403 | 96 |
| Insurance | 5,199 | 4,832 | 367 |
| Vehicle expense | 1,999 | 1,459 | 540 |
| Maintenance and supplies | 3,000 | 2,621 | 379 |
| Street lights | 23,499 | 22,994 | 505 |
| Shells and blacktop | 9,999 | 4,297 | 5,702 |
| Other expense | 698 | 1,184 | (486) |
| Capital outlays | 188,000 | 164,317 | 23,683 |
| Total Streets and highways | <u>250,792</u> | <u>217,882</u> | <u>32,910</u> |

(Continued next page)

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

TOWN OF LOCKPORT
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-BUDGET
(GAAP BASIS) AND ACTUAL
Year Ended June 30, 1998
(Continued)

| | 1998 | | Variance- favorable (unfavorable) |
|------------------------------|----------|----------|---|
| | Budget | Actual | |
| Drainage | | | |
| Salaries | \$ 6,000 | \$ 6,056 | \$ (56) |
| Retirement | 1,000 | 895 | 105 |
| Utilities, phone and postage | 600 | 593 | 7 |
| Insurance | 3,799 | 3,573 | 226 |
| Vehicle expense | 1,999 | 1,335 | 664 |
| Maintenance and supplies | 3,000 | 8,388 | (5,388) |
| Other expense | 6,999 | 4,318 | 2,681 |
| Capital outlays | 27,499 | - | 27,499 |
| Total Drainage | 50,896 | 25,158 | 25,738 |
| Public safety - police | | | |
| Salaries | 90,649 | 90,421 | 228 |
| Retirement | 8,499 | 8,606 | (107) |
| Utilities, phone and postage | 1,899 | 1,923 | (24) |
| Insurance | 24,000 | 23,477 | 523 |
| Vehicle expense | 11,499 | 12,059 | (560) |
| Maintenance and supplies | 6,000 | 6,040 | (40) |
| Other expense | 1,999 | 2,410 | (411) |
| Capital outlays | 27,699 | 27,639 | 60 |
| Total Public Safety - police | 172,244 | 172,575 | (331) |
| Parks and recreation | | | |
| Salaries | 1,200 | 979 | 221 |
| Insurance | 99 | 108 | (9) |
| Maintenance and supplies | 199 | 186 | 13 |
| Capital outlays | 7,999 | - | 7,999 |
| Total Parks and recreation | 9,497 | 1,273 | 8,224 |

(Continued next page)

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

TOWN OF LOCKPORT
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-BUDGET
(GAAP BASIS) AND ACTUAL
Year Ended June 30, 1998
(Continued)

| | 1998 | | Variance- favorable (unfavorable) |
|---|------------|------------|---|
| | Budget | Actual | |
| TOTAL EXPENDITURES | \$ 575,577 | \$ 499,336 | \$ 76,241 |
| Excess (deficiency) of revenues over expenditures | (243,704) | (147,064) | 96,640 |
| OTHER FINANCING SOURCES (USES) | | | |
| Operating transfers in (out): | | | |
| Sales Tax Fund | 244,000 | 244,000 | - |
| Proprietary Funds | - | (2,450) | (2,450) |
| TOTAL OTHER FINANCING SOURCES (USES) | 244,000 | 241,550 | (2,450) |
| Excess (deficiency) of revenues over expenditures and other sources (uses) | 296 | 94,486 | 94,190 |
| Fund Balance at beginning of year | 201,108 | 201,108 | - |
| Fund Balance at end of year | \$ 201,404 | \$ 295,594 | \$ 94,190 |

(Concluded)

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

SPECIAL REVENUE FUNDS

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

Further 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.

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

TOWN OF LOCKPORT
SPECIAL REVENUE FUNDS

COMBINED BALANCE SHEET
June 30, 1998

| | Sales Tax | Building Maintenance | Totals (Memorandum Only) |
|---|-------------------|-------------------------|--------------------------------|
| ASSETS | | | |
| Cash | \$ 295,147 | \$ 11,715 | \$ 306,862 |
| Receivables | - | 600 | 600 |
| Due from other governments | 18,095 | - | 18,095 |
| Prepaid expenses | 150 | - | 150 |
| TOTAL ASSETS | \$ 313,392 | \$ 12,315 | \$ 325,707 |
| LIABILITIES AND FUND BALANCE | | | |
| LIABILITIES | | | |
| Accounts payable | \$ 151 | \$ 1,156 | \$ 1,307 |
| Due to other funds | 170,000 | - | 170,000 |
| TOTAL LIABILITIES | 170,151 | 1,156 | 171,307 |
| FUND BALANCE | | | |
| Unreserved | | | |
| Designated | 80,000 | - | 80,000 |
| Undesignated | 63,241 | 11,159 | 74,400 |
| TOTAL FUND BALANCE | 143,241 | 11,159 | 154,400 |
| TOTAL LIABILITIES AND FUND BALANCE | \$ 313,392 | \$ 12,315 | \$ 325,707 |

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

TOWN OF LOCKPORT
SPECIAL REVENUE FUNDS

COMBINED STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
June 30, 1998

| | <u>Sales Tax</u> | <u>Building Maintenance</u> | <u>Totals (Memorandum Only)</u> |
|---|----------------------|---------------------------------|---|
| REVENUES: | | | |
| Sales tax collections | \$ 232,505 | \$ - | \$ 232,505 |
| Leases | - | 18,354 | 18,354 |
| Interest income | 9,470 | - | 9,470 |
| | <hr/> | <hr/> | <hr/> |
| TOTAL REVENUES | 241,975 | 18,354 | 260,329 |
| EXPENDITURES: | | | |
| General and administrative | 7,540 | - | 7,540 |
| Town Hall Complex | - | 14,168 | 14,168 |
| Capital outlays | 1,948 | 4,072 | 6,020 |
| | <hr/> | <hr/> | <hr/> |
| TOTAL EXPENDITURES | 9,488 | 18,240 | 27,728 |
| Excess (deficiency) of revenues over expenditures | <hr/> | <hr/> | <hr/> |
| | 232,487 | 114 | 232,601 |
| OTHER FINANCING SOURCES (USES) | | | |
| Operating transfers in (out): | | | |
| General Fund | (244,000) | - | (244,000) |
| Sewer Fund | (70,000) | - | (70,000) |
| | <hr/> | <hr/> | <hr/> |
| TOTAL OTHER FINANCING SOURCES (USES) | (314,000) | - | (314,000) |
| Excess (deficiency) of revenues over expenditures and other sources (uses) | <hr/> | <hr/> | <hr/> |
| | (81,513) | 114 | (81,399) |
| Fund Balances at beginning of year | 274,754 | 11,045 | 285,799 |
| Residual equity transfer-out | (50,000) | - | (50,000) |
| | <hr/> | <hr/> | <hr/> |
| Fund Balances at end of year | \$ 143,241 | \$ 11,159 | \$ 154,400 |

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

TOWN OF LOCKPORT
SPECIAL REVENUE FUND
SALES TAX FUND

BALANCE SHEET
June 30, 1998

| | 1998 |
|---|-------------------|
| ASSETS | |
| Cash | \$ 295,147 |
| Due from other governments | 18,095 |
| Prepaid expenses | 150 |
| TOTAL ASSETS | \$ 313,392 |
| LIABILITIES AND FUND BALANCE | |
| LIABILITIES | |
| Accounts payable | \$ 151 |
| Due to other funds | 170,000 |
| TOTAL LIABILITIES | 170,151 |
| FUND BALANCE | |
| Unreserved | |
| Designated | 80,000 |
| Undesignated | 63,241 |
| TOTAL FUND BALANCE | 143,241 |
| TOTAL LIABILITIES AND FUND BALANCE | \$ 313,392 |

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

TOWN OF LOCKPORT
SPECIAL REVENUE FUND
SALES TAX FUND

STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
Year Ended June 30, 1998

| | 1998 | | Variance- favorable (unfavorable) |
|--|-------------------|-------------------|---|
| | Budget | Actual | |
| REVENUES | | | |
| Sales tax collections | \$ 217,999 | \$ 232,505 | \$ 14,506 |
| Interest income | 7,902 | 9,470 | 1,568 |
| Other | - | - | - |
| TOTAL REVENUES | <u>225,901</u> | <u>241,975</u> | <u>16,074</u> |
| EXPENDITURES | | | |
| General and administrative | | | |
| Rent expense | 1,800 | 1,800 | - |
| Bank charges | 12 | 16 | (4) |
| Collection fee | 3,099 | 2,724 | 375 |
| Other expenses | 3,000 | 3,000 | - |
| Capital outlays | - | 1,948 | (1,948) |
| TOTAL EXPENDITURES | <u>7,911</u> | <u>9,488</u> | <u>(1,577)</u> |
| Excess (deficiency) of revenues over expenditures | <u>217,990</u> | <u>232,487</u> | <u>14,497</u> |
| OTHER FINANCING SOURCES (USES) | | | |
| Operating transfers in (out): | | | |
| General Fund | (244,000) | (244,000) | - |
| Sewer Fund | (70,000) | (70,000) | - |
| TOTAL OTHER FINANCING SOURCES (USES) | <u>(314,000)</u> | <u>(314,000)</u> | <u>-</u> |
| Excess (deficiency) of revenues over expenditures and other sources (uses) | <u>(96,010)</u> | <u>(81,513)</u> | <u>14,497</u> |
| Fund Balance at beginning of year | 274,754 | 274,754 | - |
| Residual equity transfer-out | <u>(50,000)</u> | <u>(50,000)</u> | <u>-</u> |
| Fund Balance at end of year | <u>\$ 128,744</u> | <u>\$ 143,241</u> | <u>\$ 14,497</u> |

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

TOWN OF LOCKPORT
SPECIAL REVENUE FUND
BUILDING MAINTENANCE FUND

BALANCE SHEET
June 30, 1998

| | <u>1998</u> |
|------------------------------------|------------------|
| ASSETS | |
| Cash | \$ 11,715 |
| Receivables | <u>600</u> |
| TOTAL ASSETS | <u>\$ 12,315</u> |
| LIABILITIES AND FUND BALANCE | |
| LIABILITIES | |
| Accounts payable | \$ 1,156 |
| TOTAL LIABILITIES | <u>1,156</u> |
| FUND BALANCE | |
| Unreserved | |
| Undesignated | <u>11,159</u> |
| TOTAL FUND BALANCE | <u>11,159</u> |
| TOTAL LIABILITIES AND FUND BALANCE | <u>\$ 12,315</u> |

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

TOWN OF LOCKPORT
SPECIAL REVENUE FUND
BUILDING MAINTENANCE FUND

STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
Year Ended June 30, 1998

| | 1998 | | Variance- favorable (unfavorable) |
|---|-----------|-----------|---|
| | Budget | Actual | |
| REVENUES | | | |
| Leases | \$ 17,679 | \$ 18,354 | \$ 675 |
| TOTAL REVENUES | 17,679 | 18,354 | 675 |
| EXPENDITURES | | | |
| Town hall complex | | | |
| Utilities | 6,000 | 5,732 | 268 |
| Insurance | 4,159 | 4,160 | (1) |
| Maintenance and supplies | 4,998 | 4,234 | 764 |
| Other expenses | 99 | 42 | 57 |
| Capital Outlays | 4,999 | 4,072 | 927 |
| TOTAL EXPENDITURES | 20,255 | 18,240 | 2,015 |
| Excess (deficiency) of revenues over expenditures | (2,576) | 114 | 2,690 |
| OTHER FINANCING SOURCES (USES) | | | |
| Operating Transfers in (out): | - | - | - |
| TOTAL OTHER FINANCING SOURCES (USES) | - | - | - |
| Excess (deficiency) of revenues over expenditures and other sources (uses) | (2,576) | 114 | 2,690 |
| Fund balance at beginning of year | 11,045 | 11,045 | - |
| Fund balance at end of year | \$ 8,469 | \$ 11,159 | \$ 2,690 |

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

PROPRIETARY FUNDS

ENTERPRISE FUNDS

Water System
Fund

- To account for the provision of water service to residents of the Town. All activities necessary to provide such service is accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt service, and billing and collection.

Sewer System
Fund

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

PROPRIETARY FUND TYPES - ENTERPRISE FUNDS

COMBINED BALANCE SHEET
June 30, 1998

| | Enterprise Fund Types | | Totals (Memorandum Only) |
|--------------------------------|-------------------------|-------------------------|--------------------------------|
| | Water System Fund | Sewer System Fund | |
| ASSETS | | | |
| Current Assets | | | |
| Cash and cash equivalents | \$ 66,059 | \$ 396,213 | \$ 462,272 |
| Receivables | 19,152 | 18,528 | 37,680 |
| Accrued interest | 593 | 3,860 | 4,453 |
| Grant receivable | 166,957 | - | 166,957 |
| Prepaid expenses | 1,324 | 440 | 1,764 |
| Total Current Assets | 254,085 | 419,041 | 673,126 |
| Restricted Assets | | | |
| Cash and cash equivalents | 44,286 | 118,814 | 163,100 |
| Total Restricted Assets | 44,286 | 118,814 | 163,100 |
| Fixed Assets | | | |
| Property, plant and equipment | | | |
| Land | 10,000 | - | 10,000 |
| Sewer system cost | - | 2,447,071 | 2,447,071 |
| Water Works system cost | 604,144 | - | 604,144 |
| Office equipment | 3,213 | - | 3,213 |
| Construction-in-progress | 206,159 | - | 206,159 |
| Accumulated depreciation | (334,129) | (253,870) | (587,999) |
| Total Fixed Assets | 489,387 | 2,193,201 | 2,682,588 |
| Other Assets | | | |
| Commercial deposits | 5 | - | 5 |
| Total Other Assets | 5 | - | 5 |
| TOTAL ASSETS | \$ 787,763 | \$ 2,731,056 | \$ 3,518,819 |

(Continued next page)

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

TOWN OF LOCKPORT
 PROPRIETARY FUND TYPES - ENTERPRISE FUNDS

COMBINED BALANCE SHEET
 June 30, 1998
 (Continued)

| | Enterprise Fund Types | | Totals (Memorandum Only) |
|--|-------------------------|-------------------------|--------------------------------|
| | Water System Fund | Sewer System Fund | |
| LIABILITIES AND FUND EQUITY | | | |
| LIABILITIES | | | |
| Current Liabilities (from Current Assets) | | | |
| Accounts payable | \$ 7,682 | \$ 5,762 | \$ 13,444 |
| Due to other funds | 1,000 | 4,000 | 5,000 |
| Contracts payable | 185,619 | - | 185,619 |
| Bonds payable | - | 46,666 | 46,666 |
| Total Current Liabilities (from Current Assets) | 194,301 | 56,428 | 250,729 |
| Current Liabilities (from Restricted Assets) | | | |
| Customer's meter deposits | 44,286 | - | 44,286 |
| Bonds payable | - | 23,334 | 23,334 |
| Accrued interest payable | - | 15,897 | 15,897 |
| Total Current Liabilities (from Restricted Assets) | 44,286 | 39,231 | 83,517 |
| Long-term liabilities | | | |
| Bonds payable | - | 1,563,000 | 1,563,000 |
| Total Long-term Liabilities | - | 1,563,000 | 1,563,000 |
| TOTAL LIABILITIES | 238,587 | 1,658,659 | 1,897,246 |
| FUND EQUITY | | | |
| Contributed Capital | | | |
| Municipality | 153,893 | 12,474 | 166,367 |
| Sales Tax Bond Issue | 108,750 | - | 108,750 |
| Sewerage Assessment Fund | - | 445,180 | 445,180 |
| State Grant | 299,583 | 150,000 | 449,583 |
| Federal Grant | - | 158,350 | 158,350 |
| Total Contributed Capital | 562,226 | 766,004 | 1,328,230 |
| Retained Earnings | | | |
| Reserved | - | 118,814 | 118,814 |
| Unreserved | | | |
| Designated | - | - | - |
| Undesignated | (13,050) | 187,579 | 174,529 |
| Total Retained Earnings | (13,050) | 306,393 | 293,343 |
| TOTAL FUND EQUITY | 549,176 | 1,072,397 | 1,621,573 |
| TOTAL LIABILITIES AND FUND EQUITY | \$ 787,763 | \$ 2,731,056 | \$ 3,518,819 |

(Concluded)

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

TOWN OF LOCKPORT

COMBINED STATEMENT OF REVENUES, EXPENSES, AND
 CHANGES IN RETAINED EARNINGS - PROPRIETARY FUND TYPES - ENTERPRISE FUNDS
 Year Ended June 30, 1998

| | Enterprise Fund Types | | Totals (Memorandum Only) |
|---|-------------------------|-------------------------|--------------------------------|
| | Water System Fund | Sewer System Fund | |
| OPERATING SERVICES | | | |
| Charges for services - | | | |
| Water sales | \$ 136,503 | \$ - | \$ 136,503 |
| Sewer fees | - | 164,505 | 164,505 |
| Delinquent charges | 3,655 | 4,652 | 8,307 |
| Miscellaneous | 3,315 | - | 3,315 |
| TOTAL OPERATING REVENUES | 143,473 | 169,157 | 312,630 |
| OPERATING EXPENSES: | | | |
| Water department expenses | 108,749 | - | 108,749 |
| Sewer department expenses | - | 76,494 | 76,494 |
| General and administrative | 23,165 | 21,855 | 45,020 |
| Depreciation expense | 16,876 | 55,076 | 71,952 |
| TOTAL OPERATING EXPENSES | 148,790 | 153,425 | 302,215 |
| OPERATING INCOME (LOSS) | (5,317) | 15,732 | 10,415 |
| NONOPERATING REVENUES (EXPENSES): | | | |
| Interest earnings | 1,894 | 21,322 | 23,216 |
| Interest expense | - | (49,205) | (49,205) |
| Water Plant evaluation | (13,000) | - | (13,000) |
| TOTAL NONOPERATING REVENUES (EXPENSES) | (11,106) | (27,883) | (38,989) |
| INCOME (LOSS) BEFORE OPERATING TRANSFERS | (16,423) | (12,151) | (28,574) |
| OTHER FINANCING SOURCES (USES): | | | |
| Operating transfers - in | 1,225 | 71,225 | 72,450 |
| Operating transfers - out | - | - | - |
| TOTAL OTHER FINANCING SOURCES (USES) | 1,225 | 71,225 | 72,450 |
| NET INCOME (LOSS) | (15,198) | 59,074 | 43,876 |
| Retained earnings, beginning | 2,148 | 247,319 | 249,467 |
| Retained earnings, ending | \$ (13,050) | \$ 306,393 | \$ 293,343 |

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

TOWN OF LOCKPORT
 COMBINED STATEMENT OF CASH FLOWS
 PROPRIETARY FUND TYPES - ENTERPRISE FUNDS
 Year Ended June 30, 1998

| | Enterprise Fund Types | | Totals (Memorandum Only) |
|--|-------------------------|-------------------------|--------------------------------|
| | Water System Fund | Sewer System Fund | |
| Cash flows from operating activities: | | | |
| Operating flows from operating activities | \$ (5,317) | \$ 15,732 | \$ 10,415 |
| Adjusting to reconcile net income to net cash provided by operating activities: | | | |
| Depreciation | 16,876 | 55,076 | 71,952 |
| (Increase) decrease in: | | | |
| Accounts receivable | (1,634) | (1,576) | (3,210) |
| Due from other funds | - | - | - |
| Prepaid expenses | (92) | (34) | (126) |
| Increase (decrease) in: | | | |
| Accounts payable | 4,201 | 2,494 | 6,695 |
| Accrued liabilities | 2,066 | (539) | 1,527 |
| Due to other funds | (7,719) | 3,715 | (4,004) |
| Contracts payable | - | (5,000) | (5,000) |
| Net cash provided (used) by operating activities | 8,381 | 69,868 | 78,249 |
| Cash flows from noncapital financing activities: | | | |
| Operating transfer in (out) | 1,225 | 71,225 | 72,450 |
| Net cash provided (used) by noncapital financing activities | 1,225 | 71,225 | 72,450 |
| Cash flows from investing activities: | | | |
| Interest on investments | 1,894 | 21,322 | 23,216 |
| Water Works System | (120,418) | - | (120,418) |
| Construction-in-progress | (20,540) | - | (20,540) |
| Purchase of Equipment | (2,943) | - | (2,943) |
| Water Plant evaluation | (13,000) | - | (13,000) |
| Net cash provided (used) by investing activities | (155,007) | 21,322 | (133,685) |
| Cash flows from capital and related financing activities: | | | |
| Interest paid | - | (49,205) | (49,205) |
| Bonds retired | - | (68,000) | (68,000) |
| Contributions - State Grant | 132,626 | - | 132,626 |
| Residual equity transfer-in | 50,000 | - | 50,000 |
| Net cash provided (used) by capital and related financing activities | 182,626 | (117,205) | 65,421 |
| Net increase (decrease) in cash | 37,225 | 45,210 | 82,435 |
| Cash and cash equivalents at beginning of year | 72,838 | 469,591 | 542,429 |
| Cash and cash equivalents at end of year | \$ 110,063 | \$ 514,801 | \$ 624,864 |

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

TOWN OF LOCKPORT
WATER SYSTEM ENTERPRISE FUND

BALANCE SHEET
June 30, 1998

| | 1998 |
|-------------------------------|-------------------|
| ASSETS | |
| Current Assets | |
| Cash | |
| Bank Operating Account | \$ 52,647 |
| Capital Additions Fund | 8,619 |
| Certificate of Deposit | 4,311 |
| Petty cash | 200 |
| NSF checks | 282 |
| Receivables | |
| Water | 17,277 |
| Penalties | 1,228 |
| Sales tax | 647 |
| Accrued interest | 593 |
| Grant receivable | 166,957 |
| Prepaid expenses | 1,324 |
| Total Current Assets | 254,085 |
| Restricted Assets | |
| Customers' meter deposits | |
| Meter Deposit Funds | 3,597 |
| Certificate of deposit | 40,689 |
| Total Restricted Assets | 44,286 |
| Fixed Assets | |
| Property, plant and equipment | |
| Land | 10,000 |
| Water Works system cost | 604,144 |
| Office equipment | 3,213 |
| Construction-in-progress | 206,159 |
| Accumulated depreciation | (334,129) |
| Total Fixed Assets | 489,387 |
| Other Assets | |
| Commercial deposits | 5 |
| Total Other Assets | 5 |
| TOTAL ASSETS | \$ 787,763 |

(Continued next page)

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

TOWN OF LOCKPORT
WATER SYSTEM ENTERPRISE FUND

BALANCE SHEET
June 30, 1998
(Continued)

| | <u>1998</u> |
|--|-------------------|
| LIABILITIES AND FUND EQUITY | |
| LIABILITIES | |
| Current Liabilities (from Current Assets) | |
| Accounts payable | \$ 7,682 |
| Due to other funds | 1,000 |
| Contracts payable | <u>185,619</u> |
| Total Current Liabilities (from Current Assets) | <u>194,301</u> |
| Current Liabilities (from Restricted Assets) | |
| Customers' meter deposits | <u>44,286</u> |
| Total Current Liabilities (from Restricted Assets) | <u>44,286</u> |
| TOTAL LIABILITIES | <u>238,587</u> |
| FUND EQUITY | |
| Contributed Capital | |
| Municipality | 153,893 |
| Sales Tax Bond Issue | 108,750 |
| State Grant | <u>299,583</u> |
| Total Contributed Capital | <u>562,226</u> |
| Retained Earnings | |
| Undesignated | <u>(13,050)</u> |
| Total Retained Earnings | <u>(13,050)</u> |
| TOTAL FUND EQUITY | <u>549,176</u> |
| TOTAL LIABILITIES AND FUND EQUITY | <u>\$ 787,763</u> |
| (Concluded) | |

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

TOWN OF LOCKPORT
WATER SYSTEM ENTERPRISE FUND

STATEMENT OF REVENUES,
EXPENSES, AND CHANGES IN RETAINED EARNINGS
Year Ended June 30, 1998

| | 1998 |
|---|----------------|
| OPERATING REVENUES | |
| Charges for services | |
| Water sales | \$ 136,503 |
| Delinquent charges | 3,655 |
| Meter connection fees | 1,015 |
| Water service fees | 2,300 |
| TOTAL OPERATING REVENUES | 143,473 |
| OPERATING EXPENSES | |
| General and administrative | |
| Salaries | |
| Administrative | 10,917 |
| Meter reader | 3,118 |
| Retirement | 687 |
| Utilities, phone and postage | 1,395 |
| Stationary, printing & office expense | 889 |
| Legal and auditing | 1,208 |
| Insurance | 1,463 |
| Payroll expense | 551 |
| Rent expense | 900 |
| Bank charges | 454 |
| Other expense | 1,583 |
| Total General and administrative | 23,165 |

(Continued next page)

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

TOWN OF LOCKPORT
WATER SYSTEM ENTERPRISE FUND

STATEMENT OF REVENUES,
EXPENSES, AND CHANGES IN RETAINED EARNINGS
Year Ended June 30, 1998
(Continued)

| | <u>1998</u> |
|------------------------------|--------------------|
| Water department | |
| Salaries | |
| Plant operator | \$ 49,233 |
| Plant maintenance | 2,105 |
| Line maintenance | 6,116 |
| Retirement | 1,686 |
| Utilities, phone and postage | 11,995 |
| Insurance | 9,983 |
| Vehicle expense | 826 |
| Water purchases | 1,061 |
| Chemicals | 12,208 |
| Plant maintenance | 501 |
| Waterline maintenance | 6,827 |
| Equipment maintenance | 2,320 |
| Engineering fees | 100 |
| Other expense | <u>3,788</u> |
| Total Water department | <u>108,749</u> |
| Depreciation | |
| Water plant | 8,585 |
| Waterlines | <u>8,291</u> |
| Total Depreciation | <u>16,876</u> |
| TOTAL OPERATING EXPENSES | <u>148,790</u> |
| OPERATING INCOME (LOSS) | <u>(5,317)</u> |

(Continued next page)

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

TOWN OF LOCKPORT
WATER SYSTEM ENTERPRISE FUND

STATEMENT OF REVENUES,
EXPENSES, AND CHANGES IN RETAINED EARNINGS
Year Ended June 30, 1998
(Continued)

| | <u>1998</u> |
|--|--------------------|
| NONOPERATING REVENUES (EXPENSES) | |
| Interest earnings | \$ 1,894 |
| Water Plant Evaluation Engineer Fees | <u>(13,000)</u> |
| TOTAL NONOPERATING REVENUES (EXPENSES) | <u>(11,106)</u> |
| INCOME (LOSS) BEFORE OPERATING TRANSFERS | <u>(16,423)</u> |
| OPERATING TRANSFERS IN (OUT) | |
| General Fund | <u>1,225</u> |
| TOTAL OPERATING TRANSFERS | <u>1,225</u> |
| NET INCOME (LOSS) | (15,198) |
| Retained Earnings, beginning of year | <u>2,148</u> |
| Retained Earnings, end of year | <u>\$ (13,050)</u> |

(Concluded)

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

TOWN OF LOCKPORT
WATER SYSTEM ENTERPRISE FUND

STATEMENT OF CASH FLOWS
Year Ended June 30, 1998

| | |
|---|-------------------|
| Cash flows from operating activities: | |
| Operating income (loss) | \$ (5,317) |
| Adjusting to reconcile net income to net cash provided by operating activities: | |
| Depreciation | 16,876 |
| (Increase) decrease in: | |
| Accounts receivable | (1,634) |
| Due from other funds | - |
| Prepaid expenses | (92) |
| Increase (decrease) in: | |
| Accounts payable | 4,201 |
| Accrued liabilities | 2,066 |
| Due to other funds | (7,719) |
| <u>Net cash provided (used) by operating activities</u> | <u>8,381</u> |
| Cash flows from noncapital financing activities: | |
| Operating transfer in (out): | |
| General fund | 1,225 |
| <u>Net cash provided (used) by noncapital financing activities</u> | <u>1,225</u> |
| Cash flows from investing activities: | |
| Interest on investments | 1,894 |
| Water Work System cost | (120,418) |
| Construction-in-progress | (20,540) |
| Purchase of equipment | (2,943) |
| Water Plant evaluation | (13,000) |
| <u>Net cash provided (used) by investing activities</u> | <u>(155,007)</u> |
| Cash flows from capital and related financing activities: | |
| Contribution - State Grant | 132,626 |
| Residual equity transfer-in | 50,000 |
| <u>Net cash provided (used) by capital and related financing activities</u> | <u>182,626</u> |
| Net increase (decrease) in cash | 37,225 |
| Cash and cash equivalents at beginning of year | <u>72,838</u> |
| Cash and cash equivalents at end of year | <u>\$ 110,063</u> |

(Continued next page)

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

TOWN OF LOCKPORT
WATER SYSTEM ENTERPRISE FUND

STATEMENT OF CASH FLOWS
Year Ended June 30, 1998
(Continued)

SUPPLEMENTAL DISCLOSURES

Cash and cash equivalents at end of year:

| | |
|--|-------------------|
| Cash | \$ 65,777 |
| Restricted cash - Customers' meter deposits | <u>44,286</u> |
| Total cash and cash equivalents at end of year | <u>\$ 110,063</u> |

NOTE:

At June 30, 1998, the Town held \$282 of non-sufficient fund checks not included in above total cash.

Noncash Capital Transactions

| | |
|---|-------------------|
| Acquisition Water System Improvements: | |
| Construction-in-progress | \$ 206,159 |
| Less Cash | <u>(20,540)</u> |
| Assumed liability | <u>\$ 185,619</u> |
| Construction-in-progress transferred to Water Works Systems cost | <u>\$ 134,815</u> |
| Write off of fixed assets was: | <u>\$ 176,217</u> |
| Write off of accumulated depreciated was: | <u>\$ 176,217</u> |

During the year the Town of Lockport Water Systems Enterprise Fund had no noncash investing and financing transactions.

(Concluded)

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

TOWN OF LOCKPORT
SEWER SYSTEM ENTERPRISE FUND

BALANCE SHEET
June 30, 1998

| | 1998 |
|--|---------------------|
| ASSETS | |
| Current Assets | |
| Cash | |
| Revenue and Operating Fund | \$ 68,318 |
| NSF checks | 226 |
| Certificate of deposit | 180,417 |
| Louisiana Asset Management Fund | 147,252 |
| Receivables | |
| Sewer | 18,202 |
| Sewer connection | 326 |
| Accrued interest | 3,860 |
| Prepaid expenses | 440 |
| | 419,041 |
| Total Current Assets | |
| Restricted Assets | |
| Cash | |
| Sewer Revenue Bond Sinking Fund-Lamp | 39,231 |
| Sewer Revenue Reserve Fund-Certificate of Deposit | 19,583 |
| Sewer Revenue Renewal and Replacement Fund - Certificate of Deposit | 60,000 |
| | 118,814 |
| Total Restricted Assets | |
| Fixed Assets | |
| Property, plant and equipment | |
| Sewer system cost | 2,447,071 |
| Accumulated depreciation | (253,870) |
| | 2,193,201 |
| Total Fixed Assets | |
| TOTAL ASSETS | |
| | \$ 2,731,056 |

(Continued next page)

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

TOWN OF LOCKPORT
SEWER SYSTEM ENTERPRISE FUND

BALANCE SHEET
June 30, 1998
(Continued)

| | <u>1998</u> |
|--|---------------------|
| LIABILITIES AND FUND EQUITY | |
| LIABILITIES | |
| Current Liabilities (from Current Assets) | |
| Accounts payable | \$ 5,762 |
| Due to other funds | 4,000 |
| Bonds payable | <u>46,666</u> |
| Total Current Liabilities (from Current Assets) | <u>56,428</u> |
| Current Liabilities (from Restricted Assets) | |
| Bonds payable | 23,334 |
| Accrued interest payable | <u>15,897</u> |
| Total Current Liabilities (from Restricted Assets) | <u>39,231</u> |
| Long-term liabilities | |
| Bonds payable | <u>1,563,000</u> |
| Total Long-term Liabilities | <u>1,563,000</u> |
| TOTAL LIABILITIES | <u>1,658,659</u> |
| FUND EQUITY | |
| Contributed Capital | |
| Municipality | 12,474 |
| Sewerage Assessment Fund | 445,180 |
| State Grant | 150,000 |
| Federal Grant | <u>158,350</u> |
| Total Contributed Capital | <u>766,004</u> |
| Retained Earnings | |
| Reserved for long-term debt | 118,814 |
| Unreserved | |
| Undesignated | <u>187,579</u> |
| Total Retained Earnings | <u>306,393</u> |
| TOTAL FUND EQUITY | <u>1,072,397</u> |
| TOTAL LIABILITIES AND FUND EQUITY | <u>\$ 2,731,056</u> |

(Concluded)

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

TOWN OF LOCKPORT
SEWER SYSTEM ENTERPRISE FUND

STATEMENT OF REVENUES,
EXPENSES AND CHANGES IN RETAINED
EARNINGS - BUDGET (GAAP BASIS) AND ACTUAL
Year Ended June 30, 1998

| | 1998 | | Variance- favorable (unfavorable) |
|---|----------------|----------------|---|
| | Budget | Actual | |
| OPERATING REVENUES | | | |
| Charges for services | | | |
| Sewer fees | \$ 156,000 | \$ 164,505 | \$ 8,505 |
| Delinquent charges | 4,900 | 4,652 | (248) |
| TOTAL OPERATING REVENUES | 160,900 | 169,157 | 8,257 |
| OPERATING EXPENSES | | | |
| General and administrative | | | |
| Salaries | | | |
| Administrative | 10,599 | 10,885 | (286) |
| Accounting | 499 | - | 499 |
| Retirement | 950 | 723 | 227 |
| Utilities, phone and postage | 24 | 1,463 | (1,439) |
| Stationary, printing & office expense | 999 | 721 | 278 |
| Legal and auditing | 5,000 | 4,422 | 578 |
| Insurance | 1,999 | 1,625 | 374 |
| Payroll expense | 900 | 655 | 245 |
| Rent expense | 900 | 900 | - |
| Bank charges | 549 | 461 | 88 |
| Total General and administrative | 22,419 | 21,855 | 564 |

(Continued next page)

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

TOWN OF LOCKPORT
SEWER SYSTEM ENTERPRISE FUND

STATEMENT OF REVENUES,
EXPENSES AND CHANGES IN RETAINED
EARNINGS - BUDGET (GAAP BASIS) AND ACTUAL
Year Ended June 30, 1998
(Continued)

| | 1998 | | Variance- favorable (unfavorable) |
|------------------------------|----------|----------|---|
| | Budget | Actual | |
| Sewer department | | | |
| Salaries | | | |
| Plant operator | \$ 4,875 | \$ 4,871 | \$ 4 |
| Plant maintenance | 7,950 | 7,920 | 30 |
| Line maintenance | 9,173 | 7,402 | 1,771 |
| Retirement | 1,300 | 1,142 | 158 |
| Utilities, phone and postage | 22,999 | 21,404 | 1,595 |
| Insurance | 3,999 | 3,780 | 219 |
| Vehicle expense | 999 | 871 | 128 |
| Chemicals | 3,499 | 2,361 | 1,138 |
| NPDES permit | 6,999 | 5,051 | 1,948 |
| Plant maintenance | 999 | 4,966 | (3,967) |
| Sewerline maintenance | 6,999 | 6,539 | 460 |
| Equipment maintenance | 6,000 | 5,046 | 954 |
| Engineering fees | 3,499 | 5,141 | (1,642) |
| Other expense | 999 | - | 999 |
| Total Sewer department | 80,289 | 76,494 | 3,795 |
| Depreciation | | | |
| Sewer plant | 49,999 | 40,309 | 9,690 |
| Sewerlines | 14,775 | 14,767 | 8 |
| Total Depreciation | 64,774 | 55,076 | 9,698 |
| TOTAL OPERATING EXPENSES | 167,482 | 153,425 | 14,057 |
| OPERATING INCOME | (6,582) | 15,732 | 22,314 |

(Continued next page)

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

TOWN OF LOCKPORT
SEWER SYSTEM ENTERPRISE FUND

STATEMENT OF REVENUES,
EXPENSES AND CHANGES IN RETAINED
EARNINGS - BUDGET (GAAP BASIS) AND ACTUAL
Year Ended June 30, 1998
(Continued)

| | 1998 | | Variance- favorable (unfavorable) |
|---|------------|------------|---|
| | Budget | Actual | |
| NONOPERATING REVENUES (EXPENSES) | | | |
| Interest earnings | \$ 9,999 | \$ 21,322 | \$ 11,323 |
| Interest expense | (50,000) | (49,205) | 795 |
| TOTAL NONOPERATING REVENUES (EXPENSES) | (40,001) | (27,883) | 12,118 |
| INCOME BEFORE OPERATING TRANSFERS | (46,583) | (12,151) | 34,432 |
| OPERATING TRANSFERS IN (OUT) | | | |
| Sales tax fund | 70,000 | 70,000 | - |
| General fund | - | 1,225 | 1,225 |
| TOTAL OPERATING TRANSFERS | 70,000 | 71,225 | 1,225 |
| NET INCOME (LOSS) | 23,417 | 59,074 | 35,657 |
| Retained Earnings, beginning of year | 247,319 | 247,319 | - |
| Retained Earnings, end of year | \$ 270,736 | \$ 306,393 | \$ 35,657 |

(Concluded)

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

TOWN OF LOCKPORT
SEWER SYSTEM ENTERPRISE FUND

STATEMENT OF CASH FLOWS
Year Ended June 30, 1998

| | |
|---|-------------------|
| Cash flows from operating activities: | |
| Operating income (loss) | \$ 15,732 |
| Adjusting to reconcile net income to net cash provided by operating activities: | |
| Depreciation | 55,076 |
| (Increase) decrease in: | |
| Accounts receivable | (1,576) |
| Due from other funds | - |
| Prepaid expenses | (34) |
| Increase (decrease) in: | |
| Accounts payable | 2,494 |
| Due to other funds | 3,715 |
| Accrued liabilities | (539) |
| Contracts payable | (5,000) |
| | <u>69,868</u> |
| Net cash provided (used) by operating activities | <u>69,868</u> |
| Cash flows from noncapital financing activities: | |
| Operating transfer in (out): | |
| Sales tax fund | 70,000 |
| General fund | 1,225 |
| | <u>71,225</u> |
| Net cash provided (used) by noncapital financing activities | <u>71,225</u> |
| Cash flows from investing activities: | |
| Interest on investments | 21,322 |
| | <u>21,322</u> |
| Net cash provided (used) by investing activities | <u>21,322</u> |
| Cash flows from capital and related financing activities: | |
| Interest paid | (49,205) |
| Bonds retired | (68,000) |
| | <u>(117,205)</u> |
| Net cash provided (used) by capital and related financing activities | <u>(117,205)</u> |
| Net increase (decrease) in cash | 45,210 |
| Cash and cash equivalents at beginning of year | <u>469,591</u> |
| Cash and cash equivalents at end of year | <u>\$ 514,801</u> |

(Continued next page)

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

TOWN OF LOCKPORT
SEWER SYSTEM ENTERPRISE FUND

STATEMENT OF CASH FLOWS
Year Ended June 30, 1998
(Continued)

SUPPLEMENTAL DISCLOSURES

Cash and cash equivalents at end of year:

| | |
|--|-------------------|
| Unrestricted | |
| Cash and cash equivalents | <u>\$ 395,987</u> |
| Restricted cash and cash equivalents: | |
| Sewer revenue bond sinking fund | 39,231 |
| Sewer revenue reserve fund | 19,583 |
| Sewer revenue renewal and replacement fund | <u>60,000</u> |
| Total restricted cash and cash equivalents | <u>118,814</u> |
| Total cash and cash equivalents at end of year | <u>\$ 514,801</u> |

Note:

At June 30, 1998, the Town held \$226 of non-sufficient fund checks not included in above total cash.

There were no noncash activities by the Town of Lockport Sewer System Enterprise Fund in the year ending June 30, 1998.

(Concluded)

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

GENERAL FIXED ASSETS ACCOUNT GROUP

To account for fixed assets not used by proprietary fund operations.

TOWN OF LOCKPORT

STATEMENT OF GENERAL FIXED ASSETS
June 30, 1998

| | <u>1998</u> |
|---|----------------------------|
| GENERAL FIXED ASSETS: | |
| Land | \$ 177,595 |
| Buildings | 741,608 |
| Traffic system | 76,056 |
| Office equipment and furniture | 59,657 |
| Automobiles and trucks | 64,146 |
| Other equipment | 91,026 |
| Comeaux ditch drainage project | 149,960 |
| Drainage system - general | 232,383 |
| Timber bulkhead | <u>210,837</u> |
| TOTAL GENERAL FIXED ASSETS: | <u>\$ 1,803,268</u> |
| INVESTMENT IN GENERAL FIXED ASSETS: | |
| General obligation bonds | \$ 62,251 |
| Federal grants | 532,967 |
| Sales tax revenues | 179,463 |
| General fund revenues | 34,143 |
| Building maintenance fund | 6,034 |
| Utilities system revenues | 6,446 |
| State revenue sharing | 14,374 |
| Federal revenue sharing funds | 86,210 |
| State grants | 733,285 |
| Donations | <u>148,095</u> |
| TOTAL INVESTMENT IN GENERAL FIXED ASSETS | <u>\$ 1,803,268</u> |

NOTE: Includes only property acquired subsequent to October 1, 1948.

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

TOWN OF LOCKPORT

STATEMENT OF CHANGES IN GENERAL FIXED ASSETS
Year Ended June 30, 1998

| | <u>Land</u> | <u>Buildings</u> | <u>Drainage System</u> | <u>Comeaux Ditch Project</u> |
|--|-------------------|-------------------|----------------------------|--------------------------------------|
| General fixed assets, beginning of year | <u>\$ 177,595</u> | <u>\$ 732,091</u> | <u>\$ 232,383</u> | <u>\$ 149,960</u> |
| Additions: | | | | |
| Building maintenance fund | - | 4,072 | - | - |
| General Fund revenues | - | 5,445 | - | - |
| Sales tax fund | - | - | - | - |
| Total additions | <u>-</u> | <u>9,517</u> | <u>-</u> | <u>-</u> |
| Total balances and additions | <u>177,595</u> | <u>741,608</u> | <u>232,383</u> | <u>149,960</u> |
| Deductions: | | | | |
| Assets sold, traded and junked | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| General fixed assets, end of year | <u>\$ 177,595</u> | <u>\$ 741,608</u> | <u>\$ 232,383</u> | <u>\$ 149,960</u> |

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

| <u>Traffic System</u> | <u>Office Equipment</u> | <u>Automobiles and Trucks</u> | <u>Drainage Pumping Unit</u> | <u>Other Equipment</u> | <u>Timber Bulkhead</u> | <u>Total</u> |
|-----------------------|-------------------------|-------------------------------|------------------------------|------------------------|------------------------|---------------------|
| <u>\$ 83,498</u> | <u>\$ 99,640</u> | <u>\$ 64,150</u> | <u>\$ 77,538</u> | <u>\$ 95,144</u> | <u>\$ 210,837</u> | <u>\$ 1,922,836</u> |
| - | - | - | - | - | - | 4,072 |
| 3,913 | 4,562 | - | - | 17,632 | - | 31,552 |
| - | 1,948 | - | - | - | - | 1,948 |
| <u>3,913</u> | <u>6,510</u> | <u>-</u> | <u>-</u> | <u>17,632</u> | <u>-</u> | <u>37,572</u> |
| <u>87,411</u> | <u>106,150</u> | <u>64,150</u> | <u>77,538</u> | <u>112,776</u> | <u>210,837</u> | <u>1,960,408</u> |
| <u>11,355</u> | <u>46,493</u> | <u>4</u> | <u>77,538</u> | <u>21,750</u> | <u>-</u> | <u>157,140</u> |
| <u>\$ 76,056</u> | <u>\$ 59,657</u> | <u>\$ 64,146</u> | <u>\$ -</u> | <u>\$ 91,026</u> | <u>\$ 210,837</u> | <u>\$ 1,803,268</u> |

OTHER SUPPLEMENTARY INFORMATION

TOWN OF LOCKPORT

COMPENSATION PAID TO MEMBERS OF THE GOVERNING COUNCIL
June 30, 1998

| <u>Name</u> | <u>Office</u> | <u>Salary Compensation</u> | <u>Per Diem *</u> |
|----------------------|---------------|--------------------------------|-----------------------|
| Joe B. Townsend, Jr. | Mayor | \$6,000 | \$ - |
| Paul A. Champagne | Councilman | - | 1,250 |
| Donovan Barker | Councilman | - | 1,250 |
| Thomas Trant | Councilman | - | 1,250 |
| Richard Champagne | Councilman | - | 1150 |
| Welden Triche | Councilman | - | 1250 |
| | | <u>\$6,000</u> | <u>\$ 6,150</u> |

* Per diem is paid at the rate of \$100.00 for attendance at one monthly regular meeting and \$50.00 for attendance per special meeting when called by the Town of Lockport.

TOWN OF LOCKPORT

GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION (1)
Last Ten Fiscal Years

| <u>Fiscal Year</u> | <u>General Government</u> | <u>Streets and Highways</u> | <u>Town Hall Complex</u> | <u>Sanitation</u> |
|--------------------|---------------------------|-----------------------------|--------------------------|-------------------|
| 1989 | 143,956 | 65,157 | 20,227 | 32,833 |
| 1990 | 103,930 | 66,426 | 17,730 | - |
| 1991 | 111,685 | 65,401 | 24,385 | - |
| 1992 | 106,958 | 56,066 | 21,511 | - |
| 1993 | 91,898 | 61,546 | 15,511 | - |
| 1994 | 91,215 | 103,554 | 18,070 | - |
| 1995 | 103,741 | 54,135 | 17,842 | - |
| 1996 | 100,891 | 94,762 | 17,009 | - |
| 1997 | 92,471 | 62,650 | 14,840 | - |
| 1998 | 89,988 | 53,565 | 14,168 | - |

Note:

(1) Includes General, Special Revenue and Debt Service Funds.

| <u>Drainage</u> | <u>Public Safety Police</u> | <u>Parks and Recreation</u> | <u>Debt Service</u> | <u>Total</u> |
|-----------------|-------------------------------------|---------------------------------|-------------------------|--------------|
| 29,804 | 115,449 | 610 | 38,558 | 446,594 |
| 17,537 | 112,137 | 1,344 | 30,700 | 349,804 |
| 25,653 | 141,435 | 8,597 | 29,306 | 406,462 |
| 49,908 | 107,429 | 1,391 | 28,166 | 371,429 |
| 24,291 | 147,103 | 1,705 | 31,746 | 373,800 |
| 18,001 | 112,099 | 8,401 | 30,052 | 381,392 |
| 12,728 | 131,317 | 1,002 | 28,216 | 348,981 |
| 44,854 | 117,937 | 1,853 | 84,400 | 461,706 |
| 36,066 | 136,512 | 996 | - | 343,535 |
| 25,158 | 144,936 | 1,273 | - | 329,088 |

TOWN OF LOCKPORT
 GENERAL REVENUE BY SOURCE (1)
 Last Ten Fiscal Years

| <u>Fiscal Year</u> | <u>Taxes</u> | <u>Licenses, Permits and Franchises</u> | <u>Intergovernmental Revenues</u> |
|--------------------|--------------|---|---------------------------------------|
| 1989 | 164,569 | 103,652 | 49,847 |
| 1990 | 167,055 | 97,890 | 50,134 |
| 1991 | 178,181 | 109,967 | 32,388 |
| 1992 | 174,580 | 110,086 | 30,993 |
| 1993 | 178,644 | 108,996 | 55,753 |
| 1994 | 186,051 | 118,353 | 63,504 |
| 1995 | 201,837 | 138,806 | 62,438 |
| 1996 | 186,306 | 140,087 | 81,348 |
| 1997 | 235,090 | 145,087 | 118,421 |
| 1998 | 274,784 | 142,361 | 111,066 |

Note:

(1) Includes General, Special Revenue, and Debt Service Funds.

| <u>Charges for Services</u> | <u>Fines and Forfeitures</u> | <u>Interest</u> | <u>Miscellaneous Revenues</u> | <u>Total</u> |
|-----------------------------|------------------------------|-----------------|-------------------------------|--------------|
| 48,770 | 9,839 | 5,462 | 64,262 | 446,401 |
| - | 12,388 | 8,011 | 35,675 | 371,153 |
| - | 15,721 | 6,113 | 36,697 | 379,067 |
| - | 8,730 | 4,664 | 38,800 | 367,853 |
| - | 35,852 | 2,047 | 43,264 | 424,556 |
| - | 25,032 | 2,124 | 28,085 | 423,149 |
| - | 21,190 | 2,910 | 36,958 | 464,139 |
| - | 12,992 | 6,579 | 41,736 | 469,048 |
| - | 16,800 | 9,243 | 42,966 | 567,607 |
| - | 25,174 | 12,365 | 46,851 | 612,601 |

TOWN OF LOCKPORT
 PROPERTY TAX LEVIES AND COLLECTIONS
 Last Ten Fiscal Years

| <u>Fiscal Year</u> | <u>Total Tax Levy</u> | <u>Current Tax Collections</u> | <u>Percent of Levy Collected</u> |
|--------------------|-----------------------|--------------------------------|----------------------------------|
| 1989 | 31,034 | 29,870 | 96.3 |
| 1990 | 33,074 | 32,597 | 98.6 |
| 1991 | 31,822 | 31,210 | 98.1 |
| 1992 | 32,396 | 31,265 | 96.5 |
| 1993 | 32,583 | 32,154 | 98.7 |
| 1994 | 34,332 | 34,085 | 99.3 |
| 1995 | 35,746 | 35,172 | 98.4 |
| 1996 | 36,513 | 36,011 | 98.6 |
| 1997 | 39,389 | 38,573 | 98.8 |
| 1998 | 41,765 | 38,048 | 91.1 |

| <u>Delinquent Tax Collections</u> | <u>Total Tax Collections</u> | <u>Percent of Total Tax Collections to Tax Levy</u> | <u>Outstanding Delinquent Tax</u> | <u>Percent of Delinquent Taxes to Tax Levy</u> |
|---|----------------------------------|---|---|--|
| 457 | 30,327 | 97.6 | 1,418 | 4.6 |
| 126 | 32,723 | 98.9 | 808 | 2.4 |
| 496 | 31,706 | 99.6 | 942 | 3.0 |
| 363 | 31,626 | 97.6 | 1,711 | 5.3 |
| 305 | 32,459 | 99.7 | 1,110 | 3.4 |
| 836 | 34,921 | 101.7 | 277 | 0.8 |
| 272 | 35,444 | 99.2 | 560 | 1.6 |
| 352 | 36,363 | 99.6 | 716 | 2.0 |
| 614 | 39,187 | 99.5 | 1,024 | 2.6 |
| 246 | 38,294 | 91.7 | 687 | 1.6 |

TOWN OF LOCKPORT

RATIO OF NET GENERAL BONDED DEBT
TO ASSESSED VALUE AND NET BONDED PER CAPITA
Last Ten Fiscal Years

| <u>Fiscal Year</u> | <u>Population</u> | <u>Assessed Value</u> | <u>Gross Bonded Debt (1)</u> |
|------------------------|-------------------|---------------------------|--------------------------------------|
| 1989 | 2,424 * | 3,811,190 | 213,954 |
| 1990 | 2,424 * | 4,004,143 | 170,000 |
| 1991 | 2,503 ** | 3,858,970 | 155,000 |
| 1992 | 2,503 ** | 3,922,000 | 140,000 |
| 1993 | 2,503 ** | 3,944,700 | 120,000 |
| 1994 | 2,503 ** | 4,156,368 | 100,000 |
| 1995 | 2,503 ** | 4,328,070 | 80,000 |
| 1996 | 2,503 ** | 4,420,427 | - |
| 1997 | 2,503 ** | 4,768,694 | - |
| 1998 | 2,503 ** | 5,056,295 | - |

* 2,424 based on 1980 census taken from the Federal Census Bureau.

** 2,503 based on 1990 census taken from the Federal Census Bureau.

Note:

(1) Includes all long-term general obligation debt.

| <u>Debt Service Monies Available</u> | <u>Net Bonded Debt</u> | <u>Ratio of Net Bonded Debt to Assessed Value</u> | <u>Net Bonded Debt Per Capita</u> |
|--------------------------------------|------------------------|---|-----------------------------------|
| - | 213,954 | 5.61 | 88.26 |
| 8,750 | 161,250 | 4.03 | 66.52 |
| 8,750 | 146,250 | 3.79 | 58.43 |
| 11,667 | 128,333 | 3.27 | 51.27 |
| 11,667 | 108,333 | 2.75 | 43.28 |
| 13,567 | 86,433 | 2.08 | 34.53 |
| 13,897 | 66,103 | 1.53 | 26.41 |
| - | - | - | - |
| - | - | - | - |
| - | - | - | - |

TOWN OF LOCKPORT

RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR
GENERAL BONDED DEBT TO TOTAL GENERAL EXPENDITURES
Last Ten Fiscal Years

| <u>Fiscal Year</u> | <u>Principal</u> | <u>Interest</u> | <u>Total Debt Service</u> | <u>Total General Expenditures (1)</u> | <u>Ratio of Debt Service to Total General Expenditures</u> |
|------------------------|------------------|-----------------|-----------------------------------|---|--|
| 1989 | 15,000 | 16,288 | 31,288 | 446,594 | 7.0 |
| 1990 | 15,000 | 15,200 | 30,200 | 349,804 | 8.6 |
| 1991 | 15,000 | 14,056 | 29,056 | 406,462 | 7.1 |
| 1992 | 15,000 | 12,875 | 27,875 | 371,429 | 7.5 |
| 1993 | 20,000 | 11,450 | 31,450 | 373,800 | 8.4 |
| 1994 | 20,000 | 9,775 | 29,775 | 381,392 | 7.8 |
| 1995 | 20,000 | 8,050 | 28,050 | 348,981 | 8.0 |
| 1996 | 80,000 | 4,400 | 84,400 | 461,706 | 18.3 |
| 1997 | - | - | - | 343,535 | - |
| 1998 | - | - | - | 329,088 | - |

Note:

(1) Includes General, Special Revenue and Debt Service Funds.

TOWN OF LOCKPORT

SCHEDULE OF INSURANCE IN FORCE

June 30, 1998

| Name of Insurer | Policy Period | | Details of Coverage | Amount |
|--|---------------|------------|---|--|
| | From | To | | |
| Louisiana Municipal Risk Management Agency | 01/01/98 | - 12/31/98 | Workmen's Compensation (Statutory) | 100,000 |
| Louisiana Municipal Risk Management Agency | 09/21/97 | - 09/21/98 | 1. Commercial General Liability 2. Premises/Operations 3. Products/Completed Operations | |
| | | | Aggregate Limit | 500,000 |
| | | | Combined Single Limits | 500,000 |
| | | | Fire Damage Limit | 50,000 |
| | | | Medical Expense Limit | 1,000 /Person 10,000 /Accident |
| | | | Deductible | 0 |
| Louisiana Municipal Risk Management Agency | 09/21/97 | - 09/21/98 | Automobile Liability Liability Deductible | 500,000 CSL 0 |
| Lafayette Insurance Company | 09/23/97 | - 09/23/98 | Fire and extended coverage (buildings and contents): Town Hall | 600,000 / 10,000 |
| | | | Deductible | 500 |
| Western Security Company | 10/01/97 | - 10/01/98 | Fidelity bond - name schedule bond | 5,000 |
| Western Security Company | 12/13/97 | - 12/13/98 | Fidelity bond - name schedule bond | 2,000 |
| Louisiana Municipal Risk Management Agency | 09/21/97 | - 09/21/98 | Personal Injury and PD Junior Police Deductible | 500,000 CSL 1,000 ea. occurrence |
| Louisiana Municipal Risk Management Agency | 09/21/97 | - 09/21/98 | Public Officials' Errors and Omission Liability Deductible | 500,000 CSL 1,000 ea. occurrence |

(Continued)

TOWN OF LOCKPORT

SCHEDULE OF INSURANCE IN FORCE - Continued
June 30, 1998

| <u>Name of Insurer</u> | <u>Policy Period</u> <u>From</u> <u>To</u> | <u>Details of Coverage</u> | <u>Amount</u> |
|------------------------------|---|--|--------------------|
| Audubon Indemnity Company | 09/21/97 - 09/21/98 | Commercial Auto Physical Damage Comp/Collision (schedule vehicles) Deductible (per unit) | ACV or Cost 500 |

(Concluded)

TOWN OF LOCKPORT

PRINCIPAL TAXPAYERS (UNAUDITED)
June 30, 1998

| Taxpayer | Type of Business | 1997 Assessed Valuation | Percentage or Total Assessed Valuation |
|---|-----------------------|-------------------------------|---|
| Bank One | Financial Institution | \$ 483,490 | 9.56 |
| South Central Bell | Telephone | 370,730 | 7.33 |
| ArgentBank | Financial Institution | 328,840 | 6.50 |
| Entergy | Utility | 133,910 | 2.65 |
| Roy Baudoin Furniture and Appliances | Retail Furniture | 107,010 | 2.12 |
| Lockport Elderly Apartments | Apartment Complex | 60,980 | 1.21 |
| Rouses | Supermarket | 50,870 | 1.01 |
| Xerox | Corporation | 40,510 | 0.80 |
| Roger's Parts | Retail | 36,780 | 0.73 |
| T. N. Baudoin | Supermarket | 26,140 | 0.51 |
| | | <u>\$ 1,639,260</u> | <u>32.42</u> |

TOWN OF LOCKPORT

MISCELLANEOUS STATISTICS (UNAUDITED)

June 30, 1998

| | |
|---------------------------------------|---------------------------|
| Date of incorporation | May 10, 1899 |
| Form of government | Mayor - Board of Aldermen |
| Area | 1 square mile |
| Miles of street | 18 |
| Number of street lights owned by LP&L | 283 |
| Fire protection (volunteer firemen) | |
| Number of stations | 1 |
| Number of firemen | 40 |
| Police protection: | |
| Number of stations | 1 |
| Number of policemen and officers | 4 |
| Education: | |
| Attendance Centers: | |
| Junior High | 1 |
| Elementary | 3 |
| Number of classrooms | 95 |
| Number of teachers | 141 |
| Number of students | 1,721 |
| Municipal water department: | |
| Number of consumers | 1,091 |
| Average annual consumption | 71,299 gals |
| Miles of water mains | 17 |
| Municipal sewer department: | |
| Number of Consumers | 1,098 |
| Sanitary sewers | 18 miles |
| Building permits issued | 34 |
| Recreation and culture: | |
| Number of parks | 2 with 15 acres |
| Number of libraries | 1 |
| Number of volumes | 14,650 (approx.) |
| Employees: | |
| Excluding policemen | 15 |

ALDERMEN:
DONOVAN BARKER
EDWIN BLANCHARD, SR.
PAUL CHAMPAGNE
FRANK DAVIES
JOSEPH L. LUSCO, JR.

DIANE MATAYA
ACTING TOWN CLERK



710 CHURCH STREET
LOCKPORT, LA 70374
(504) 532-3117
FAX (504) 532-7143

J.B. TOWNSEND, JR. - MAYOR

LOCKPORT, LOUISIANA

November 19, 1997

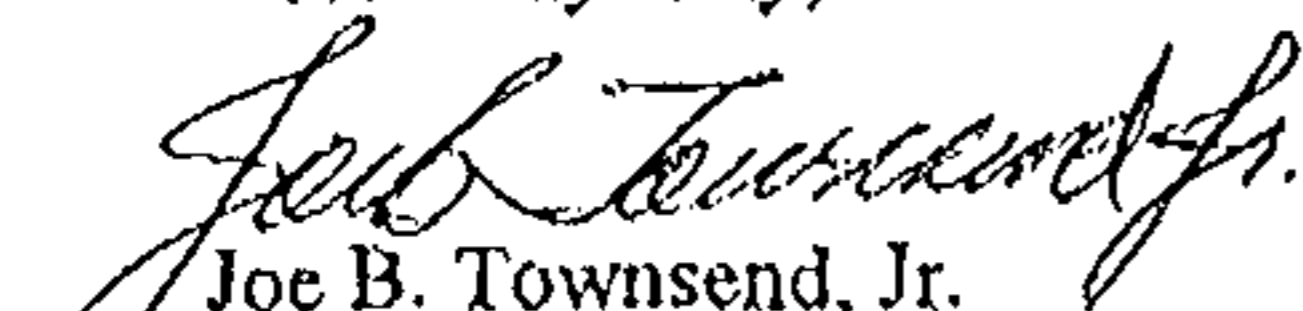
Mr. Daniel G. Kyle, CPA, CFE
Secretary - Legislative Audit Advisory Council
P.O. Box 94397
Baton Rouge, La. 70804-9397

Dear Mr. Kyle,

Reference your letter of November 14, 1997 regarding the Town of Lockport's annual audit for the year ending June 30, 1997, please be advised of the following:

- Accounting records are now being maintained on a timely and current basis due to the fact that a third office staff person has been hired to relieve the paper work load.
- A written, formal purchase order policy has been adopted by the Town Council, and is now in affect.
- The Lockport Police Department has been officially notified that no solicitations of funds are to be conducted by the Police Department without the approval of the Town Council at a public Town meeting.
- The Lockport Police Department has submitted all ticket books to the Town Hall for recording and verification of tickets. All tickets have now been accounted for.
- The Town of Lockport Sewer Fund Budget has been amended by the Town Council to reflect the actual costs incurred with operating this new facility.
- IRS forms 1096 and 1099 will be issued to all non-employee individuals receiving payments from the Town of Lockport.

Yours very truly,


Joe B. Townsend, Jr.
Mayor

cc: Lockport Town Council

ALDERMEN:
DONOVAN BARKER
EDWIN BLANCHARD, SR.
PAUL CHAMPAGNE
FRANK DAVIET
JOSEPH L. LUSCO, JR.

DIANE MATAYA
ACTING TOWN CLERK



710 CHURCH STREET
LOCKPORT, LA 70374
(504) 532-3117
FAX (504) 532-7143

J.B. TOWNSEND, JR. - MAYOR

LOCKPORT, LOUISIANA

TOWN OF LOCKPORT
CORRECTIVE ACTION PLAN

October 7, 1998

Legislative Auditor
State of Louisiana
1600 N. Riverside Mall
Baton Rouge, LA 70804-9397

The Town of Lockport respectfully submits the following corrective action plan for the year ended June 30, 1998.

Name and address of independent public accounting firm: Ann T. Hebert, CPA; 901 Ridgefield Road, Thibodaux, La 70301.

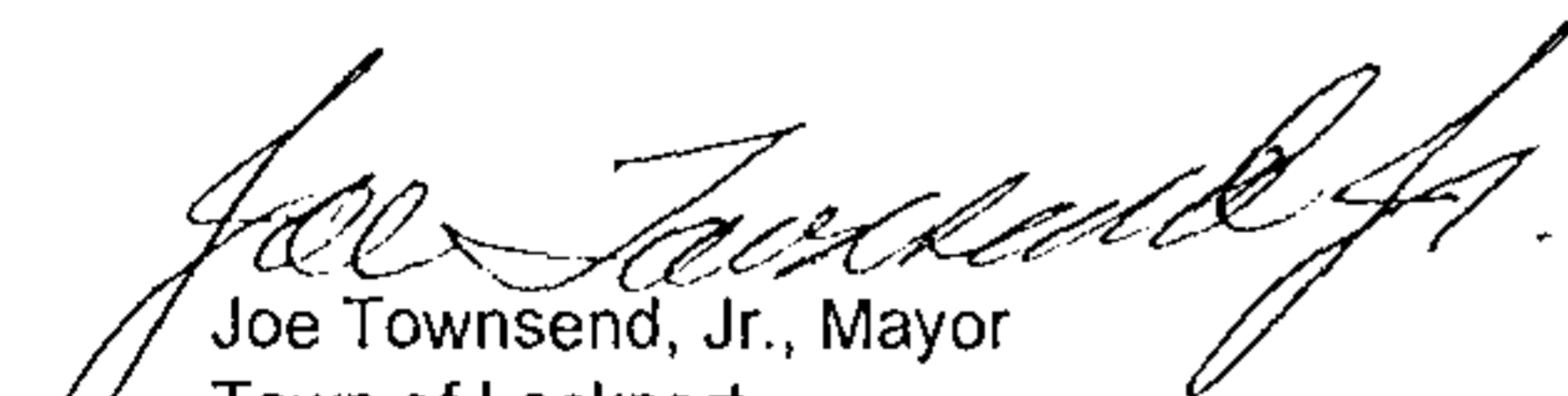
Audit period: July 1, 1997 through June 30, 1998.

There were no findings from the June 30, 1998 audit reports.

Prior year findings: See attached letter remitted to your office on November 19, 1997.

If the Louisiana Legislative Auditor has questions regarding this plan, please call Diane Mataya at (504) 532-3117.

Sincerely,


Joe Townsend, Jr., Mayor
Town of Lockport

Receipt Acknowledged
Legislative Auditor

By 