

**Town of Lockport
Lockport, Louisiana**

Annual Financial Report
As of and for the
Year Ended June 30, 2022

Town of Lockport
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Year Ended June 30, 2022

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Barry Plaisance, Mayor
and the Members of Town Council
Town of Lockport
Lockport, Louisiana

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Lockport (the Town), a component unit of the State of Louisiana, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate fund information of the Town, as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 5 through 14 and the budgetary comparison schedules on pages 52 through 57, and the schedules of employers share of net pension liability and employer pension contributions on pages 58 and 59 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

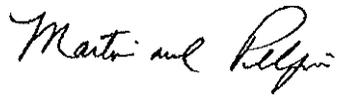
Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Town's basic financial statements. The Schedule of Compensation, Benefits and Other Payments to the Town Heads on pages 61 and 62 are presented for purposes of additional analysis and are not a required part of the financial statements.

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

The Schedule of Insurance In Force on page 60 has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or provide assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Governmental Auditing Standards*, we have also issued our report dated November 23, 2022, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.



Houma, Louisiana
November 23, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS

Town of Lockport
Management's Discussion and Analysis
Year Ended June 30, 2022

As management of the Town of Lockport, we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town as of and for the fiscal year ended June 30, 2022.

FINANCIAL HIGHLIGHTS

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

The Town's revenues of \$2,303,382 exceeded expenditures of \$1,638,853 by \$664,529. Total revenues were \$763,452 more than they were last year, and total expenses were \$108,642 more than they were last year.

The majority of the increase in revenues is attributable to the Town receiving a \$444,563 American Rescue Plan grant. Total net position increased by \$664,529 (approximately 7.89%) as a result of this year's operations.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

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

Statement of Net Position – Proprietary Fund. This statement presents the Town's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and categories of net

Town of Lockport
Management's Discussion and Analysis
Year Ended June 30, 2022

position for its enterprise fund. Enterprise funds report the same functions presented as business-type activities in the government-wide financial statements.

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

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

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

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

FINANCIAL ANALYSIS AS A WHOLE (GWFS)

Net position may serve over time as a useful indicator of an entity's financial position. In the case of the Town, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$9,085,479 at the close of the most recent year, June 30, 2022. The largest portions of the Town's total assets are capital assets, net of accumulated depreciation (73.58%), and cash and cash equivalents, including investments in LAMP (Louisiana Asset Management Pool) (24.23%).

Town of Lockport
Management's Discussion and Analysis
Year Ended June 30, 2022

The Town's Net Position

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	June 30,		June 30,		June 30,	
	2022	2021	2022	2021	2022	2021
ASSETS						
Current and other assets	\$ 2,045,935	\$ 1,538,267	\$ 601,247	\$ 584,516	\$ 2,647,182	\$ 2,122,783
Restricted assets	-	-	499,643	415,523	499,643	415,523
Capital assets, net	<u>2,972,965</u>	<u>3,145,452</u>	<u>5,792,967</u>	<u>5,599,435</u>	<u>8,765,932</u>	<u>8,744,887</u>
TOTAL ASSETS	<u>5,018,900</u>	<u>4,683,719</u>	<u>6,893,857</u>	<u>6,599,474</u>	<u>11,912,757</u>	<u>11,283,193</u>
DEFERRED OUTFLOWS OF RESOURCES						
	<u>160,118</u>	<u>259,640</u>	<u>5,265</u>	<u>16,383</u>	<u>165,383</u>	<u>276,023</u>
LIABILITIES						
Current liabilities	115,881	109,597	154,739	20,108	270,620	129,705
Non-current liabilities	<u>556,652</u>	<u>1,001,115</u>	<u>1,822,483</u>	<u>1,910,867</u>	<u>2,379,135</u>	<u>2,911,982</u>
TOTAL LIABILITIES	<u>672,533</u>	<u>1,110,712</u>	<u>1,977,222</u>	<u>1,930,975</u>	<u>2,649,755</u>	<u>3,041,687</u>
DEFERRED INFLOWS OF RESOURCES						
	<u>324,816</u>	<u>96,579</u>	<u>18,090</u>	-	<u>342,906</u>	<u>96,579</u>
NET POSITION						
Net investment in capital assets	2,972,965	3,145,452	3,775,521	3,747,573	6,748,486	6,893,025
Restricted	-	-	499,643	415,523	499,643	415,523
Unrestricted	<u>1,208,704</u>	<u>590,616</u>	<u>628,646</u>	<u>521,786</u>	<u>1,837,350</u>	<u>1,112,402</u>
TOTAL NET POSITION	<u>\$ 4,181,669</u>	<u>\$ 3,736,068</u>	<u>\$ 4,903,810</u>	<u>\$ 4,684,882</u>	<u>\$ 9,085,479</u>	<u>\$ 8,420,950</u>

Total assets plus deferred outflows of resources increased by \$518,924, and total liabilities plus deferred inflows of resources decreased by \$145,605. The increase in assets and deferred outflows of resources is primarily due to the increase of \$658,544 in cash and investments. The net decrease in total liabilities and deferred inflows of resources is primarily due to the payment of long-term debt and decrease in net pension liability.

Town of Lockport
Management's Discussion and Analysis
Year Ended June 30, 2022

The Town's Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
	June 30,		June 30,		June 30,	
	2022	2021	2022	2021	2022	2021
PROGRAM REVENUES						
Charges for services	\$ 181,423	\$ 133,935	\$ 269,810	\$ 273,827	\$ 451,233	\$ 407,762
Operating grants and contributions	110,940	134,805	-	-	110,940	134,805
Capital grants and contributions	35,398	23,534	-	-	35,398	23,534
TOTAL PROGRAM REVENUES	327,761	292,274	269,810	273,827	597,571	566,101
PROGRAM EXPENSES						
General government	410,338	327,290	-	-	410,338	327,290
Street and highways	156,454	160,327	-	-	156,454	160,327
Drainage	86,382	70,958	-	-	86,382	70,958
Public safety	497,111	464,672	-	-	497,111	464,672
Culture and recreation	27,463	23,662	-	-	27,463	23,662
Sewer	-	-	461,105	483,482	461,105	483,482
TOTAL EXPENSES	1,177,748	1,046,909	461,105	483,482	1,638,853	1,530,391
NET PROGRAM LOSS	(849,987)	(754,635)	(191,295)	(209,655)	(1,041,282)	(964,290)
GENERAL REVENUES						
Ad valorem taxes	62,629	79,847	-	-	62,629	79,847
Sales taxes	607,318	515,446	327,017	277,547	934,335	792,993
Intergovernmental	444,563	-	-	-	444,563	-
Franchise taxes	61,777	76,878	-	-	61,777	76,878
Debt forgiveness	-	-	76,304	-	76,304	-
Pension related	116,704	-	5,087	-	121,791	-
Other	2,597	21,674	1,815	2,437	4,412	24,111
TOTAL GENERAL REVENUES	1,295,588	693,845	410,223	279,984	1,705,811	973,829
CHANGES IN NET POSITION	445,601	(60,790)	218,928	70,329	664,529	9,539
NET POSITION - BEGINNING	3,736,068	3,796,858	4,684,882	4,614,553	8,420,950	8,411,411
NET POSITION - ENDING	\$ 4,181,669	\$ 3,736,068	\$ 4,903,810	\$ 4,684,882	\$ 9,085,479	\$ 8,420,950

As indicated above, net position increased by \$664,529 in 2022, which indicates revenues were sufficient to cover expenses incurred during the year.

Town of Lockport
Management's Discussion and Analysis
Year Ended June 30, 2022

FINANCIAL ANALYSIS OF INDIVIDUAL FUNDS (FFS)

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

The governmental funds reported combined ending fund balances of \$1,930,054, a \$501,384 increase from the prior fiscal year. This increase in net position of governmental activities is primarily due to an American Rescue Plan grant of \$444,563 received during the year.

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

The General Fund is the chief operating fund. At the end of the current fiscal year, unassigned fund balance totaled \$519,786. The fund balance of the General Fund increased during the current fiscal year. Total revenues increased significantly due to receiving the grant mentioned above.

The Sales Tax Fund accounts for the receipt and use of proceeds of the 1% sales and use tax. At the end of the current fiscal year, fund balance assigned for expenditures designated by the ordinance that levied that tax totaled \$1,104,260 – an increase of 7.67% from the prior year. The total revenue collected for Sales Taxes was \$467,167 which was an increase of 17.83%. There was a \$692 increase in the current expenditures and a \$11,000 increase in the amount transferred out to the other funds.

The Town's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Fees and charges for services in the Sewer Fund were \$269,810 – a 1.47% decrease from last year. Total operating expenses for providing sewer services of \$443,511 resulted in an operating loss of \$173,701. Non-operating revenues net of non-operating expenses totaled \$392,629, resulting in net income of \$218,928 for the Sewer Fund. Net position for the Sewer Fund at the end of the fiscal year was \$4,903,810, an increase of 4.67% from the previous year.

Town of Lockport
Management's Discussion and Analysis
Year Ended June 30, 2022

BUDGETARY HIGHLIGHTS

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

The original budget for the General Fund was revised to reflect a revenue increase of \$465,057. Supplemental appropriations or authorized budget amendments were necessary and approved as follows:

	<u>Budget Amounts</u>		<u>Increase (Decrease)</u>
	<u>Original</u>	<u>Final</u>	
REVENUES			
Ad valorem tax	\$ 80,000	\$ 80,000	\$ -
Sales and use tax	112,500	116,505	4,005
Franchise tax	77,800	72,400	(5,400)
License and permits	36,500	39,600	3,100
Insurance premium tax	94,400	91,600	(2,800)
Intergovernmental	11,850	478,117	466,267
Fines and forfeitures	36,200	36,400	200
Other	3,575	3,260	(315)
TOTAL REVENUES	<u>452,825</u>	<u>917,882</u>	<u>465,057</u>
CURRENT EXPENDITURES			
General government	201,185	266,824	65,639
Public safety	400,000	501,027	101,027
Streets and highways	71,287	73,411	2,124
Drainage	48,731	56,790	8,059
Culture and recreation	19,475	20,152	677
TOTAL EXPENDITURES	<u>740,678</u>	<u>918,204</u>	<u>177,526</u>
OTHER FINANCING USES	<u>290,000</u>	<u>290,000</u>	<u>-</u>
NET CHANGES IN FUND BALANCE	<u>\$ 2,147</u>	<u>\$ 289,678</u>	<u>\$ 287,531</u>

Town of Lockport
Management's Discussion and Analysis
Year Ended June 30, 2022

BUDGETARY HIGHLIGHTS (CONTINUED)

The Town's budgeted revenues for the General Fund were more than the actual revenues by \$4,474, an unfavorable variance of 0.49%. The Town's budgeted expenditures were more than the actual expenditures by \$22,581, a favorable variance of 2.46%.

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Increase (Decrease)</u>
REVENUES			
Ad valorem tax	\$ 80,000	\$ 62,629	\$ (17,371)
Sales and use tax	116,505	140,150	23,645
Franchise tax	72,400	61,778	(10,622)
Licenses and permits	39,600	42,266	2,666
Insurance premium tax	91,600	83,571	(8,029)
Intergovernmental	478,117	470,761	(7,356)
Fines and forfeitures	36,400	37,856	1,456
Other	3,260	14,397	11,137
	<u>917,882</u>	<u>913,408</u>	<u>(4,474)</u>
TOTAL REVENUES			
EXPENDITURES			
General government	266,824	274,606	7,782
Public safety	501,027	480,553	(20,474)
Streets and highways	73,411	68,783	(4,628)
Drainage	56,790	52,985	(3,805)
Culture and recreation	20,152	18,696	(1,456)
	<u>918,204</u>	<u>895,623</u>	<u>(22,581)</u>
TOTAL EXPENDITURES			
OTHER FINANCING SOURCES	<u>290,000</u>	<u>290,000</u>	<u>-</u>
NET CHANGES IN FUND BALANCE	<u>\$ 289,678</u>	<u>\$ 307,785</u>	<u>\$ 18,107</u>

Town of Lockport
Management's Discussion and Analysis
Year Ended June 30, 2022

BUDGETARY HIGHLIGHTS (CONTINUED)

The original budget for the Sales Tax Fund was revised to reflect a net increase of \$12,965. Supplemental appropriations or authorized budget amendments were necessary and approved as follows:

	<u>Budget Amounts</u>		<u>Increase (Decrease)</u>
	<u>Original</u>	<u>Final</u>	
REVENUES			
Ad valorem tax	\$ 375,000	\$ 388,350	\$ 13,350
Other	750	365	(385)
TOTAL REVENUES	<u>375,750</u>	<u>388,715</u>	<u>12,965</u>
CURRENT EXPENDITURES			
General government	5,300	5,815	515
OTHER FINANCING USES	<u>290,000</u>	<u>384,000</u>	<u>94,000</u>
NET CHANGES IN FUND BALANCE	<u>\$ 80,450</u>	<u>\$ (1,100)</u>	<u>\$ (81,550)</u>

The Town's actual revenues for the sales tax fund were more than the budgeted revenues by \$79,854, a favorable variance of 20.54%. The Town's actual expenditures were more than the budgeted expenditures by \$136, an unfavorable variance of 2.34%.

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Increase (Decrease)</u>
	REVENUES		
Sales and use tax	\$ 388,350	\$ 467,167	\$ 78,817
Other	365	1,402	1,037
TOTAL REVENUES	<u>388,715</u>	<u>468,569</u>	<u>79,854</u>
CURRENT EXPENDITURES			
General government	5,815	5,951	136
OTHER FINANCING USES	<u>384,000</u>	<u>384,000</u>	<u>-</u>
NET CHANGES IN FUND BALANCE	<u>\$ (1,100)</u>	<u>\$ 78,618</u>	<u>\$ 79,718</u>

Town of Lockport
Management's Discussion and Analysis
Year Ended June 30, 2022

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

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

CAPITAL ASSETS

As of June 30, 2022, the Town had \$2,972,965 and \$5,792,967 invested in capital assets for governmental and business-type activities, respectively, as detailed in the table below:

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>June 30,</u>		<u>June 30,</u>		<u>June 30,</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Capital assets	\$ 6,346,183	\$ 6,346,183	\$ 8,235,921	\$ 7,889,022	\$ 14,582,104	\$ 14,235,205
Accumulated depreciation	(3,373,218)	(3,200,731)	(2,442,954)	(2,289,587)	(5,816,172)	(5,490,318)
Net capital assets	<u>\$ 2,972,965</u>	<u>\$ 3,145,452</u>	<u>\$ 5,792,967</u>	<u>\$ 5,599,435</u>	<u>\$ 8,765,932</u>	<u>\$ 8,744,887</u>

Capital assets consist of land, construction in progress, buildings, parks, machinery and equipment, automobiles, drainage infrastructure, and sewer system, including sewer lines. Depreciation expense for the year ending June 30, 2022 was \$172,487 for governmental activities, and \$153,367 for business-type activities, for a total of \$325,854.

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

LONG-TERM DEBT

A summary of long-term debt is as follows:

	<u>Payable</u>	<u>Debt</u>	<u>Debt</u>	<u>Payable</u>
	<u>07/01/21</u>	<u>Incurred</u>	<u>Retired</u>	<u>06/30/22</u>
Sewer Sales Tax Bonds	<u>\$ 1,851,862</u>	<u>\$ 305,215</u>	<u>\$ (211,304)</u>	<u>\$ 1,945,773</u>

At the beginning of the year the Town had outstanding principal of \$1,851,862; loan proceeds of \$305,215 were received in March 2022, \$76,304 of which was forgiven, principal in the amount of \$135,000 was paid in February 2022 with the remaining \$1,945,773 as outstanding 2013 Sales Tax Bonds as of June 30, 2022.

Town of Lockport
Management's Discussion and Analysis
Year Ended June 30, 2022

REQUEST FOR INFORMATION

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

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

FINANCIAL STATEMENTS

Town of Lockport
Statement of Net Position
June 30, 2022

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 795,256	\$ 480,050	\$ 1,275,306
Investments	1,110,947	168	1,111,115
Receivables	39,414	-	39,414
Due from other governments	70,160	55,994	126,154
Due from other funds	30,158	64,888	95,046
Other assets	-	147	147
Restricted assets:			
Investments	-	499,643	499,643
Capital assets:			
Non-depreciable	601,724	1,875,763	2,477,487
Depreciable, net	<u>2,371,241</u>	<u>3,917,204</u>	<u>6,288,445</u>
TOTAL ASSETS	<u>5,018,900</u>	<u>6,893,857</u>	<u>11,912,757</u>
DEFERRED OUTFLOWS OF RESOURCES			
	<u>160,118</u>	<u>5,265</u>	<u>165,383</u>
LIABILITIES			
Accounts payable and accrued expenses	20,835	6,739	27,574
Due to other funds	95,046	-	95,046
Non-current liabilities:			
Due within one year	-	148,000	148,000
Due in more than one year	-	1,797,773	1,797,773
Net pension liability	<u>556,652</u>	<u>24,710</u>	<u>581,362</u>
TOTAL LIABILITIES	<u>672,533</u>	<u>1,977,222</u>	<u>2,649,755</u>
DEFERRED INFLOWS OF RESOURCES			
	<u>324,816</u>	<u>18,090</u>	<u>342,906</u>
NET POSITION			
Net investments in capital assets	2,972,965	3,775,521	6,748,486
Restricted for:			
Debt service	-	499,643	499,643
Unrestricted	<u>1,208,704</u>	<u>628,646</u>	<u>1,837,350</u>
TOTAL NET POSITION	<u>\$ 4,181,669</u>	<u>\$ 4,903,810</u>	<u>\$ 9,085,479</u>

See accompanying notes.

Town of Lockport
Statement of Activities
Year Ended June 30, 2022

Function/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Position		
		Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Governmental Activities	Business-Type Activities	Total
Primary Government:							
Government activities:							
General government	\$ 410,338	\$ 143,567	\$ 83,570	\$ -	\$ (183,201)	\$ -	\$ (183,201)
Street and highways	156,454	-	26,199	24,991	(105,264)	-	(105,264)
Drainage	86,382	-	-	10,407	(75,975)	-	(75,975)
Public safety	497,111	37,856	500	-	(458,755)	-	(458,755)
Culture and recreation	27,463	-	671	-	(26,792)	-	(26,792)
Total government activities	1,177,748	181,423	110,940	35,398	(849,987)	-	(849,987)
Business-type activities:							
Sewer	461,105	269,810	-	-	-	(191,295)	(191,295)
Total primary government	\$ 1,638,853	\$ 451,233	\$ 110,940	\$ 35,398	\$ (849,987)	\$ (191,295)	\$ (1,041,282)
General Revenues:							
Property taxes					62,629	-	62,629
Sales taxes					607,318	327,017	934,335
Intergovernmental					444,563	-	444,563
Franchise taxes					61,777	-	61,777
Unrestricted investment earnings					2,597	1,815	4,412
Debt forgiveness					-	76,304	76,304
Pension related					96,705	3,753	100,458
Revenue from nonemployer contributing entities					19,999	1,334	21,333
					1,295,588	410,223	1,705,811
Changes in net position					445,601	218,928	664,529
Net positions at beginning of year					3,736,068	4,684,882	8,420,950
Net position at end of year					\$ 4,181,669	\$ 4,903,810	\$ 9,085,479

See accompanying notes.

Town of Lockport
Balance Sheet – Governmental Funds
June 30, 2022

	General Fund	Sales Tax Fund	Building Maintenance Fund	Parish Transportation Fund	Total
ASSETS					
Cash and cash equivalents	\$ 171,897	\$ 443,021	\$ 172,451	\$ 7,887	\$ 795,256
Investments	479,880	607,270	23,797	-	1,110,947
Receivables:					
Account receivables	37,369	-	2,045	-	39,414
Intergovernmental	16,191	53,969	-	-	70,160
Due from other funds	190	-	29,968	-	30,158
TOTAL ASSETS	\$ 705,527	\$ 1,104,260	\$ 228,261	\$ 7,887	\$ 2,045,935
LIABILITIES					
Accounts payable and accrued expenses	\$ 19,937	\$ -	\$ 898	\$ -	\$ 20,835
Due to other funds	93,840	-	-	1,206	95,046
TOTAL LIABILITIES	113,777	-	898	1,206	115,881
FUND BALANCES					
Committed for:					
Technology upgrades	11,198	-	-	-	11,198
Law enforcement vehicles	25,684	-	-	-	25,684
Witness fees	34,842	-	-	-	34,842
Other	240	-	-	-	240
Assigned to:					
Sales taxes	-	1,104,260	-	-	1,104,260
Building maintenance	-	-	227,363	-	227,363
Parish transportation	-	-	-	6,681	6,681
Unassigned	519,786	-	-	-	519,786
TOTAL FUND BALANCES	591,750	1,104,260	227,363	6,681	1,930,054
TOTAL LIABILITIES AND FUND BALANCES	\$ 705,527	\$ 1,104,260	\$ 228,261	\$ 7,887	\$ 2,045,935

See accompanying notes.

Town of Lockport
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2022

	General Fund	Sales Tax Fund	Building Maintenance Fund	Parish Transportation Fund	Total
REVENUES					
Taxes	\$ 348,127	\$ 467,167	\$ -	\$ -	\$ 815,294
License and permits	42,266	-	-	-	42,266
Intergovernmental	481,839	-	-	24,991	506,830
Fines and forfeitures	37,856	-	-	-	37,856
Other	3,320	1,402	99,677	-	104,399
TOTAL REVENUES	<u>913,408</u>	<u>468,569</u>	<u>99,677</u>	<u>24,991</u>	<u>1,506,645</u>
EXPENDITURES					
Current:					
General government	274,606	5,951	77,157	-	357,714
Public safety	480,553	-	-	-	480,553
Street and highways	68,783	-	-	26,530	95,313
Drainage	52,985	-	-	-	52,985
Culture and recreation	18,696	-	-	-	18,696
TOTAL EXPENDITURES	<u>895,623</u>	<u>5,951</u>	<u>77,157</u>	<u>26,530</u>	<u>1,005,261</u>
Revenue over (under) expenditures	<u>17,785</u>	<u>462,618</u>	<u>22,520</u>	<u>(1,539)</u>	<u>501,384</u>
OTHER FINANCING SOURCES (USES)					
Transfer in	290,000	-	94,000	-	384,000
Transfer out	-	(384,000)	-	-	(384,000)
TOTAL OTHER FINANCING SOURCES (USES)	<u>290,000</u>	<u>(384,000)</u>	<u>94,000</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	<u>307,785</u>	<u>78,618</u>	<u>116,520</u>	<u>(1,539)</u>	<u>501,384</u>
FUND BALANCES					
Beginning of year	283,965	1,025,642	110,843	8,220	1,428,670
End of year	<u>\$ 591,750</u>	<u>\$ 1,104,260</u>	<u>\$ 227,363</u>	<u>\$ 6,681</u>	<u>\$ 1,930,054</u>

See accompanying notes.

Town of Lockport
 Reconciliation of the Governmental Funds Balance Sheet
 to the Statement of Net Position
 June 30, 2022

**NET POSITION OF TOTAL GOVERNMENTAL FUNDS
 ON FUND FINANCIAL STATEMENTS:** \$ 1,930,054

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

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

Non-depreciable capital assets	601,724	
Depreciable capital assets	5,744,459	
Accumulated depreciation	<u>(3,373,218)</u>	
		2,972,965

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

Net pension liability	(556,652)
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Deferred pension amounts are not reported in the funds
 but are reported in the GWFS:

Deferred outflows	160,118	
Deferred inflows	<u>(324,816)</u>	
		<u>(164,698)</u>

NET POSITION OF GOVERNMENTAL ACTIVITIES **\$ 4,181,669**

See accompanying notes.

Town of Lockport
Statement of Net Position – Proprietary Fund
June 30, 2022

	<u>Enterprise Fund</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 480,050
Investments	168
Due from other governments	55,994
Due from other funds	64,888
Other assets	147
Total current assets	601,247
Noncurrent assets:	
Restricted assets-	
Investments	499,643
Capital assets:	
Non-depreciable	1,875,763
Depreciable, net	3,917,204
Net capital assets	5,792,967
Total noncurrent assets	6,292,610
TOTAL ASSETS	6,893,857
DEFERRED OUTFLOWS OF RESOURCES	5,265
LIABILITIES	
Current liabilities:	
Payable from current asset-	
Accrued liabilities	6,739
Payable from restricted assets:	
Bonds payable within one year	148,000
Total current liabilities	154,739
Non-current liabilities:	
Sales tax bonds payable	1,797,773
Net pension liability	24,710
TOTAL LIABILITIES	1,977,222
DEFERRED INFLOWS OF RESOURCES	18,090
NET POSITION	
Net investments in capital assets	3,775,521
Restricted for debt service	499,643
Unrestricted	628,646
TOTAL NET POSITION	\$ 4,903,810

See accompanying notes.

Town of Lockport
Statement of Revenues, Expenses and Change in Net Position – Proprietary Fund
Year Ended June 30, 2022

	Enterprise Fund
OPERATING REVENUES	
Sewer fees charged	\$ 269,810
OPERATING EXPENSES	
Salaries	107,202
Payroll benefits	12,382
Retirement	10,374
Insurance	5,841
Utilities, phone and postage	45,474
Vehicle costs	15,208
Rent	1,800
Maintenance supplies	5,404
Repairs and maintenance	43,161
Travel and conferences	350
Collection fees	20,704
Other	22,244
Depreciation	153,367
TOTAL OPERATING EXPENSES	443,511
OPERATING LOSS	(173,701)
NON-OPERATING REVENUE (EXPENSES)	
Sales tax revenue	327,017
Investment income	1,815
Revenue from nonemployer contributions	1,334
Pension related	3,753
Debt forgiveness	76,304
Interest and fiscal charges	(17,594)
TOTAL NON-OPERATING REVENUE (EXPENSES)	392,629
CHANGE IN NET POSITION	218,928
NET POSITION	
Beginning of year	4,684,882
End of year	\$ 4,903,810

Town of Lockport
Statement of Cash Flows – Proprietary Fund
Year Ended June 30, 2022

	<u>Enterprise Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net position	\$ 218,928
Adjustments to reconcile change in net position to net cash flows provided by operating activities:	
Depreciation	153,367
Decrease in operating assets:	
Due from other governments	20,397
Deferred outflows of resources	11,118
Increase/ (decrease) in operating liabilities:	
Accrued liabilities	(424)
Due to other funds	(12,945)
Net pension liability	(34,295)
Deferred inflows of resources	18,090
	<u>374,236</u>
NET CASH FLOWS PROVIDED BY OPERATING ACTIVITIES	
CASH FLOWS USED IN INVESTING ACTIVITIES	
Purchases of capital assets	<u>(346,899)</u>
CASH FLOWS FROM FINANCING ACTIVITIES	
Proceeds from bonds payable	305,214
Principal payments of bonds payable	<u>(211,303)</u>
NET CASH FLOWS PROVIDED BY FINANCING ACTIVITIES	<u>93,911</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	121,248
BEGINNING CASH AND CASH EQUIVALENTS	<u>868,613</u>
ENDING CASH AND CASH EQUIVALENTS	<u><u>\$ 989,861</u></u>
SUPPLEMENTAL DISCLOSURES:	
Interest paid during the year	<u><u>\$ 12,963</u></u>

Town of Lockport
Notes to the Financial Statements
Year Ended June 30, 2022

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

Note 1 – Summary of Significant Accounting Policies

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

A. Reporting Entity

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

B. Basis of Presentation and Accounting – Measurement Focus

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

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

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

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

Town of Lockport
Notes to the Financial Statements
Year Ended June 30, 2022

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

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

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

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

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

Governmental funds:

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

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

Town of Lockport
Notes to the Financial Statements
Year Ended June 30, 2022

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

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

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

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

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

Town of Lockport
Notes to the Financial Statements
Year Ended June 30, 2022

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

Proprietary Funds

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

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

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

C. Accounting Estimates

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

D. Cash and Cash Equivalents and Investments

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

Town of Lockport
Notes to the Financial Statements
Year Ended June 30, 2022

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

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

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

E. Receivables

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

F. Interfund Receivables

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

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

G. Capital Assets

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

Town of Lockport
Notes to the Financial Statements
Year Ended June 30, 2022

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

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

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

H. Long-Term Debt

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

I. Compensated Absences

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

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

J. Restricted Net Position

Restricted assets in the enterprise fund - Sewer Fund consists of \$499,643 in specific assets required to be segregated as to use pursuant to restrictions arising from the Sewer Revenue Bond Issue.

Town of Lockport
Notes to the Financial Statements
Year Ended June 30, 2022

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

K. Fund Equity

Government-wide Financial Statements

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

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

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

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

Fund Financial Statements

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

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

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

Town of Lockport
Notes to the Financial Statements
Year Ended June 30, 2022

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

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

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

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

L. Pensions

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

M. Deferred Outflows/Inflows of Resources

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

N. Budgets

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

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

Town of Lockport
Notes to the Financial Statements
Year Ended June 30, 2022

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

O. New GASB Statements

Statement No. 87, “Leases” increases the usefulness of governments’ financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments’ leasing activities. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021. Management has determined that Statement has no effect on the financial statements.

Note 2 – Deposits and Investments

Bank Deposits:

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

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

As of June 30, 2022, the Town had deposits as follows:

	<u>Bank Balances</u>	<u>Reported Balance</u>
Cash and cash equivalents	\$ 1,524,049	\$ 1,275,306

Custodial credit risk is the risk that in the event of a bank failure, the Town’s deposits may not be returned to it. The Town has a policy for custodial credit risk. As of June 30, 2022, \$1,024,049 of the Town’s bank balances were exposed to credit risk. These were uninsured and collateralized with securities held by the pledging financial institution’s trust department or agent, but not in the Town’s name.

Town of Lockport
Notes to the Financial Statements
Year Ended June 30, 2022

Note 2 – Deposits and Investments (Cont.)

As of June 30, 2022, bank deposits were adequately collateralized in accordance with state law by securities held by unaffiliated banks for the account of the Town. The Governmental Accounting Standards Board (GASB), which promulgates the standards for accounting and financial reporting for state and local governments, considers the securities subject to custodial credit risk. Even though the pledged securities are considered subject to custodial credit risk under the provisions of GASB Statement 40, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within ten days of being notified by the depositor that the fiscal agent has failed to pay deposited funds upon demand.

Investments:

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

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

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

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

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

Town of Lockport
Notes to the Financial Statements
Year Ended June 30, 2022

Note 2 – Deposits and Investments (Cont.)

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

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

- Credit risk: LAMP is rated AAA by Standard & Poor's.
- Custodial credit risk: LAMP participants' investments in the pool are evidenced by shares of the pool. Investments in pools should be disclosed, but are not categorized because they are not evidenced by securities that exist in physical or book-entry form. The public entity's investment is with the pool, not the securities that make up the pool; therefore, no disclosure is required.
- Concentration of credit risk: Pooled investments are excluded from the 5 percent disclosure requirement.
- Interest rate risk: LAMP is designed to be highly liquid to give its participants immediate access to their account balances. LAMP prepares its own interest rate risk disclosure using the weighted average maturity (WAM) method. The WAM of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days or 762 days for US Government floating/variable rate investments. The WAM for LAMP's total investments is 56 days as of June 30, 2022.
- Foreign currency risk: Not applicable.

The investments in LAMP are stated at fair value. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the net asset value of the pool shares. Investments in LAMP as of June 30, 2022 amounted to \$1,610,758 and are classified on the Statement of Net Position as "Investments".

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

Town of Lockport
Notes to the Financial Statements
Year Ended June 30, 2022

Note 2 – Deposits and Investments (Cont.)

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

Reported amount of deposits	\$	1,275,306
Reported amount of investments		1,610,758
Total	\$	2,886,064
Cash		1,275,306
Investments		1,610,758
Total	\$	2,886,064

Note 3 – Due from Other Governmental Units

The amounts due from other governmental units at June 30, 2022 is as follows:

	Lafourche Parish School Board	Lafourche Parish Water District 1	Totals
Governmental activities			
General fund	\$ 16,191	\$ -	\$ 16,191
Sales tax fund	53,969	-	53,969
Total governmental activities	70,160	-	70,160
Business-type activities			
Sewer fund	37,778	18,216	55,994
Government wide	\$ 107,938	\$ 18,216	\$ 126,154

Town of Lockport
Notes to the Financial Statements
Year Ended June 30, 2022

Note 4 – Capital Assets

Capital assets are valued at historical cost. Depreciation of all capital assets is calculated over the estimated useful lives using the straight-line method (five to fifty years). Capital asset activity for the year ended June 30, 2022 was as follows:

<u>Governmental Activities</u>	<u>Balance at July 1, 2021</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2022</u>
Capital assets not being depreciated				
Land	\$ 496,531	\$ -	\$ -	\$ 496,531
Construction in progress	105,193	-	-	105,193
Total non-depreciable capital assets	601,724	-	-	601,724
Capital assets being depreciated				
Buildings	1,405,356	-	-	1,405,356
Infrastructure	3,341,541	-	-	3,341,541
Equipment	759,494	-	-	759,494
Parks	238,068	-	-	238,068
Total depreciable capital assets	5,744,459	-	-	5,744,459
Less: Accumulated depreciation				
Buildings	985,785	38,975	-	1,024,760
Infrastructure	1,420,394	94,539	-	1,514,933
Equipment	659,033	30,206	-	689,239
Parks	135,519	8,767	-	144,286
Total accumulated depreciation	3,200,731	172,487	-	3,373,218
Capital assets being depreciated, net	2,543,728	(172,487)	-	2,371,241
Total governmental activities capital assets, net	\$ 3,145,452	\$ (172,487)	\$ -	\$ 2,972,965
<u>Business-Type Activities</u>				
Capital assets not being depreciated				
Construction in progress	\$ 1,528,864	\$ 346,899	\$ -	\$ 1,875,763
Capital assets being depreciated				
Sewer system	6,314,495	-	-	6,314,495
Machinery and equipment	45,663	-	-	45,663
Total depreciable capital assets	6,360,158	-	-	6,360,158
Less: Accumulated depreciation				
Sewer system	2,226,184	146,500	-	2,372,684
Machinery and equipment	63,403	6,867	-	70,270
Total accumulated depreciation	2,289,587	153,367	-	2,442,954
Capital assets being depreciated, net	4,070,571	(153,367)	-	3,917,204
Total business-type activities capital assets, net	\$ 5,599,435	\$ 193,532	\$ -	\$ 5,792,967

Town of Lockport
Notes to the Financial Statements
Year Ended June 30, 2022

Note 4 – Capital Assets (Cont.)

Depreciation expense as of June 30, 2022 was allocated to functions of the Town as follows:

General government	\$	52,624
Streets and highways		61,141
Drainage		33,397
Public Safety		16,558
Culture and recreation		8,767
 Total depreciation expense	 \$	 <u>172,487</u>

Business-Type Activities:

Sewer	\$	153,367
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Construction in progress in the amounts of \$105,193 and \$1,875,763 in governmental and business-type activities, respectively, relate to drainage improvements.

Note 5 – Interfund Receivables/Payables

Interfund receivables and payables for the individual funds for the year ended June 30, 2022 is as follows:

	Receivable	Payable
General fund	\$ 190	\$ 93,840
Special revenue funds		
Building maintenance fund	29,968	-
Parish transportation fund	-	1,206
Proprietary funds		
Sewer fund	64,888	-
 Total interfund receivables/payables	 \$ 95,046	 \$ 95,046

Town of Lockport
Notes to the Financial Statements
Year Ended June 30, 2022

Note 6 – Interfund Transfers

A reconciliation of operating transfers for the individual funds as of June 30, 2022 is as follows:

	Transfer In	Transfer Out
General fund	\$ 290,000	\$ -
Special revenue funds		
Sales tax fund	-	384,000
Building maintenance fund	94,000	-
 Total interfund transfers	 \$ 384,000	 \$ 384,000

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

Note 7 – Property Taxes

Property taxes are levied each November 1 on the assessed value listed as of the prior January 1 for all real property, merchandise and movable property located in the Town. Assessed values are established by the Lafourche Parish Assessor's Office and the State Tax Commission at percentages of actual value as specified by Louisiana law. A reevaluation of all property is required to be completed no less than every four years. The last reevaluation was completed for the list of January 1, 2020. Taxes are due and payable December 31, with interest being charged on payments after January 1. Taxes can be paid through the tax sale date, which is the last Wednesday in June. Properties for which the taxes have not been paid are sold for the amount of the taxes. The assessed value, upon which the levy was based, was \$8,127,970.

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

For the year ended June 30, 2022, the tax rate was \$8.26 per \$1,000 of assessed valuation on property within the Town for general government services. Total taxes levied, as adjusted, were \$67,137 and collected were \$62,629.

Town of Lockport
Notes to the Financial Statements
Year Ended June 30, 2022

Note 8 – Long-Term Debt

Taxable Sales Tax Bonds Series 2013

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

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

At the beginning of the year the Town had outstanding principal of \$1,851,862; loan proceeds of \$305,215 were received of which \$76,304 was forgiven, principal in the amount of \$135,000 was paid with the remaining \$1,945,773 outstanding at June 30, 2022.

Bond Requirements and Covenants

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

a) Sewer Revenue Bond Sinking Fund

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

b) Sewer Revenue Bond Debt Service Reserve Fund

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

Town of Lockport
Notes to the Financial Statements
Year Ended June 30, 2022

Note 8 – Long-Term Debt (Cont.)

Principal (annually) and interest (semi-annually) payments will be paid until 2034. The accounting requirements of the bond resolutions, as stated in a) through b) above, have been complied with for the year ended June 30, 2022.

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

<u>Maturity Date</u>	<u>Principal</u>	<u>Interest/Fees</u>	<u>Total</u>
2023	\$ 148,000	\$ 18,098	\$ 166,098
2024	149,000	17,078	166,078
2025	150,000	15,664	165,664
2026	152,000	14,238	166,238
2027	153,000	12,794	165,794
2028-2032	789,000	41,854	830,854
2033-2034	404,773	5,065	409,838
Totals	<u>\$ 1,945,773</u>	<u>\$ 124,791</u>	<u>\$ 2,070,564</u>

Note 9 – Pension Plans

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

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

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

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

Town of Lockport
Notes to the Financial Statements
Year Ended June 30, 2022

Note 9 – Pension Plans (Cont.)

General information about the Plans follows:

Municipal Employees' Retirement System

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

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

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

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

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

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

Town of Lockport
Notes to the Financial Statements
Year Ended June 30, 2022

Note 9 – Pension Plans (Cont.)

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

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

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

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

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

Contributions - According to state statute, contribution requirements for all employers are actuarially determined each year. For the year ended June 30, (the plan measurement date), the actual employer contribution rate was 29.50% and the employee contribution rate was 10.00%. Contributions to the pension plan totaled \$42,284.

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

Municipal Police Employees' Retirement System

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

Town of Lockport
Notes to the Financial Statements
Year Ended June 30, 2022

Note 9 – Pension Plans (Cont.)

Louisiana. The System issues a publicly available financial report that can be obtained at www.lampers.org.

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

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

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

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

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

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

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

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

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

Town of Lockport
Notes to the Financial Statements
Year Ended June 30, 2022

Note 9 – Pension Plans (Cont.)

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

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

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

Contributions - Contributions by employers are actuarially determined by law, but cannot be less than 9% of compensation excluding overtime, but including state supplemental pay. For the year ended June 30, (plan measurement date), employee and employer contributions were 10.00% and 33.75%, respectively, for employees hired prior to January 1, 2013 and for hazardous duty employees hired after January 1, 2013. For nonhazardous duty employees hired after January 1, 2013, employer contributions were 33.75% and employee rates were 8%. For members whose earnable compensation is less than poverty guidelines, employer contributions were 36.25% and employee rates were 7.50%.

The plan also receives insurance premium tax monies appropriated by the state legislature as additional employer contributions and is considered support from a non-employer contributing entity, but not considered a special funding situation. Non-employer contributions are recognized as revenue during the year ended June 30, 2021 (the plan measurement date) and excluded from pension expense.

Town of Lockport
Notes to the Financial Statements
Year Ended June 30, 2022

Note 9 – Pension Plans (Cont.)

Employer contributions to the pension plan totaled \$73,405.

As of June 30, 2022, the Town reported the proportionate shares of the net pension liability of the Plans, as follows:

Plans	Proportionate Share of Net Pension Liability
Municipal Employees Retirement System - Plan A	\$ 201,342
Municipal Police Employees Retirement System	380,020
	\$ 581,362

The net pension liability for both plans was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liability was based on a projection of the long-term contributions to the plans relative to the projected contributions of all participating employers, actuarially determined.

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

Plans	Proportionate Share	
Measurement date:	06/30/20	06/30/21
Municipal Employees Retirement System - Plan A	0.078698%	0.072386%
Municipal Police Employees Retirement System	0.077889%	0.071291%

At the June 30, 2021 measurement date the Town recognized pension expense as follows:

Plans	Pension Expense (Benefit)
Municipal Employees Retirement System - Plan A	\$ 28,292
Municipal Police Employees Retirement System	(16,068)
	\$ 12,224

Town of Lockport
Notes to the Financial Statements
Year Ended June 30, 2022

Note 9 – Pension Plans (Cont.)

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

	Governmental Activities		Business-Type Activities		Total MERS-A	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
<u>Municipal Employee Retirement System (MERS-A)</u>						
Differences between expected and actual experience	\$ 66	\$ 1,742	\$ 7	\$ 559	\$ 73	\$ 2,301
Changes in assumptions	6,654	-	704	-	7,358	-
Differences between projected and actual earnings on investments	-	43,085	-	13,643	-	56,728
Changes in proportion	5,498	12,278	52	3,888	5,550	16,166
Employer contributions subsequent to measurement data	37,522	-	4,502	-	42,024	-
	<u>\$ 49,740</u>	<u>\$ 57,105</u>	<u>\$ 5,265</u>	<u>\$ 18,090</u>	<u>\$ 55,005</u>	<u>\$ 75,195</u>

	Governmental Activities		Business-Type Activities		Total MPERS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
<u>Municipal Employee Retirement System (MPERS)</u>						
Differences between expected and actual experience	\$ -	\$ 11,703	\$ -	\$ -	\$ -	\$ 11,703
Changes in assumptions	42,085	10,840	-	-	42,085	10,840
Differences between projected and actual earnings on investments	-	177,439	-	-	-	177,439
Changes in proportion	-	67,729	-	-	-	67,729
Employer contributions subsequent to measurement data	68,293	-	-	-	68,293	-
	<u>\$ 110,378</u>	<u>\$267,711</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 110,378</u>	<u>\$267,711</u>

	Governmental Activities		Business-Type Activities		Total MERS-A + MPERS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
<u>Municipal Employee Retirement System (MERS-A + MPERS)</u>						
Differences between expected and actual experience	\$ 66	\$ 13,445	\$ 7	\$ 559	\$ 73	\$ 14,004
Changes in assumptions	48,739	10,840	704	-	49,443	10,840
Differences between projected and actual earnings on investments	-	220,524	-	13,643	-	234,167
Changes in proportion	5,498	80,007	52	3,888	5,550	83,895
Employer contributions subsequent to measurement data	105,815	-	4,502	-	110,317	-
	<u>\$ 160,118</u>	<u>\$324,816</u>	<u>\$ 5,265</u>	<u>\$ 18,090</u>	<u>\$ 165,383</u>	<u>\$342,906</u>

The deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date (June 30, 2021) will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	MERS	MPERS	TOTAL
2022	\$ (9,960)	\$ (58,828)	\$ (68,788)
2023	(18,428)	(57,772)	(76,200)
2024	(14,625)	(47,898)	(62,523)
2025	(19,201)	(61,128)	(80,329)

Town of Lockport
Notes to the Financial Statements
Year Ended June 30, 2022

Note 9 – Pension Plans (Cont.)

Actuarial assumptions:

The total pension liabilities in the June 30, 2021 actuarial valuations were determined using the following actuarial assumptions, applied to all periods included in the measurements:

	<u>MERS</u>	<u>MPERS</u>
Inflation	2.500%	2.500%
Discount rate used to measure pension liability	6.850%	6.750%
Salary increases	Vary from 6.40% for 1-4 years of service and 4.50% thereafter	Vary from 12.30% for 1st 2 years of service to 4.70% thereafter
Investment rate of return	6.8500%	6.750%
Actuarial cost method	Entry age normal	Entry age normal
Expected remaining service lines	3 years	4 years
Cost of Living Adjustment	none	none

Mortality rates for MERS were based on the PubG-2010(B) Employee Table for active members, Healthy Retiree Table for healthy annuitants, and Disabled Retiree Tables for disabled annuitants. Mortality rate assumptions for the MPERS were based on experience studies performed on plan data for the period July 1, 2014 through June 30, 2019.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return was 6.95% (MERS) and 7.30% (MPERS) for the year ending June 30, 2021.

The best estimates of real rates of return for each major asset class included in the pension plans' target asset allocation, as of June 30, 2021, are summarized in the following tables:

Town of Lockport
Notes to the Financial Statements
Year Ended June 30, 2022

Note 9 – Pension Plans (Cont.)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
MERS:		
Public equity	53.0%	2.31%
Public fixed income	38.0%	1.65%
Alternatives	9.0%	0.39%
Totals	100.0%	4.35%
Inflation		2.60%
Expected Arithmetic Nominal Return		<u>6.95%</u>
MPERS:		
Public equity	55.5%	3.47%
Public fixed income	30.5%	0.59%
Alternatives	14.0%	1.02%
Totals	100.0%	5.08%
Inflation		2.22%
Expected Arithmetic Nominal Return		<u>7.30%</u>

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

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

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

Town of Lockport
Notes to the Financial Statements
Year Ended June 30, 2022

Note 9 – Pension Plans (Cont.)

Plan	5.850%	6.850%	7.850%
MERS-A	\$ 298,198	\$ 201,342	\$ 119,534
Plan	5.750%	6.750%	7.750%
MPERS	662,315	380,020	144,399
TOTAL	<u>\$ 960,513</u>	<u>\$ 581,362</u>	<u>\$ 263,933</u>

Pension plan fiduciary net position:

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

Support of Non-employer Contributing Entities:

Contributions received by a pension plan from non-employer contributing entities that are not in a special funding situation are recorded as revenue by the respective pension plan. The Town recognizes revenue in an amount equal to their proportionate share of the total contributions to the pension plan from these non-employer contributing entities. During the year ended June 30, 2022, the Town recognized revenue as a result of support received from non-employer contributing entities of \$5,401 for its participation in MERS and \$15,932 for its participation in MPERS. These amounts were allocated to the government-wide and business type activities in proportion to their current contributions.

Payables to the pension plans:

At June 30, 2022, no amounts were due to the pension plans for employer and employee required contributions.

Note 10 – Risk Management

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

Note 11 – Commitments and Contingencies

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

Town of Lockport
Notes to the Financial Statements
Year Ended June 30, 2022

Note 12 – Other Required Disclosures

Lafourche Parish Water District #1 bills and collects sewer fees for the Town of Lockport. The Water District remits the fees to the Town, less an eight percent collection fee. The aggregate dollar amount collected for sewer services during the year was \$269,810 for services to an average of 1,045 customers per month (unaudited) for 12 months resulting in an average monthly billing of \$21.52 per user. The number of users at the end of the fiscal year was 1,049 (unaudited).

Note 13 – American Rescue Plan Grant

The Coronavirus State and Local Fiscal Recovery Funds program, a part of the American Rescue Plan enacted by the United States Congress, delivers \$350 billion to state, local, and Tribal governments across the country to support their response to and recovery from the COVID-19 public health emergency. In August 2021, the Town received \$444,563 of such grant funds passed through the State of Louisiana. These revenues are included in the accompanying Statement of Activities and Statement of Revenues, Expenditures, and Changes in Fund Balances-Governmental Funds as "Intergovernmental Revenues."

Note 14 – Hurricane Ida

On August 29, 2021, Hurricane Ida made landfall near Port Fourchon, Louisiana as a Category 4 storm, with winds travelling in excess of 150 miles per hour. The natural disaster caused significant wind-related and water-related damage to homes and businesses throughout Lafourche Parish, to which property owned and operated by the Town of Lockport was no exception. No running water or electricity were available to the Town shortly after the event, and the Town's offices were temporarily inoperable as a result. The Town filed claims with its insurance carrier and received \$354,192 to repair the damaged properties. During the ended June 30, 2022 the Town expended \$296,174 on such repairs. The insurance proceeds received in excess of the repairs expended, \$58,018, is included in the accompanying Statement of Activities as "General Government Revenues" and in the Statement of Revenues, Expenditures, and Changes in Fund Balances-Governmental Funds as "Other Revenues-Building Maintenance Fund." Management estimates that, as of June 30, 2022, there are \$155,000 of additional repairs to be made to the damaged properties.

Note 15 – Mayor Resignation/Special Election

On Tuesday, November 16, 2021, the Mayor of the Town of Lockport resigned from office due to certain sexual harassment allegations brought against him by an employee of the Town. No misappropriation of Town funds occurred, nor were any malfeasance charges filed. An interim mayor was officially selected by the Town Council to act in his stead until a special election to elect a new mayor is held.

Town of Lockport
Notes to the Financial Statements
Year Ended June 30, 2022

Note 16 – Contingencies

The Town of Lockport is a defendant in two employment-related cases. The plaintiffs are seeking damages. The outcome of the litigations cannot presently be determined. As of June 30, 2022, the Town has not recorded a provision for these matters as management intends to vigorously defend these allegations and believes the payment of damages is not probable. The Town believes, however, that any liability it may incur would not have a material adverse effect on its financial condition or its changes in financial position.

Note 17 – Subsequent Events

The Town of Lockport has evaluated subsequent events through November 23, 2022, the date which the financial statements were available to be issued, and it was determined that the events noted below occurred which require disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

On July 21, 2022, \$46,660 of additional insurance proceeds related to Hurricane Ida (see Note 14) were received.

On October 31, 2022, the Town received an additional \$445,287 grant payment related to the American Rescue Plan as discussed in Note 13.

On November 8, 2022 a new mayor, Mr. Barry Plaisance, was elected. He took office on November 18, 2022.

REQUIRED SUPPLEMENTARY INFORMATION

Town of Lockport
Budgetary Comparison Schedule – General Fund
Year Ended June 30, 2022

REVENUES	Budget Amounts		Actual Amounts	Various (Un)Favorable
	Original	Final		
Taxes:				
Ad valorem	\$ 80,000	\$ 80,000	\$ 62,629	\$ (17,371)
Sales and use	112,500	116,505	140,150	23,645
Franchise:				
Entergy	43,000	43,000	41,621	(1,379)
South coast gas	4,500	6,080	6,304	224
Vision communications	24,000	17,120	8,559	(8,561)
AT&T - local phone service	3,100	3,000	3,055	55
AT&T - video	3,200	3,200	2,239	(961)
Licenses and permits:				
Occupational licenses	33,000	33,695	33,727	32
Permits	3,500	5,905	8,539	2,634
Insurance premium tax	94,400	91,600	83,571	(8,029)
Intergovernmental:				
State of Louisiana				
Beer taxes	2,000	2,420	1,919	(501)
Video poker	8,400	18,315	22,799	4,484
State maintenance contract	1,450	1,450	-	(1,450)
Grant - LAGAP	-	1,450	1,480	30
Grant - American Rescue Plan	-	454,482	444,563	(9,919)
Local:				
Off track betting	600	600	671	71
Fines and forfeitures	36,200	36,400	37,856	1,456
Other:				
Interest earned	125	255	1,140	885
Other	2,850	2,405	12,586	10,181
Total revenues	452,825	917,882	913,408	(4,474)
EXPENDITURES				
Executive/Administration				
Current:				
Salaries	82,600	86,150	84,811	1,339
Payroll benefits	9,535	10,915	11,728	(813)
Retirement	17,900	24,100	24,892	(792)
Dues and subscriptions	7,000	6,850	7,296	(446)
Utilities, phone and postage	8,650	9,470	8,407	1,063
Rent	1,800	1,800	1,800	-
Professional fees	44,000	55,090	56,727	(1,637)
Bank charges	3,300	3,200	2,988	212
Insurance	6,200	10,593	10,919	(326)
Office and maintenance supplies	7,200	10,330	11,211	(881)
Travel and conferences	8,000	13,221	14,704	(1,483)
Sales tax collection fee	3,000	3,000	2,678	322
Repairs and maintenance	-	26,105	26,105	-
Other	2,000	6,000	10,340	(4,340)
Total executive/administration	201,185	266,824	274,606	(7,782)

See independent auditor's report.

Town of Lockport
Budgetary Comparison Schedule – General Fund
Year Ended June 30, 2022

	Budget Amounts		Actual Amounts	Various (Un)Favorable
	Original	Final		
Public Safety				
Current:				
Salaries	202,270	276,600	268,080	8,520
Fees paid to witnesses & other agencies	2,250	2,360	2,474	(114)
Payroll benefits	43,430	38,360	34,897	3,463
Retirement	72,850	77,338	76,111	1,227
Dues and subscriptions	1,000	1,530	1,279	251
Utilities, phone and postage	10,000	10,000	10,301	(301)
Vehicle costs	21,500	32,873	30,907	1,966
Insurance	33,000	36,337	36,470	(133)
Office, equipment and supplies	9,500	22,319	16,618	5,701
Conferences	1,200	100	310	(210)
Collection fee	1,000	1,210	1,245	(35)
Uniforms-ammo	2,000	2,000	1,861	139
Total public safety	<u>400,000</u>	<u>501,027</u>	<u>480,553</u>	<u>20,474</u>
Streets and highways				
Current:				
Salaries	22,997	27,960	26,404	1,556
Payroll benefits	6,215	4,170	4,170	-
Retirement	4,075	4,075	4,035	40
Utilities, phone and postage	500	400	330	70
Insurance	6,300	4,956	5,269	(313)
Street lights	30,000	30,000	26,775	3,225
Other expenses	1,200	1,850	1,800	50
Total streets and highways	<u>71,287</u>	<u>73,411</u>	<u>68,783</u>	<u>4,628</u>
Drainage				
Current:				
Salaries	20,081	20,081	19,229	852
Payroll benefits	3,250	2,015	1,458	557
Retirement	2,900	2,900	1,967	933
Utilities, phone and postage	500	420	329	91
Vehicle costs	4,500	5,495	4,361	1,134
Insurance	5,200	3,916	3,997	(81)
Maintenance and supplies	12,000	21,963	21,644	319
Other expenses	300	-	-	-
Total drainage	<u>48,731</u>	<u>56,790</u>	<u>52,985</u>	<u>3,805</u>

See independent auditor's report.

Town of Lockport
 Budgetary Comparison Schedule – General Fund
 Year Ended June 30, 2022

	Budget Amounts		Actual Amounts	Various (Un)Favorable
	Original	Final		
Culture and recreation				
Current:				
Salaries	6,375	5,000	4,890	110
Payroll benefits	350	190	175	15
Retirement	1,150	965	755	210
Utilities, phone and postage	2,300	1,275	963	312
Insurance	300	300	219	81
Maintenance and supplies	7,000	11,970	11,242	728
Other expenses	2,000	452	452	-
Total culture and recreation	19,475	20,152	18,696	1,456
Total expenditures	740,678	918,204	895,623	22,581
Revenues over (under) expenditures	(287,853)	(322)	17,783	18,107
OTHER FINANCING SOURCES				
Transfer in - sales tax fund	290,000	290,000	290,000	-
Net changes in fund balances	2,147	289,678	307,785	18,107
FUND BALANCE				
Beginning of year	29,030	283,965	283,965	-
End of year	\$ 31,177	\$ 573,643	\$ 591,750	\$ 18,107

See independent auditor's report.

Town of Lockport
 Budgetary Comparison Schedule – Sales Tax Fund
 Year Ended June 30, 2022

	Budget Amounts		Actual Amounts	Various (Un)Favorable
	Original	Final		
REVENUES				
Taxes - sales and use	\$ 375,000	\$ 388,350	\$ 467,167	\$ 78,817
Interest earned	750	365	1,402	1,037
Total revenues	<u>375,750</u>	<u>388,715</u>	<u>468,569</u>	<u>79,854</u>
EXPENDITURES				
General government				
Current:				
Rent expense	1,800	1,800	1,800	-
Collection fee	<u>3,500</u>	<u>4,015</u>	<u>4,151</u>	<u>(136)</u>
Total expenditures	<u>5,300</u>	<u>5,815</u>	<u>5,951</u>	<u>(136)</u>
Revenues over expenditures	370,450	382,900	462,618	79,718
OTHER FINANCING USES				
Operating transfers out:				
General fund	(290,000)	(290,000)	(290,000)	-
Building maintenance fund	<u>-</u>	<u>(94,000)</u>	<u>(94,000)</u>	<u>-</u>
Net changes in fund balance	80,450	(1,100)	78,618	79,718
FUND BALANCE				
Beginning of year	<u>987,558</u>	<u>1,025,642</u>	<u>1,025,642</u>	<u>-</u>
End of year	<u>\$1,068,008</u>	<u>\$1,024,542</u>	<u>\$1,104,260</u>	<u>\$ 79,718</u>

See independent auditor's report.

Town of Lockport
 Budgetary Comparison Schedule – Building Maintenance Fund (Non-major)
 Year Ended June 30, 2022

	Budget Amounts		Actual Amounts	Various (Un)Favorable
	Original	Final		
REVENUES				
Rental Income	\$ 45,999	\$ 43,749	\$ 41,604	\$ (2,145)
Other income	-	58,018	58,018	-
Interest earned	25	10	55	45
Total drainage	<u>46,024</u>	<u>101,777</u>	<u>99,677</u>	<u>(2,100)</u>
EXPENDITURES				
General government				
Current:				
Salaries	9,625	13,100	13,083	17
Payroll benefits	730	1,040	1,042	(2)
Utilities	11,000	19,070	18,670	400
Repairs and maintenance	8,500	117,159	22,374	94,785
Insurance	23,800	21,626	21,626	-
Maintenance and supplies	2,500	662	362	300
Total expenditures	<u>56,155</u>	<u>172,657</u>	<u>77,157</u>	<u>95,500</u>
OTHER FINANCING USES				
Transfer in from sales tax fund	<u>-</u>	<u>94,000</u>	<u>94,000</u>	<u>-</u>
Net change in fund balance	(10,131)	23,120	116,520	93,400
FUND BALANCE				
Beginning of year	<u>112,203</u>	<u>110,843</u>	<u>110,843</u>	<u>-</u>
End of year	<u>\$ 102,072</u>	<u>\$ 133,963</u>	<u>\$ 227,363</u>	<u>\$ 93,400</u>

See independent auditor's report.

Town of Lockport
 Budgetary Comparison Schedule – Parish Transportation Fund (Non-major)
 Year Ended June 30, 2022

	Budget Amounts		Actual Amounts	Various (Un)Favorable
	Original	Final		
REVENUES				
Intergovernmental - state	\$ 24,000	\$ 24,000	\$ 24,991	\$ 991
EXPENDITURES				
General government				
Current:				
Auto and truck	5,300	8,190	7,854	336
Maintenance and supplies	3,000	1,745	1,414	331
Equipment maintenance	4,000	10,277	10,172	105
Other	-	-	52	(52)
Shells and blacktop	8,000	8,000	7,038	962
Total expenditures	20,300	28,212	26,530	1,682
Net changes in fund balance	3,700	(4,212)	(1,539)	2,673
FUND BALANCE				
Beginning of year	12,369	8,220	8,220	-
End of year	\$ 16,069	\$ 4,008	\$ 6,681	\$ 2,673

See independent auditor's report.

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

For Fiscal Year Ended Measurement Date	June 30, 2015 <u>June 30, 2014</u>	June 30, 2016 <u>June 30, 2015</u>	June 30, 2017 <u>June 30, 2016</u>	June 30, 2018 <u>June 30, 2017</u>	June 30, 2019 <u>June 30, 2018</u>	June 30, 2020 <u>June 30, 2019</u>	June 30, 2021 <u>June 30, 2020</u>	June 30, 2022 <u>June 30, 2021</u>
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY								
Proportion of the net pension liability	0.080970%	0.096474%	0.106620%	0.095579%	0.067664%	0.074270%	0.078698%	0.072386%
Proportionate share of the net pension liability \$	207,805	\$ 344,620	\$ 437,005	\$ 399,847	\$ 280,175	\$ 310,349	\$ 340,244	\$ 201,342
Covered employee payroll	139,492	161,637	173,576	124,169	135,332	150,418	143,337	143,335
Proportionate share of the net pension liability as a percentage of covered employee payroll	148.97%	213.21%	251.77%	322.02%	207.03%	206.32%	237.37%	140.47%
Plan fiduciary net position as a percentage of the total pension liability	73.99%	66.18%	62.11%	62.49%	63.94%	64.68%	64.52%	77.82%
SCHEDULE OF CONTRIBUTIONS								
Contractually required contribution	25,507	37,616	39,489	27,142	35,747	41,741	42,173	42,284
Contributions made	<u>25,507</u>	<u>37,616</u>	<u>39,489</u>	<u>27,142</u>	<u>35,747</u>	<u>41,741</u>	<u>42,173</u>	<u>42,284</u>
Contribution deficiency (excess)	<u>\$ -</u>							
Covered employee payroll	\$ 139,492	\$ 161,650	\$ 173,576	\$ 124,169	\$ 135,332	\$ 150,418	\$ 143,337	\$ 143,335
Contribution as a percentage of covered employee payroll	18.29%	23.27%	22.75%	21.86%	26.41%	27.75%	29.42%	29.50%
*Note: Fourth year of GASB 68 implementation. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.								
Notes to Required Supplementary Information								
<i>Changes of Benefit Terms</i>	no changes							
Changes of Assumptions								
Actuarial cost method	Entry age normal							
Expected remaining service lives	3 years							
Investment rate of return	7.500%	7.500%	7.500%	7.400%	7.275%	7.000%	7.000%	6.850%
Inflation rate	3.000%	2.875%	2.875%	2.775%	2.600%	2.700%	2.600%	2.500%
Salary increase, including inflation and merit increase	5.750%	5.000%	5.000%	5.000%	5.000%	5.000%	6.400%	6.400%
1-4 years of service						6.400%	6.400%	6.400%
4+ years of service						4.500%	4.500%	4.500%
Discount rate	7.750%	7.500%	7.500%	7.400%	7.275%	7.000%	6.950%	6.850%

See independent auditor's report.

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

For Fiscal Year Ended Measurement Date	June 30, 2015 <u>June 30, 2014</u>	June 30, 2016 <u>June 30, 2015</u>	June 30, 2017 <u>June 30, 2016</u>	June 30, 2018 <u>June 30, 2017</u>	June 30, 2019 <u>June 30, 2018</u>	June 30, 2020 <u>June 30, 2019</u>	June 30, 2021 <u>June 30, 2020</u>	June 30, 2022 <u>June 30, 2021</u>
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY								
Proportion of the net pension liability	0.077471%	0.081963%	0.093038%	0.089355%	0.089355%	0.082570%	0.077889%	0.071291%
Proportionate share of the net pension liability \$	484,665	\$ 642,094	\$ 872,028	\$ 780,107	\$ 725,249	\$ 749,874	\$ 719,876	\$ 380,020
Covered employee payroll	234,807	219,244	260,620	253,168	257,859	240,580	191,897	217,496
Proportionate share of the net pension liability as a percentage of covered employee payroll	206.41%	292.87%	334.60%	308.14%	281.26%	311.69%	375.14%	174.73%
Plan fiduciary net position as a percentage of the total pension liability	75.10%	70.73%	66.04%	70.08%	71.89%	71.01%	70.94%	84.09%
SCHEDULE OF CONTRIBUTIONS								
Contractually required contribution	69,061	76,883	84,975	74,849	83,159	78,188	78,368	73,405
Contributions made	<u>69,061</u>	<u>76,883</u>	<u>84,975</u>	<u>74,849</u>	<u>83,159</u>	<u>78,188</u>	<u>78,368</u>	<u>73,405</u>
Contribution deficiency (excess)	<u>\$ -</u>							
Covered employee payroll	\$ 234,807	\$ 219,244	\$ 260,620	\$ 253,168	\$ 257,859	\$ 240,580	\$ 191,897	\$ 217,496
Contribution as a percentage of covered employee payroll	29.41%	35.07%	32.60%	30.75%	32.25%	32.50%	40.84%	33.75%
*Note: Fourth year of GASB 68 implementation, Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.								
Notes to Required Supplementary Information								
<i>Changes of Benefit Terms</i>	no changes							
<i>Changes of Assumptions</i>								
Actuarial cost method	Entry age normal							
Expected remaining service lives	4 years							
Investment rate of return	7.500%	7.500%	7.500%	7.325%	7.200%	7.890%	6.950%	6.750%
Inflation rate	3.000%	2.875%	2.875%	2.700%	2.600%	2.750%	2.500%	2.500%
Salary increase, including inflation and merit increase	10.000%	9.750%	9.750%	9.750%	9.750%	9.750%	12.300%	12.300%
1-4 years of service	4.750%	4.750%	4.750%	4.750%	4.750%	4.750%	4.700%	4.700%
4+ years of service	4.000%	4.250%	4.250%	4.250%	4.250%	4.250%	4.700%	4.700%
Discount rate	7.500%	7.500%	7.500%	7.325%	7.200%	7.125%	6.950%	6.750%

See independent auditor's report.

SUPPLEMENTAL INFORMATION

Town of Lockport
Schedule of Insurance In Force
Year Ended June 30, 2022
(Unaudited)

Name of Insurer	Policy Form	Policy To	Details of Coverage	Amount
Louisiana Citizens Property Insurance Co.	9/23/2021	9/23/2022	Property Coverage Town Hall Town Hall Contents Sewer Plant Contents The Locks Boatbuilding Museum Generators (5) Old Police Department Building Storage Building	\$ 1,000,000 150,000 25,000 145,000 300,000 235,260 60,000 120,000
CNA Surety Bond	1/1/2022	1/1/2023	Fidelity Bond- Mayor	5,000
CNA Surety Bond	1/13/2021	1/13/2022	Fidelity Bond- Town Clerk Fidelity Bond-Assistant Town Clerk	10,000 10,000
CNA Surety Bond	8/20/2021	8/20/2022	Clerk	10,000
CNA Surety Bond	1/18/2021	1/18/2024	Fidelity Bond- Mayor Pro Temp	5,000
CNA Surety Bond	3/6/2022	3/6/2023	Fidelity Bond- Secretary	10,000
Louisiana Municipal Risk Management Agency	1/1/2022	1/1/2023	Workman's Compensation	LA Statutes
Louisiana Municipal Risk Management Agency	9/21/2021	9/21/2022	Commercial General Liability Premises per occurrence Medical per person Medical per accident Fire Legal per occurrence	500,000 500,000 1,000 10,000 50,000
Louisiana Municipal Risk Management Agency	9/21/2021	9/21/2022	Automobile Liability Deductible	500,000 none
Louisiana Municipal Risk Management Agency	9/21/2021	9/21/2022	Law Enforcement Officer Deductible per occurrence	500,000 1,000
Louisiana Municipal Risk Management Agency	9/21/2021	9/21/2022	Errors and Omissions Deductible per occurrence	500,000 1,000
Lloyd's/Lane & Assoc	9/21/2021	9/21/2022	Commercial Auto Physical Damage Comp/Collision (Schedule vehicles) Deductible (per unit) Comprehensive Collision as scheduled Specified Parties	ACV or Cost 500 500 250

See independent auditor's report.

Town of Lockport
 Schedule of Compensation, Benefits, and Other Payments to Town Heads
 Year Ended June 30, 2022

Purpose	Agency Head Name:	Ed Reinhardt- Mayor
Salary		\$ 8,750
Benefits - FICA		870
Travel		650
		\$ 10,270
TOTAL		\$ 10,270

Purpose	Agency Head Name:	David Harrelson Police Chief
Salary		\$ 45,360
Supplemental pay (state)		6,000
Benefits - insurance		5,967
Benefits - retirement		15,280
Benefit- other (FICA & Medicare)		2,055
Registration fees		310
		\$ 74,972
TOTAL		\$ 74,972

Purpose	Agency Head Name:	Paul Champagne - Interim Mayor
Salary		\$ 14,000
Benefits - FICA		1,391
Travel		320
		\$ 15,711
TOTAL		\$ 15,711

See independent auditor's report.

Town of Lockport
Compensation Paid to Members of the Town Council
Year Ended June 30, 2022

<u>Board Member</u>	
Rodney Hartman	\$ 2,450
Ernest Boudreaux	2,450
Bobbie Galjour	2,350
Tyler Detillier	2,350
Gary Acosta	<u>-</u>
	<u>\$ 9,600</u>

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

See independent auditor's report.

REPORTS REQUIRED BY GOVERNMENT AUDITING STANDARDS

**Martin
and
Pellegrin**

103 Ramey Road
Houma, Louisiana 70360

*Certified Public Accountants
(A Professional Corporation)*

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

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

Honorable Paul Champagne, Interim Mayor
and the Members of the Town Council
Town of Lockport
Lockport, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Lockport, Louisiana (The Town), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise The Town's basic financial statements, and have issued our report thereon dated November 23, 2022.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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



November 23, 2022
Houma, Louisiana

Town of Lockport
Schedule of Findings and Responses
Year Ended June 30, 2022

Section I – Summary of Auditor’s Results

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

Section II – Financial Statement Findings

This section is not applicable.

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

This section is not applicable.

STATEWIDE AGREED-UPON PROCEDURES

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

Honorable Barry Plaisance, Mayor, and
the Members of the Town Council
Town of Lockport
Lockport, Louisiana

We have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2021 through June 30, 2022. The Town of Lockport's management is responsible for those C/C areas identified in the SAUPs.

The Town of Lockport has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period July 1, 2021 through June 30, 2022. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are described on pages 68-85.

We were engaged by the Town of Lockport to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the Town of Lockport and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

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

A handwritten signature in black ink, appearing to read "Manuel P. P. P.", written in a cursive style.

Houma, Louisiana
November 23, 2022

Town of Lockport
Lockport, Louisiana

Schedule of Procedures and Associated Findings of the
Statewide Agreed-Upon Procedures
Year Ended June 30, 2022

The required procedures and our findings are as follows:

Procedures performed on the Town's written policies and procedures:

Written Policies and Procedures

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

- a. Budgeting, including preparing, adopting, monitoring, and amending the budget.

Performance: Obtained and read the written policy for budgeting and found it to contain the requirements included above.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- b. Purchasing, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.

Performance: Obtained and read the written policy for purchasing and found it to contain all requirements above.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- c. Disbursements, including processing, reviewing, and approving.

Performance: Obtained and read the written policy for disbursements and found it to contain the requirements included above.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

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

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

Town of Lockport

Lockport, Louisiana

Schedule of Procedures and Associated Findings of the

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Year Ended June 30, 2022

- e. Payroll/Personnel, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee(s) rate of pay or approval and maintenance of pay rate schedules.

Performance: Obtained and read the written policy for payroll and personnel and found it to contain the requirements listed above.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

Performance: Obtained and read the written policy related to contracting and found it to contain the requirements listed above.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- g. Credit Cards, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage.

Performance: Obtained and read the written policy related to credit cards and found it to contain the requirements listed above.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

Performance: Obtained and read the travel and expense reimbursement policy and found it contained all requirements listed above.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- i. Ethics, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.

Performance: Obtained and read the written policy related to ethics and found it to contain the requirements listed above.

Town of Lockport

Lockport, Louisiana

Schedule of Procedures and Associated Findings of the
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Year Ended June 30, 2022

Exceptions: There were no exceptions noted.
Management's response: Not applicable.

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

Performance: Obtained and read written policy for debt service and found it to contain the requirements listed above.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

Performance: Obtained and read written policy for information technology disaster recovery/business continuity and found it to contain the requirements listed above.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- j. Sexual Harassment, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

Performance: Obtained and read written policy for sexual harassment and found it to contain the requirements listed above.

Exceptions: The written policy does not address annual reporting.

Management's response: The annual report is timely prepared. The written policy will be updated to include an annual reporting provision.

Board or Finance Committee

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

- a) Observe that the board met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other

Town of Lockport
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document.

Performance: Determined that the board met (with a quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document except for the below.

Exceptions: The September 2021 board meeting was not held due to the effects of Hurricane Ida.

Management's response: Not applicable.

- b) Observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund.

Performance: Determined whether the minutes referenced or included monthly budget-to-actual comparisons.

Exceptions: The minutes include reference to the presentation of financial statements, but budget-to-actual financial statements are not mentioned in the minutes.

Management's response: Management indicated that future board minutes will include reference to budget-to-actual financial statements.

- c) Obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.

Performance: Determined that the unassigned fund balance in the general fund did not have a negative balance.

Bank Reconciliations

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

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

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- a) Bank reconciliations include evidence that they were prepared within two months

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of the related statement closing date;

Performance: Determined that randomly selected bank statements were reconciled within two months of the related statement closing date.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

Performance: Inspected documentation for management approvals of each randomly selected bank reconciliation.

Exceptions: The bank reconciliations tested did not include evidence of management approval.

Management's response: Management approval of monthly bank reconciliations will be documented by initial and date.

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

Performance: Determined that there were no items outstanding for more than 12 months as of the end of the statement closing date.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

Collections

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

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

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

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

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

Performance: Determined that no cash drawers/registers are shared by employees.

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

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

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

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

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

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

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

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

Exceptions: The employee responsible for posting collection entries to the general ledger sometimes collects cash.

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

- d) The employee responsible for reconciling cash collections to the general ledger

Town of Lockport

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and/or subsidiary ledgers, by revenue source and/or agency fund additions, is not responsible for collecting cash, unless another employee/official verifies the reconciliation.

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

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

6. Observe from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe that the bond or insurance policy for theft was enforced during the fiscal period.

Performance: Determined whether employees who have access to cash are covered by a bond or insurance policy for theft.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

7. Randomly select two deposit dates for each of the bank accounts selected for procedure #3 under "Bank Reconciliations" above. Obtain supporting documentation for each of the deposits and:

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

Performance: Determined that sequentially pre-numbered receipts are not required for the type of deposits that are received.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

Performance: Inspected deposits from two random deposit dates to determine if they had collection documentation that agreed to the respective deposit slips. Noted that collections were supported by adequate documentation.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

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

Exceptions: There were no exceptions noted.

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Lockport, Louisiana**

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Management's response: Not applicable.

- d) Observe that the deposit was made within one business day of receipt at the collection location.

Performance: Determined if deposits from two random dates were deposited within one business day of receipt.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

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

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select five locations (or all locations if less than five).

Performance: Obtained a listing of locations that processed payments for the fiscal period from management and received management's representation in a separate letter. Determined that only one location processed payments.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties, and observe that job duties are properly segregated such that:

- a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.

Performance: Obtained a listing of those employees involved with non-payroll purchasing and payment functions along with written policies and procedures for those functions to determine if there was a proper segregation of duties for initiating, approving, and making purchases.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

**Town of Lockport
Lockport, Louisiana**

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- b) At least two employees are involved in processing and approving payments to vendors.

Performance: Obtained a listing of those employees involved with non-payroll purchasing and payment functions along with written policies and procedures for those functions to determine if there was a proper segregation of duties for processing and approving payments to vendors.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.

Performance: Inspected policy manual and inquired of management as to separation of duties related to vendor files.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

Performance: Inquired of management to determine if the employee responsible for processing payments mails those respective payments.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select five disbursements for each location, obtain supporting documentation for each transaction and:

Performance: Obtained the completed general ledger for the fiscal period and obtained management's representations in a separate letter. Randomly selected five disbursements using a random number generator for check numbers to test the requirements below.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- a) Observe that the disbursement matched the related original itemized invoice and that supporting documentation indicates that deliverables included on the invoice were received by the entity.

Town of Lockport

Lockport, Louisiana

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Performance: Determined that the five random disbursements matched their respective original invoices and that the invoices indicate that deliverables were received by the entity.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- b) Observe that the disbursement documentation included evidence of segregation of duties tested under #9, as applicable.

Performance: Determined whether the documentation for the five random disbursements gave evidence of the segregation of duties tested under #9 above.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

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

Performance: Obtained a listing of all active credit cards (including the card numbers and the person in possession of the card) and management's representation that the listing is complete.

Exceptions: There were no exceptions noted.

Management's Response: Not applicable.

12. Using the listing prepared by management, randomly select five cards (or all cards if less than five) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card, obtain supporting documentation, and:

- a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder.
- b) Observe that finance charges and late fees were not assessed on the selected statements.

Performance: Randomly selected five credit cards for testing; randomly selected one month for each credit card and determined that supporting documentation was properly reviewed and approved in writing by someone

Town of Lockport

Lockport, Louisiana

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other than the authorized user and that no finance charges or late fees were assessed.

Exceptions: On three credit cards tested, no written review and approval was noted. On two credit cards tested, finance charges were assessed.

Management's Response: Documentation of review and approval will be included on all credit card statements. The finance charges assessed were due to delays in the mail as a result of Hurricane Ida.

13. Using the monthly statements or combined statements selected under #12 above, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions. For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals.

Performance: For the statements selected for testing in #12, randomly selected ten transactions from each and determined that the charges were supported by an original, detailed, itemized receipt which included written documentation of business purpose and individuals participating in the meals, if applicable.

Exceptions: Three items tested did not include written documentation of business purpose.

Management's Response: Management will ensure that all credit card receipts are documented as to business purpose.

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

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

Performance: Obtained a list of all travel and related expense reimbursements. Management's representation of the listing was confirmed in a separate letter.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- a) If reimbursed using a per diem, observe that the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).

Performance: Determined that travel expenses were reimbursed using per

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diem rates at www.gsa.gov.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.

Performance: Traced expenses to original itemed receipts, expense reports, and mileage reports.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy.

Performance: Reviewed documentation of the business/public purpose for each expense, including name of individuals participating in meal, if applicable.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Performance: Inspected each expense reimbursement request to find approval by supervisors and/or board member.

Exceptions: One reimbursement request did not include approval by someone other than the person receiving reimbursement.

Management's response: Management indicated that this is an isolated incidence and that all reimbursement requests will be reviewed by someone other than the recipient.

Contracts

15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. Obtain management's representation that the listing is complete. Randomly select five contracts (or all contracts if less than five) from the listing, excluding the practitioner's contract, and:

Performance: Observed the listing of contracts in effect during the fiscal year from management and received management's representation of completeness in a separate letter.

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Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law, if required by law.

Performance: Determined that the Town complied with the Public Bid Law for the selected contracts in place.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- b) Observe that the contract was approved by the governing body/board, if required by policy or law.

Performance: Determined that the selected contracts were approved by the board.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- c) If the contract was amended, observe that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms.

Performance: Determined that selected contracts did not include amendments to the original contracts.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- d) Randomly select one payment from the fiscal period for each of the five contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

Performance: Inspected the randomly selected invoice and compared to the written contract information to determine that the invoice and related payment complied with the terms of the contract.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

Payroll and Personnel

- 16. Obtain a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly select five employees or officials, obtain related paid salaries and personnel files, and agree paid

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salaries to authorized salaries/pay rates in the personnel files.

Performance: Observed the listing of employees and received management's representation of completeness in a separate letter. Randomly selected five employees, obtained personnel files, and agreed pay rates to personnel files.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

17. Randomly select one pay period during the fiscal period. For the five employees selected under #16 above, obtain attendance records and leave documentation for the pay period, and:

- a) Observe that all selected employees or officials documented their daily attendance and leave.

Performance: Determined that all selected employees documented their daily attendance and leave for the selected pay period.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- b) Observe that supervisors approved the attendance and leave of the selected employees or officials.

Performance: Determined that the attendance and leave of each employee for the selected pay period was approved by each employee's respective supervisor.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

Performance: For the five employees selected, determined that accrued and/or paid leave in the pay period was properly reflected in the Town's cumulative leave records.

Exceptions: There were no exceptions noted.

Management's Response: Not applicable.

- d) Observe that the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.

Performance: For the five employees selected, determined that the pay rate as per the payroll check computation agreed to the pay rate in the personnel file.

Exceptions: There were no exceptions noted.

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Management's Response: Not applicable

18. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity policy on termination payments. Agree the hours to the employee or officials' cumulative leave records, agree the pay rates to the employee or officials' authorized pay rates in the employee or officials' personnel files, and agree the termination payment to entity policy.

Performance – Obtained a listing of the employees receiving termination payments and management's written representation that the list is complete. For the two such payments during the year, agreed the hours to the employees' cumulative leave records, agreed the pay rates to the employees' personnel files, and determined that the termination payments agreed to the Town's policy.

Exceptions: There were no exceptions noted.

Management's Response: Not applicable.

19. Obtain management's representation that employer and employee portions of third-party payroll-related amounts have been paid, and any associated forms have been filed, by required deadlines.

Performance – Obtained management's representation that employer and employee portions of third-party payroll-related amounts have been paid, and any related forms have been timely filed.

Exceptions: There were no exceptions noted.

Management's Response: Not applicable.

Ethics

20. Using the five randomly selected employees from procedure #16 under "Payroll and Personnel" above, obtain ethics documentation from management, and:

- a) Observe that the documentation demonstrates each employee selected had completed one hour of ethics training during the fiscal period.

Performance: Observed the ethics course completion certificates for the employees/officials tested.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- b) Observe that the entity maintains documentation which demonstrates each

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employee and official was notified of any changes to the entity's policy during the fiscal period, as applicable.

Performance: Determined that there were no changes to the ethics policy during the fiscal period to notify the employees/officials of.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

Debt Service

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

Performance: Determined that no new debt had been issued during the fiscal period and received management's representation of completeness in a separate letter.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

Performance: Obtained a listing of the outstanding debt at the end of the fiscal period and received management's representation of completeness in a separate letter. Inspected debt covenants, obtained supporting documentation for the balance and payments, and agreed the actual balance and payments to the required debt covenants for the one outstanding loan.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

Fraud Notice

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

Performance: Inquired of management of any misappropriations of public

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funds or assets and determined that none were noted.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

Performance: Inquired and observed such notice posted on the premises and website.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

Information Technology Disaster Recovery/Business Continuity

25. Perform the following procedures and verbally discuss the results with management.

- a) Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if no written documentation, inquire of personnel responsible for backing up critical data) and observe that such backup occurred within the past week. If backups are stored on a physical medium, observe evidence that backups are encrypted before being transported.
- b) Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past three months.
- c) Obtain a listing of the entity's computers currently in use, and their related locations, and management's representation that the listing is complete. Randomly select five computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting software in use are currently supported by the vendor.

Performance – We performed the procedures and discussed the results with management.

Sexual Harassment

26. Using the five randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain sexual harassment training documentation from management, and observe that the documentation demonstrates each

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employee/official completed at least one hour of sexual harassment training during the calendar year.

Performance – Observed that the documentation demonstrates each employee tested completed one hour of sexual harassment training during the calendar year.

Exceptions: There were no exceptions noted.

Management's Response: Not applicable.

27. Observe that the entity has posted its sexual harassment policy and complaint procedure on its website.

Performance – Review the Town's website to determine if its sexual harassment policy is posted.

Exceptions – There were no exceptions noted.

Management's Response – Not applicable.

28. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe that it includes the applicable requirements of R.S. 42:344:

- a) Number and percentage of public servants in the Town who have completed the training requirements;
- b) Number of sexual harassment complaints received by the Town;
- c) Number of complaints which resulted in a finding that sexual harassment occurred;
- d) Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
- e) Amount of time it took to resolve each complaint.

Performance – Obtained the Town's sexual harassment report and determined that it was dated prior to February 1. Determined that the number and percentage of public servants completing the training requirements was disclosed and that no sexual harassment complaints were received.

Exceptions – There were no exceptions noted.

Management's Response – Not applicable.