

TOWN OF ST. JOSEPH, LOUISIANA

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2018

TOWN OF ST. JOSEPH, LOUISIANA
For the Year Ended June 30, 2018
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J. WALKER & COMPANY^{APC}

ACCOUNTANTS AND ADVISORS

INDEPENDENT AUDITORS' REPORT

Honorable Elvadás Fields, Jr
Mayor and Town Council
St. Joseph, Louisiana

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Town of St. Joseph, Louisiana as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

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Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Town of St. Joseph, Louisiana, as of June 30, 2018, 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.

Other Matters

Required Supplementary Information

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

Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of St. Joseph, Louisiana's basic financial statements. The introductory section, combining schedule of revenues, expenditures, and changes in fund balance, the schedule of compensation, benefits and other payments to agency head and schedule of compensation paid to the members of the board of aldermen are presented for purposes of additional analysis and are not a required part of the basic financial statements.

This Other Supplemental Information listed in the table of contents is the responsibility of management and was derived from and relates 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 combining and individual nonmajor fund financial statements are fairly



stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them. The Jointly Owned Gas Line Operation and Maintenance Fund Statement of Net Position and the Jointly Owned Gas Line Operation and Maintenance Fund Statement of Revenues, Expenses, and Changes in Fund Net Position, included in other information have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 09, 2018, on our consideration of the Town of St. Joseph, Louisiana, 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 Town of St. Joseph, Louisiana, internal control over financial reporting and compliance.

J. Walker & Company, APC
Lake Charles, Louisiana
December 09, 2018



MANAGEMENT'S DISCUSSION AND ANALYSIS

TOWN OF ST. JOSEPH, LOUISIANA
Management's Discussion and Analysis
For the Year Ended June 30, 2018

As management of the Town of St. Joseph, we offer readers of the Town of St. Joseph's financial statements this narrative overview and analysis of the financial activities of the Town of St. Joseph for the fiscal year ended June 30, 2018. The intent of this discussion and analysis is to look at the Town's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the Town's financial performance.

FINANCIAL HIGHLIGHTS Our financial statements provide these insights into the results of this year's operations:

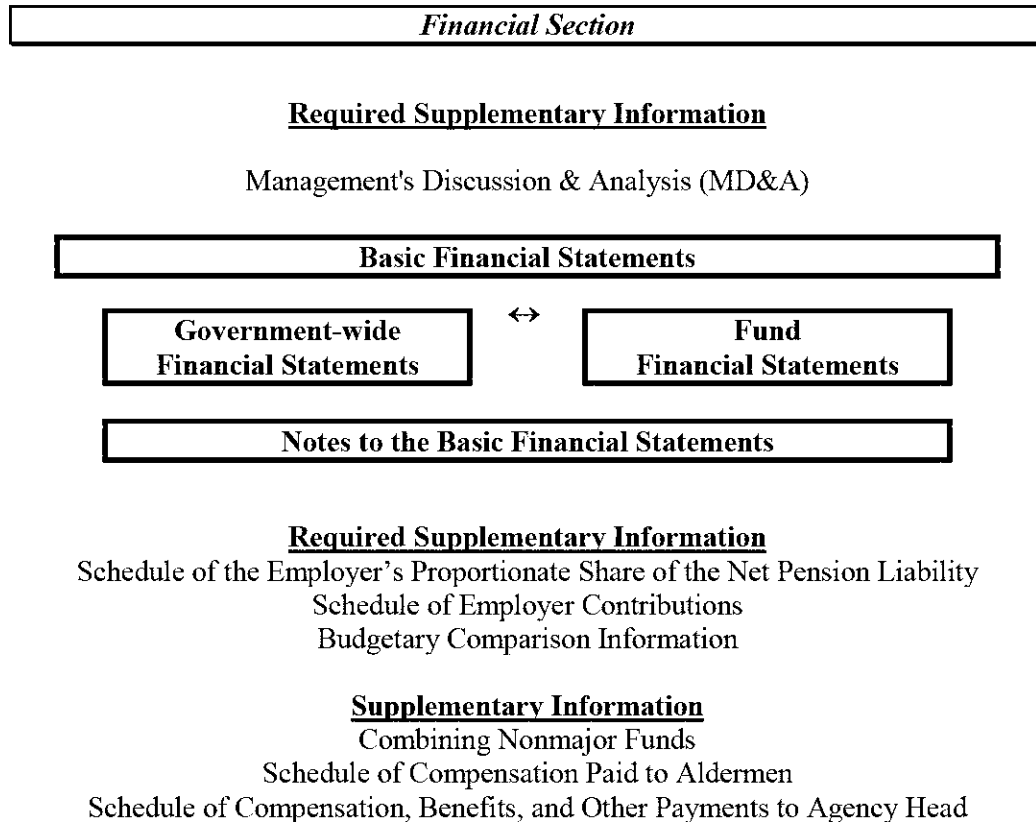
- The assets and deferred outflows of resources of the Town of St. Joseph exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$9,647,061. Of this amount, \$(227,995) represents unrestricted net position (deficit), which may be used to meet the government's ongoing obligations to citizens and creditors.
- As of the close of the current fiscal year, the Town's governmental funds reported a combined ending fund balances of \$346,329, an increase of \$147,962 or 75% in comparison with the prior year. Approximately 94% of this amount (\$326,174) was available for spending at the Town's discretion (assigned fund balance).
- At the end of the current fiscal year, assigned fund balance for the general fund was \$326,174, or approximately 96% of total general fund expenditures.

USING THIS ANNUAL REPORT

The Town's annual report consists of a series of financial statements that show information for the Town as a whole, and its funds. The Statement of Net Position and the Statement of Activities provide information about the activities of the Town as a whole and present a longer-term view of the Town's finances. For our governmental activities, the fund financial statements tell how we financed our services in the short-term as well as what remains for future spending. Fund statements also may give you some insights into the Town's overall financial health. Fund financial statements also report the Town's operations in more detail than the government-wide financial statements by providing information about the Town's most significant fund, General Fund.

TOWN OF ST. JOSEPH, LOUISIANA
Management's Discussion and Analysis
For the Year Ended June 30, 2018

The following chart reflects the information included in this annual report.



Our auditor will provide assurance in the independent auditor's report, which will be located immediately preceding the Management's Discussion and Analysis in the audited financial report, that the Basic Financial Statements are fairly stated. Varying degrees of assurance will be provided by the auditor regarding the Required Supplementary Information, and the Supplementary Information identified above. A user of this report should read the independent auditor's report carefully to ascertain the level of assurance being provided for each of the other parts of this report.

Government-wide financial statements

The government-wide financial statements are designed to provide readers with a broad view of the Town's finances, in a manner similar to a private sector business.

The Statement of Net Position presents information on all of the Town's assets, liabilities and deferred outflows/inflows of resources with the difference between them reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The Statement of Activities presents information showing how the Town's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

TOWN OF ST. JOSEPH, LOUISIANA
Management's Discussion and Analysis
For the Year Ended June 30, 2018

Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes).

The Statement of Activities is designed to distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The Town's governmental activities include general government, public safety, public works, health and welfare, and recreation and culture functions.

The business-type activities of the Town include sewer, water, and gas utilities.

Fund financial statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Town's funds are classified into two categories: governmental funds and proprietary funds.

Governmental funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. The relationship (or differences) between the governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds are reconciled in Statements D and F.

The Town maintains three governmental funds that are grouped for management purposes into various fund types. Information is presented separately in the governmental fund Balance Sheet and in the governmental Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund, which is the only major fund. Data from the other governmental funds are combined into a single, aggregated presentation.

Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The Town adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided to demonstrate compliance or lack thereof with the budget.

TOWN OF ST. JOSEPH, LOUISIANA
Management's Discussion and Analysis
For the Year Ended June 30, 2018

Proprietary funds

The Town maintains one type of proprietary fund - Enterprise. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town uses its Enterprise Funds to account for its sewer, water, and gas utilities.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

Fiduciary funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government entity. For the year ended June 30, 2018, the Town had no fiduciary funds.

The Town as a Whole

As noted earlier, net position may serve over time as a useful indicator of a government's financial condition. In the case of the Town of St. Joseph, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$9,647,061 at the close of the fiscal year ended June 30, 2018.

Table 1
Schedule of Net Position
June 30, 2018

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Government</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Current and other assets	\$ 403,560	\$ 245,516	(85,250)	1,689,920	318,310	1,935,436
Capital assets, net	230,201	280,997	9,644,855	7,050,706	9,875,056	7,331,703
Total assets	633,761	526,513	9,559,605	8,740,626	10,193,366	9,267,139
Deferred outflows of resources	6,681	8,841	17,461	15,444	24,142	24,285
Current and other liabilities	57,231	47,149	126,112	1,928,103	183,343	1,975,252
Long-term liabilities	19,642	20,224	363,482	371,581	383,124	391,805
Total Liabilities	76,873	67,373	489,594	2,299,684	566,467	2,367,057
Deferred inflows of resources	-	2,625	3,980	4,577	3,980	7,202
Net Position:						
Net investment in capital assets	230,201	280,997	9,644,855	6,714,386	9,875,056	6,995,383
Restricted	-	-	-	1,697	-	1,697
Unrestricted	333,368	184,359	(561,363)	(264,274)	(227,995)	(79,915)
Total Net Position	\$ 563,569	\$ 465,356	\$ 9,083,492	\$ 6,451,809	\$ 9,647,061	\$ 6,917,165

By far, the largest amount of the Town's net position reflects its investment in capital assets of \$9,875,056 (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is

TOWN OF ST. JOSEPH, LOUISIANA
Management's Discussion and Analysis
For the Year Ended June 30, 2018

still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves can't be used to liquidate these liabilities.

An additional portion of the Town's net position, \$7,280, represents resources that are subject to external restrictions on how they may be used. Remaining for unrestricted net position is a surplus balance of \$92,946.

The results of this year's operations for the Town as a whole are reported in the Statement of Activities. Table 2 takes the information from that statement and rearranges it slightly so that readers can see the total revenues for the year.

Table 2
Changes in Net Position
For the Years Ended June 30, 2018

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Government</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Revenues:						
Program Revenues:						
Charges for services	\$ 94,903	\$ 83,016	\$ 535,347	\$ 440,617	\$ 630,250	\$ 523,633
Operating grants	18,000	18,000	-	-	18,000	18,000
Capital grants	-	22,754	2,902,739	5,327,711	2,902,739	5,350,465
General Revenues:						
Ad valorem taxes	40,203	37,589	-	-	40,203	37,589
Sales tax	104,350	101,119	-	-	104,350	101,119
License and permits	118,968	105,991	-	-	118,968	105,991
Income(loss) from jointly own gas operations and maintenance fund	(23,500)	-	(19,026)	(15,120)	(19,026)	(15,120)
Other general revenue	133,959	63,865	24,136	386	158,095	64,251
Total Revenue	<u>486,883</u>	<u>432,334</u>	<u>3,443,196</u>	<u>5,753,594</u>	<u>3,953,579</u>	<u>6,185,928</u>
Expenses:						
General government	152,616	189,063	-	-	152,616	189,063
Public safety	104,613	102,366	-	-	104,613	102,366
Public works	125,465	107,090	-	-	125,465	107,090
Culture and recreation	5,976	9,870	-	-	5,976	9,870
Utilities	-	-	811,513	963,223	811,513	963,223
Total Expenses	<u>388,670</u>	<u>408,389</u>	<u>811,513</u>	<u>963,223</u>	<u>1,200,183</u>	<u>1,371,612</u>
Changes in Net Position	98,213	23,945	2,631,683	4,790,371	2,729,896	4,814,316
Net Position, Beginning	<u>465,356</u>	<u>441,411</u>	<u>6,451,809</u>	<u>1,661,438</u>	<u>6,917,165</u>	<u>2,102,849</u>
Net Position, Ending	<u>\$ 563,569</u>	<u>\$ 465,356</u>	<u>\$ 9,083,492</u>	<u>\$ 6,451,809</u>	<u>\$ 9,647,061</u>	<u>\$ 6,917,165</u>

TOWN OF ST. JOSEPH, LOUISIANA
Management's Discussion and Analysis
For the Year Ended June 30, 2018

Governmental activities

In the current year, governmental activities had an increase of \$98,213 in net position, compared to a \$23,945 increase in the prior year.

Licenses and permits, which provided \$118,968 or 24% of revenue, was the largest source of general revenues for the Town's governmental activities. Licenses and permits experienced an increase in collections of \$12,977 over the amounts reported in 2017. Other general revenues were second at \$110,459, or 23%. This includes \$108,490 in proceeds from the sale of property. Sales tax experienced an increase of \$3,231 from the amounts collected in 2017. Charges for services (garbage collection fees) provided \$94,903 of revenue for governmental activities for fiscal year 2018. Garbage collection fees increased \$11,887 from fees earned in fiscal year 2017. The Town's governmental activities' capital grants revenues decreased \$22,754.

The cost of all governmental activities this year was \$388,671. However, as shown in the Statement of Activities, the amount that our taxpayers ultimately financed for these activities through Town taxes was only \$275,767 because some of the cost was paid by those who directly benefited from the programs or by other governments and organizations that subsidized certain programs with grants and contributions.

Table 3 below presents the cost of each of the Town's governmental activities as well as each program net cost (total cost less revenues generated by the activities). The net cost shows the financial burden that was placed on the Town's taxpayers by each of these functions.

Table 3
Governmental Activities
Fiscal Years Ended June 30, 2018

	<u>Total Cost of Services</u>			<u>Net Cost of Services</u>		
	2018	2017	Change	2018	2017	Change
Governmental activities						
General government	\$ 152,616	\$ 189,063	\$ (36,447)	\$ 152,616	\$ 166,309	\$ (13,693)
Public safety	104,613	102,366	2,247	86,613	84,366	2,247
Public works	125,465	107,090	18,375	30,562	24,074	6,488
Culture and recreation	5,976	9,870	(3,894)	5,976	9,870	(3,894)
Total functions/ programs expenses	<u>\$ 388,670</u>	<u>\$ 408,389</u>	<u>\$ (19,719)</u>	<u>\$ 275,767</u>	<u>\$ 284,619</u>	<u>\$ (8,852)</u>

Business-type activities

The increase in net position for business-type operations for the current year was \$2,631,683 compared to an increase of \$4,790,371 in the prior year. Charges for services increased \$11,877 while net income from the jointly owned gas line decreased \$3,906. Capital grants decreased \$2,424,972. The increase in charges for services is due to an increase in rates. Capital grants decrease is due to grant funding received for the elevated water tower in the prior year when that project was completed. Expenses decreased \$151,710 or 16%.

TOWN OF ST. JOSEPH, LOUISIANA
Management's Discussion and Analysis
For the Year Ended June 30, 2018

Financial Analysis of the Governmental Funds

As noted earlier, the Town of St. Joseph uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$346,329 an increase of \$147,962, when compared with the prior year. \$326,174 of this total fund balance constitutes unassigned fund balance, which is available for spending at the Town's discretion and \$20,155 is assigned to specific purposes.

The general fund is the chief operating fund of the Town of Saint Joseph. At the end of the current fiscal year, fund balance of the general fund was \$326,174 which is an increase of \$147,962 from the \$178,212 fund balance reported for the prior fiscal year. Revenues increased from the \$431,734 reported in fiscal 2017 to \$510,383, an increase of \$78,649 or 18%. Expenses decreased \$43,655 or 11% from a reduction in spending.

General Fund Budgetary Highlights

In accordance with Louisiana Revised Statutes Title 39, Chapter 9, Louisiana Local Government Budget Act (LSA - R.S. 39:1301 et seq.), the Town must adopt a budget for the General Fund and all Special Revenue funds prior to June 30. The original budget for the Town was adopted on May 8, 2017 and amended on June 11, 2018. The actual revenues exceeded budgeted amounts by \$28,285 for the year ending June 30, 2018. This difference was primarily because actual revenue collected exceeded expected collections. The budgeted expenditures exceeded actual amounts by \$58,110, primarily because of decreased operating expenses

Capital Assets and Debt Administration

Capital assets

As for the year ended June 30, 2018, the Town had \$9,875,056 (net of accumulated depreciation) invested in a broad range of capital assets including land, buildings, improvements, machinery and equipment for its governmental and business-type activities. This amount represents a net increase (including additions of \$2,902,738 and depreciation of \$359,385) of \$2,543,353, or 35%.

The following is a summary of the Town's capital assets:

TOWN OF ST. JOSEPH, LOUISIANA
Management's Discussion and Analysis
For the Year Ended June 30, 2018

Capital Assets
June 30, 2018

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Government</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Nondepreciable assets:						
Land	\$ 32,120	\$ 43,915	\$ 7,886	\$ 7,886	\$ 40,006	\$ 51,801
Construction in progress	-	-	8,041,178	5,138,440	8,041,178	5,138,440
Total nondepreciable assets	<u>32,120</u>	<u>43,915</u>	<u>8,049,064</u>	<u>5,146,326</u>	<u>8,081,184</u>	<u>5,190,241</u>
Depreciable assets, net:						
Building	67,350	66,871	-	-	67,350	66,871
Walking trail	72,826	77,703	-	-	72,826	77,703
Water system	-	-	207,949	441,726	207,949	441,726
Water tower	-	-	502,076	515,089	502,076	515,089
Gas system	-	-	43,495	55,618	43,495	55,618
Sewer system	-	-	564,485	605,415	564,485	605,415
Equipment	57,905	92,508	580	928	58,485	93,436
Amphitheatre	-	-	277,206	285,604	277,206	285,604
Total depreciable assets, net	<u>198,081</u>	<u>237,082</u>	<u>1,595,791</u>	<u>1,904,380</u>	<u>1,793,872</u>	<u>2,141,462</u>
Total capital assets, net	<u>\$ 230,201</u>	<u>\$ 280,997</u>	<u>\$ 9,644,855</u>	<u>\$ 7,050,706</u>	<u>\$ 9,875,056</u>	<u>\$ 7,331,703</u>

More detailed information about the Town's capital assets is presented in Note 6 of the Notes to the Financial Statements.

Long-term Debt

The Town's business-type activities has one long-term bond debt at June 30, 2018, which was a \$423,000 revenue bond dated January 26, 2004. Installments are due in monthly payments of \$1,599 through January 26, 2044, with interest at 3.25%. The proceeds of these bonds were used to construct a water treatment plant. The outstanding balance at June 30, 2018, was \$328,221.

Another obligation for both the governmental and business-type activities is the net pension liability. We present more detailed information about our long-term liabilities in Note 8 of the Notes to the Financial Statements.

Economic Factors and Future Outlook

The Town's budgeted revenues and expenditures for 2019 are comparable to 2018's actual revenues and expenditures. The Town does not anticipate any changes in its day-to-day operations that will have a material effect on its 2019 budget of the general fund.

The Town was approved for \$8,827,000 of grant funds to be used for repair and replacement of water distribution lines, water plant facility improvements, and to renovate the Town's elevated water tank. As of June 30, 2018, \$5,327,711 of these grants have been spent. The contract and change orders for this work total \$3,895,916, and completion is expected in October 2018. There are multiple contracts for the water treatment facilities (water plant) and equipment totaling \$2,851,620. The work has been completed and is awaiting engineers to submit final acceptance of contractors work before making final payments.

TOWN OF ST. JOSEPH, LOUISIANA
Management's Discussion and Analysis
For the Year Ended June 30, 2018

Two new water wells were also constructed with a contract total of \$499,000. Final payment is awaiting sign off by the project engineers.

Requests for Information

This financial report is designed to provide a general overview of the Town of St. Joseph's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or request for additional information should be addressed to David Greer, Fiscal Administrator, Town of St. Joseph; P.O. Box 217; St. Joseph, LA 71366.

Basic Financial Statements

**GOVERNMENT-WIDE
FINANCIAL STATEMENTS (GWFS)**

TOWN OF ST. JOSEPH, LOUISIANA
Statement of Net Position
For the Year Ended June 30, 2018

	Governmental Activities	Business-Type Activities	Statement A Total
ASSETS			
Cash and interest-bearing deposits	\$ 48,661	\$ 85,902	\$ 134,563
Receivables, net	10,684	74,328	85,012
Due from other funds	344,215	-	344,215
Gas utility deposit	-	35,000	35,000
Restricted assets:			
Cash and interest-bearing deposits	-	62,511	62,511
Investment in jointly owned gas line operation and maintenance fund	-	1,224	1,224
Capital assets:			
Land and construction in progress	32,120	8,049,064	8,081,184
Capital assets, net	198,081	1,595,791	1,793,872
Total capital assets	230,201	9,644,855	9,875,056
Total assets	633,761	9,903,820	10,537,581
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources related to pensions	6,681	17,461	24,142
LIABILITIES			
Accounts payable and accrued expenses	33,397	68,233	101,630
Due to other governmental agencies	20,900	-	20,900
Accrued payroll and benefits	2,934	2,648	5,582
Payable from restricted assets - customer and utility payments	-	55,231	55,231
Due to other funds	-	344,215	344,215
Long-term liabilities:			
Due within one year	-	8,367	8,367
Due in more than one year	19,642	355,115	374,757
Total liabilities	76,873	833,809	910,682
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources related to pensions	-	3,980	3,980
NET POSITION			
Net investment in capital assets	230,201	9,644,855	9,875,056
Restricted for debt service	-	-	-
Unrestricted (deficit)	333,368	(561,363)	(227,995)
Total net position	\$ 563,569	\$ 9,083,492	\$ 9,647,061

The accompanying notes are an integral part of the basic financial statements.

TOWN OF ST. JOSEPH, LOUISIANA

Statement of Activities
For the Year Ended June 30, 2018

Statement B							
	Program Revenues			Primary Government Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charge for Services	Operating Grants	Capital Grants	Governmental Activities	Business-type Activities	Total
Functions/Programs							
Governmental Activities							
General government	\$ 152,616	\$ -	\$ -	\$ -	\$ (152,616)	\$ -	\$ (152,616)
Public safety	104,613	-	18,000	-	(86,613)	-	(86,613)
Public works	125,465	94,903	-	-	(30,562)	-	(30,562)
Culture and recreation	5,976	-	-	-	(5,976)	-	(5,976)
Total governmental activities	<u>388,670</u>	<u>94,903</u>	<u>18,000</u>	<u>0</u>	<u>(275,767)</u>	<u>0</u>	<u>(275,767)</u>
Business-type activity:							
Utility fund	<u>811,513</u>	<u>535,347</u>	<u>-</u>	<u>2,902,739</u>	<u>-</u>	<u>2,626,573</u>	<u>2,626,573</u>
Total Governmental Activities	<u>\$ 1,200,183</u>	<u>\$ 630,250</u>	<u>\$ 18,000</u>	<u>\$ 2,902,739</u>	<u>\$ (275,767)</u>	<u>\$ 2,626,573</u>	<u>\$ 2,350,806</u>
General revenues							
Taxes:							
Ad valorem taxes					40,203	-	40,203
Sales taxes					104,350	-	104,350
License and permits					118,968	-	118,968
Fines and forfeitures					3,952	-	3,952
Use of money and property					18,448	636	19,084
Miscellaneous					111,559	-	111,559
Income from jointly owned gas operations and maintenance fund					(23,500)	23,500	-
Total general revenues					<u>373,980</u>	<u>5,110</u>	<u>379,090</u>
Changes in net position					98,213	2,631,683	2,729,896
Net Position - beginning					<u>465,356</u>	<u>6,451,809</u>	<u>6,917,165</u>
Net Position - ending					<u>\$ 563,569</u>	<u>\$ 9,083,492</u>	<u>\$ 9,647,061</u>

The accompanying notes are in integral part of the basic financial statements.

FUND FINANCIAL STATEMENTS (FFS)

TOWN OF ST. JOSEPH, LOUISIANA
Balance Sheet
Governmental Funds
June 30, 2018

	<u>General</u>	<u>Nonmajor</u>	<u>Statement C</u> <u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 41,437	\$ 7,224	\$ 48,661
Receivables	10,684	-	10,684
Interfund receivables	<u>331,284</u>	<u>12,931</u>	<u>344,215</u>
Total assets	<u>383,405</u>	<u>20,155</u>	<u>403,560</u>
LIABILITIES			
Liabilities:			
Accounts payable and accrued expenses	54,297	-	54,297
Accrued payroll and benefits	<u>2,934</u>	<u>-</u>	<u>2,934</u>
Total liabilities	<u>57,231</u>	<u>-</u>	<u>57,231</u>
Fund balances:			
Assigned	-	20,155	20,155
Unassigned	326,174	-	326,174
Total fund balances	<u>326,174</u>	<u>20,155</u>	<u>346,329</u>
Total liabilities and fund balances	<u>\$ 383,405</u>	<u>\$ 20,155</u>	<u>\$ 403,560</u>

The accompanying notes are an integral part of the basic financial statements.

TOWN OF ST. JOSEPH, LOUISIANA
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2018

		<u>Statement D</u>
Total fund balances for governmental funds at June 30, 2018	\$	346,329
<p>The cost of capital assets (land, buildings, furniture and equipment and infrastructure) purchased or constructed is reported as an expenditure in governmental funds. The Statement of Net Position includes those capital assets among the assets of the Town as a whole. The cost of those capital assets are allocated over their estimated useful lives (as depreciation expense) to the various programs reported as governmental activities in the Statement of Activities. Because depreciation expense does not affect financial resources, it is not reported in governmental funds.</p>		
Cost of capital assets	1,118,826	
Accumulated depreciation	<u>(888,625)</u>	230,201
<p>Deferred outflows of resources are not available to pay current period expenditures, and therefore, are not reported in the governmental funds.</p>		
		6,681
<p>Long-term liabilities are not due and payable in the current period and accordingly, are not reported as fund liabilities. All liabilities - both current and long-term are reported in the Statement of Net Position</p>		
Net pension liability		<u>(19,642)</u>
Total net position of governmental activities at June 30, 2018	\$	<u><u>563,569</u></u>

The accompanying notes are an integral part of the basic financial statements.

TOWN OF ST. JOSEPH, LOUISIANA
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2018

	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Statement E Total</u>
Revenues:			
Taxes			
Ad valorem	\$ 40,203	-	\$ 40,203
Sales and use	104,350	-	104,350
Charges for services	94,903	-	94,903
Licenses and permits	118,968	-	118,968
Intergovernmental	18,000	-	18,000
Fines and forfeits	3,952	-	3,952
Use of money and property	18,448	-	18,448
Miscellaneous revenues	<u>111,559</u>	<u>-</u>	<u>111,559</u>
Total revenues	<u>510,383</u>	<u>-</u>	<u>510,383</u>
Expenditures:			
Current -			
General government	137,505	-	137,505
Public safety	94,852	-	94,852
Public works	105,465	-	105,465
Culture and recreation	<u>1,099</u>	<u>-</u>	<u>1,099</u>
Total expenditures	<u>338,921</u>	<u>-</u>	<u>338,921</u>
Excess (deficiency) of revenues over expenditures	171,462	-	171,462
Other Financial Sources(Uses) Transfer Out	<u>(23,500)</u>	<u>-</u>	<u>(23,500)</u>
Net Change in Fund Balance	147,962	-	147,962
Fund balances, beginning	<u>178,212</u>	<u>20,155</u>	<u>198,367</u>
Fund balances, ending	<u>\$ 326,174</u>	<u>\$ 20,155</u>	<u>\$ 346,329</u>

The accompanying notes are an integral part of the basic financial statements.

TOWN OF ST. JOSEPH, LOUISIANA
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended June 30, 2018

	<u>Statement F</u>
Total net changes in fund balances for the year ended June 30, 2018	\$ 147,962
Amount reported for governmental activities in the Statement of Activities are different because:	
Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeds capital outlays in the period:	
Capital outlays	-
Depreciation	<u>(50,796)</u>
The recognition of pension expense in the Statement of Activities is based on projected benefits payments discounted to actuarial present value and attributed to periods of employee services.	<u>1,047</u>
Pension expenditures in the governmental funds are the amounts actually paid.	
Total changes in net position for the year ended June 30, 2018	<u><u>\$ 98,213</u></u>

The accompanying notes are an integral part of the basic financial statements.

TOWN OF ST. JOSEPH, LOUISIANA

Statement of Net Position

Proprietary Funds

As of June 30, 2018

	<u>Statement G</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 85,902
Receivables, net	<u>74,328</u>
Total current assets	<u>160,230</u>
Noncurrent assets:	
Gas utility deposit	35,000
Restricted cash and cash equivalents	62,511
Investment in jointly owned gas line operation and maintenance fund	1,224
Capital assets:	
Land and construction in progress	8,049,064
Depreciable assets, net of depreciation	1,595,791
Total noncurrent assets	<u>9,743,590</u>
Total assets	<u>9,903,820</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources related to pensions	<u>17,461</u>
LIABILITIES	
Current liabilities (payable from current assets):	
Accounts payable and accrued expenses	68,233
Accrued payroll and benefits	2,648
Interfund payable	344,215
Revenue bonds payable	<u>8,367</u>
Total current liabilities	<u>423,463</u>
Liabilities payable from restricted assets:	
Customer deposits	<u>44,864</u>
Utility payments	<u>10,367</u>
Total Liabilities Payable from Restricted Assets	<u>55,231</u>
Noncurrent liabilities:	
Revenue bonds payable	319,854
Net pension liability	<u>35,261</u>
Total noncurrent liabilities	<u>355,115</u>
Total liabilities	<u>833,809</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources related to pensions	<u>3,980</u>
NET POSITION	
Net investment in capital assets	9,644,855
Restricted for debt service	-
Unrestricted (deficit)	<u>(565,363)</u>
Net position	<u>\$ 9,083,492</u>

The accompanying notes are an integral part of the basic financial statements.

TOWN OF ST. JOSEPH, LOUISIANA
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2018

	<u>Statement H</u>
	<u>Utility Fund</u>
Operating revenues:	
Water sales	\$ 255,928
Gas sales	153,384
Sewer sales	87,170
Penalties	<u>38,865</u>
Total operating revenues	<u>535,347</u>
Operating expenses:	
Water expenses	322,055
Gas expenses	122,045
Sewer expenses	29,037
Depreciation	308,590
General and administrative	<u>18,698</u>
Total operating expenses	<u>800,425</u>
Operating income (loss)	<u>(265,078)</u>
Nonoperating revenues (expenses):	
Interest income	636
Intergovernmental - Federal	3,394
Intergovernmental - State	2,899,345
Income (loss) from jointly owned gas line operation and maintenance fund	(19,026)
Transfer In	23,500
Interest expense	<u>(11,088)</u>
Total Nonoperating revenues (expenses)	<u>2,896,761</u>
Change in net position	2,631,683
Net position, beginning	<u>6,451,809</u>
Net position, ending	<u>\$ 9,083,492</u>

The accompanying notes are an integral part of the basic financial statements.

TOWN OF ST. JOSEPH, LOUISIANA
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2018

Statement I

	<u>Utility Fund</u>
Cash flows from operating activities:	
Cash received from customers	\$ 613,766
Cash paid for employee services and benefits	(167,557)
Payments to others	(419,866)
Other receipts	38,865
Net cash provided (used) by operating activities	65,208
 Cash flows from investing activities	
Earnings on investments	636
Net cash provided (used) by investing activities	636
 Cash flows from capital and related financing activities:	
Capital grant	4,605,803
Acquisition of capital assets	(4,605,803)
Principal payment bonds	(8,099)
Transfers In	23,500
Interest & penalties paid on debt	(11,088)
Net cash provided (used) for capital and related financing activities	4,313
 Net increase in cash and cash equivalents	70,157
 Cash and cash equivalents, beginning of period	78,256
 Cash and cash equivalents, end of period	\$ 148,413

The accompanying notes are an integral part of the basic financial statements.

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TOWN OF ST. JOSEPH, LOUISIANA

Notes to Basic Financial Statements

For the Year Ended June 30, 2018

Note 1 - Summary of Significant Accounting Policies

A. Financial Reporting Entity

The accompanying financial statements include all funds and account groups of the Town of Saint Joseph, Louisiana (the Town). The accompanying financial statements of the Town have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The Town consists of an executive branch of government headed by a mayor and a legislative branch of government consisting of five aldermen. The Town's major operations include police and fire protection, street and drainage maintenance, garbage and trash collection, and administrative services. The Town also operates a Utilities Enterprise Fund to provide gas, sewerage and water services.

As the governing authority for the municipality, the Town is the reporting entity for the municipality. The financial reporting entity consists of (a) the primary government (the Town), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the Town are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

GASB standards establish criteria for determining which component units should be considered part of the Town for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is accountability. These criteria include:

1. Appointing a voting majority of an organization's governing body and the ability of the Town to impose its will on that organization and/or the potential for the organization to provide specific financial benefits to or impose specific financial burdens on the Town.
2. Organizations for which the Town does not appoint a voting majority but are fiscally dependent on the Town, and there is a potential for the organization to provide specific benefits to or impose specific financial burdens on the Town.
3. Organizations for which the reporting entity's financial statements would be misleading if data of the organization is not included because of the nature and significance of the relationship.

Based on the foregoing criteria, the Town does not have any component units to be reported.

The following is a summary of certain significant accounting policies and practices:

B. Basis of Presentation

The Town's basic financial statements consist of the government-wide statements on all activities of the government and the fund statements (individual major funds and combined non-major funds). The

TOWN OF ST. JOSEPH, LOUISIANA

Notes to Basic Financial Statements

For the Year Ended June 30, 2018

Note 1 - Summary of Significant Accounting Policies (Continued)

statements are prepared in accordance with accounting principles generally accepted in the United States of America as applied to governmental unit

Government-wide Financial Statements

The government-wide financial statements include the Statement of Net Position and the Statement of Activities for all activities of the government. As a general rule, the effect of interfund activity has been removed from these statements. The government-wide presentation focuses primarily on the sustainability of the Town as an entity and the change in the aggregate financial position resulting from the activities of the fiscal period. The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting.

Governmental Activities represent programs which normally are supported by taxes and intergovernmental revenues.

Business-type Activities are financed in whole or in part by fees charged to external parties for goods and services.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. 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 segment, and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not included in program revenues are reported instead as general revenues.

Fund Financial Statements

The Town uses funds, both major and nonmajor, to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions and activities. A fund is a separate accounting entity with a self-balancing set of accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenue and expenditures or expenses, as appropriate.

TOWN OF ST. JOSEPH, LOUISIANA

Notes to Basic Financial Statements

For the Year Ended June 30, 2018

Note 1 - Summary of Significant Accounting Policies (continued)

Emphasis of fund reporting is on the major fund level in either the governmental or business-type categories. Nonmajor funds (by category) or fund types are summarized into a single column in the basic financial statements.

Funds are classified into three categories; governmental, proprietary, and fiduciary. Each category, in turn, is divided into separate "fund types". Governmental funds are used to account for a government's general activities, where the focus of attention is on the provision of services to the public as opposed to proprietary funds where the focus of attention is on recovering the cost of providing services to the public or other agencies through service charges or user fees. Fiduciary funds are used to account for assets held for others. The Town's current operations require the use of the governmental and proprietary categories.

Governmental Funds

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 collectable 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 year. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service payments and claims and judgments are recorded only when payment is due.

General asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt is reported as other financing sources.

The Town reports the following major governmental fund:

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

Revenues:

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied by the Town in September or October of each year and are actually billed to the taxpayer in November. Billed taxes become delinquent on December 31. Revenues from ad valorem taxes are budgeted in the year billed to the extent of collections expected. The Town bills and collects its own property taxes using the assessed values determined by the tax assessor of Tensas Parish.

Sales taxes are considered "measurable" when in the hands of the intermediary collecting governments and are recognized as revenues at that time.

Interest earnings on time deposits are recognized as revenue when the time deposits have matured, and the interest is available. Substantially all other revenues are recognized when actually received by the Town.

TOWN OF ST. JOSEPH, LOUISIANA

Notes to Basic Financial Statements

For the Year Ended June 30, 2018

Note 1 - Summary of Significant Accounting Policies (continued)

Proprietary Funds

The Town reports one type of proprietary fund, an enterprise fund. Enterprise funds are used to account for operations (a) that financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the cost (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be or recovered primarily through user charges, or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriated for capital maintenance, public policy, management control, accountability, or other purposes. Enterprise funds are presented in the business-type activities column in the government-wide financial statements and the major funds section of the basic financial statements. Enterprise funds are reported using the economic resources measurement focus and the accrual basis of accounting.

Proprietary funds operating and non-operating revenues and expenses:

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. The principal operating revenues of the enterprise fund are charges to customers for sales and services. The enterprise fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for the enterprise fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Revenues are recognized when they are earned and expenses are recognized when they are incurred.

The Town reports the following major enterprise fund:

Utility Fund - This fund accounts for the operations of the Town's water, sewer, and gas services.

C. Budgets and Budgetary Accounting

The Town follows these procedures in establishing the budgetary data reflected in these financial statements.

1. The proposed budget is submitted by the Town Clerk and the Mayor to the Board of Aldermen prior to July of the ensuing year. Notice of the location and availability of the proposed budget for the public inspection and the date of the public hearing to be conducted on the budget is then advertised in the official journal of the Town at least 15 days prior to the date of the hearing.
2. After the public hearing, the budget is adopted by passing an ordinance approving the budget at the selected June board meeting.
3. Budgetary amendments involving the transfer of funds from one department, program or function to another or involving increases in expenditures resulting from revenues exceeding amounts estimated require the approval of the Board of Aldermen.

TOWN OF ST. JOSEPH, LOUISIANA

Notes to Basic Financial Statements

For the Year Ended June 30, 2018

Note 1 - Summary of Significant Accounting Policies (continued)

4. All legally adopted budgets of the Town are adopted on a basis consistent with GAAP. A budget is adopted for the General Fund; encumbrance accounting is not used by the Town.
5. Appropriations (unexpended budget balances) lapse at year end.

D. Cash and Cash Equivalents and Investments

Under state law, the Town may deposit in demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law or national banks having their principal offices in Louisiana. In addition, local governments in Louisiana are authorized to invest in the LAMP, a non-profit corporation formed by an initiative of the State Treasurer and organized under the Laws of the State of Louisiana, which operates as a local government investment pool.

The Town's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. For the purpose of the Statement of Cash Flows, cash equivalents include all highly liquid investments (including restricted assets) with a maturity date of three months or less when purchased.

The Town participates in the Louisiana Asset Management Pool, Inc. (LAMP) which is an external investment pool. 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.

The investments in LAMP are stated at fair value based on quoted market rates. 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.

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. An annual audit of LAMP is conducted by an independent certified public accountant. The Legislative Auditor of the state of Louisiana has full access to the records of the LAMP.

LAMP issues financial reports. These financial reports can be obtained by writing: LAMP, Inc., 228 Saint Charles Avenue, Suite 1123, New Orleans, LA 70130 or contact the LAMP administrative office at 800-249-5267.

E. Interfund Receivables and Payables

Short-term cash loans between funds are considered temporary in nature. These amounts are reported as "due from/due to other funds." Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances."

TOWN OF ST. JOSEPH, LOUISIANA

Notes to Basic Financial Statements

For the Year Ended June 30, 2018

Note 1 - Summary of Significant Accounting Policies (continued)

F. Capital Assets

Under GASB Statement No. 34, capital assets, which include buildings, other improvements, machinery and equipment, vehicles, and furniture and fixtures, are reported and depreciated in the applicable government or business-type activities column of the governmental-wide financial statements. No long term capital assets or depreciation are shown in the governmental fund statements.

As permitted by GASB Statement No. 34, the Town has elected not to capitalize infrastructure assets retroactively such as: streets, sidewalks, drainage and street lighting.

All purchased capital assets are recorded at cost where historical records are available and at estimated cost where no historical records are available. Donated capital assets are valued at their acquisition value at date of gift. Major additions are capitalized while maintenance and repairs that do not improve or extend the life of the respective assets are charged to expense. Interest is capitalized on business-type activities' funds used during construction of projects acquired with bond funds. The Town maintains a threshold level of \$1,500 or more for capitalizing capital assets.

Capital assets are depreciated over the estimated useful lives of the assets using the straight-line method. Estimated useful lives are as follows (in years):

Buildings	26 to 40 years
Water System	4 to 40 years
Sewerage System	40 years
Gas Transmission and Distribution System	40 years
Office Equipment	3 to 10 years
Equipment	3 to 20 years
Vehicles	5 years

G. Long-term Liabilities

In the government-wide statement of net position and in the proprietary fund type financial statements, long-term debt is reported as liabilities.

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 additions to/deductions from MERS's fiduciary net position have been determined on the same basis as they are reported by MERS. 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.

TOWN OF ST. JOSEPH, LOUISIANA

Notes to Basic Financial Statements

For the Year Ended June 30, 2018

Note 1 - Summary of Significant Accounting Policies (continued)

H. Fund Equity

GASB 54 requires the fund balance amounts to be reported within the fund balance categories as follows:

Nonspendable - Fund balance that is not in spendable form or legally or contractually required to be maintained intact. This category includes items that are not easily converted to cash such as inventories and prepaid items.

Restricted - Fund balance that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.

Committed - Fund balance that can only be used for specific purposes determined by the Town's highest level of decision making authority. The Board of Aldermen is the highest level of decision making authority for the Town. Committed amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action it employed to previously commit the funds.

Assigned - Fund balance that is constrained by the Town's intent to be used for specific purposes, but are neither restricted nor committed. Intent should be expressed by the Board of Aldermen. The Town's policy does not address assignment of fund balance.

Unassigned - Fund balance that are available for any purpose. These amounts are reported only in the general fund.

When both restricted and unrestricted resources are available for use, the Town uses restricted resources first, then unrestricted resources as needed. The Town reduces committed amounts, followed by assigned amounts, and then unassigned amounts when

an expenditure is incurred for the purposes for which amounts in any of those unrestricted fund balances could be used.

The Town establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance or resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). Assigned fund balance is established by the Board of Aldermen through adoption or amendment of the budget as intended for specific purpose (such as the purchase of fixed assets, construction, debt service, or for other purposes).

I. Deferred Outflows and Inflows of Resources

In some instances, the GASB requires a government to delay recognition of decreases in net position as expenditures until the future period in which it applies. In other instances, governments are required to delay recognition of increases in net position as revenues until the future period in which it applies. In these circumstances deferred outflows of resources and deferred inflows of resources result from the delayed recognition of expenditures or revenues, respectively. The Town reports deferred outflows and inflows of resources related to its pension plan.

TOWN OF ST. JOSEPH, LOUISIANA

Notes to Basic Financial Statements

For the Year Ended June 30, 2018

Note 1 - Summary of Significant Accounting Policies (continued)

J. Bad Debts

Uncollectible amounts for ad valorem taxes are generally not significant. As a result, the direct write-off method for recognizing bad debts is used. Under this method, the receivable is charged to expense when the account is deemed to be uncollectible. The Town uses the allowance method for recognizing bad debts for customers' utility receivables.

K. Compensated Absences

Vacation time is accrued based on the number of years in service. It must be used before the end of the year and cannot be carried over. Sick time is accrued at an annual rate of 80 hours per year and cannot be carried over from year to year.

L. Net Position

Net position represents the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any debt proceeds used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its use by external parties such as creditors, grantors, laws or regulations of other governments. The Town first applies restricted resources when an expense is incurred for the purposes for which both restricted and unrestricted net position are available. None of the restricted net position reported in the Statement of Net Position is restricted through enabling legislation.

M. Use of 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, deferred outflows of resources, liabilities, and deferred inflows of resources, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Note 2 - Cash and Cash Equivalents and Investments

At June 30, 2018, the Town had cash and cash equivalents totaling \$194,923 as follows:

Petty Cash	\$ 850
Demand Deposits	192,772
LAMP Deposits	1,301
Total	<u>\$ 194,923</u>

Demand deposits are stated at cost, which approximates market value. Under state law, these deposits (or resulting bank balances) must be secured by federal deposit insurance or pledged securities owned by the fiscal agent bank. The market value of pledged securities plus federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. The bank

TOWN OF ST. JOSEPH, LOUISIANA

Notes to Basic Financial Statements

For the Year Ended June 30, 2018

Note 2 - Cash and Cash Equivalents and Investments (Continued)

balance of \$96,085 was fully secured by FDIC at June 30, 2018. The Town's policy does not address custodial credit risk.

Investments

At June 30, 2018, the Town has \$1,301 invested in the Louisiana Asset Management Pool reported as cash and cash equivalents. LAMP is a 2a7-like investment pool. The following facts are relevant for 2a7-like investment pools:

- Credit risk: LAMP is rated AAAm by Standard & Poor's.
- Custodial credit risk: LAMP participants' investments in the pool are evidenced by shares of the pool. Investments in pools should be disclosed, but 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 U.S. Government floating/variable rate investments. The WAM for LAMP's total investments is (NUMBER-days) (from LAMP's monthly Portfolio Holdings) as of (DATE-month end).
- Foreign currency risk: Not applicable to 2a7-like pools.

The investments in LAMP are stated at fair value based on quoted market rates. 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.

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. An annual audit of LAMP is conducted by an independent certified public accountant. The Legislative Auditor of the state of Louisiana has full access to the records of the LAMP.

LAMP issues financial reports. These financial reports can be obtained by writing: LAMP, Inc., 650 Poydras Street, Suite 2220 New Orleans, LA 70130 or contact the LAMP administrative office at 800-249-5267.

TOWN OF ST. JOSEPH, LOUISIANA

Notes to Basic Financial Statements

For the Year Ended June 30, 2018

Note 3 - Receivables

Receivables as of June 30, 2018, are comprised of the following:

<u>Fund</u>	<u>Sales</u> Tax	<u>Accounts</u>	<u>Inter-</u> <u>Governmental</u>	<u>Other</u>	<u>Total</u>
General Fund	\$ 10,684	\$ -	\$ -	\$ -	\$ 10,684
Utility Fund	-	110,451	-	-	110,451
Utility Fund - Allowance for Doubtful Accounts	-	(36,123)	-	-	(36,123)
Total	<u>\$ 10,684</u>	<u>\$ 74,328</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 85,012</u>

The Inter-governmental receivable in the utility fund represents grant receivables relative to ongoing construction projects.

Note 4 - Internal Balances

Due from/to other funds:

<u>Receivable Fund</u>	<u>Amount</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	\$ 331,284	Utility Fund	\$ 331,284
Nonmajor Governmental	<u>12,931</u>	Utility Fund	<u>12,931</u>
Total	<u>\$ 344,215</u>		<u>\$ 344,215</u>

The Utility Fund bills and collects for trash and garbage services of the General Fund. At June 30, 2018, the Utility Fund owed the General Fund mainly for trash and garbage fees.

At this time management does not believe these loans will be repaid by June 30, 2018.

Note 5 - Ad Valorem Taxes

Property taxes are levied by the Town in September or October each year and are actually billed to the taxpayers in November. Property taxes become due and are attached as an enforceable lien on property as of December 31. Billed taxes become delinquent on January 1 of the year following the year in which the taxes are due. The collection of the property taxes occurs in December and in January and February of the next year.

The Town bills and collects its own property taxes using the assessed value as determined by the tax assessor of Tensas Parish.

The ad valorem tax mileage is as follows:

	<u>Mills</u>
General Ad Valorem Tax	7.81

TOWN OF ST. JOSEPH, LOUISIANA

Notes to Basic Financial Statements

For the Year Ended June 30, 2018

Note 6 - Changes in Capital Assets

The changes in capital assets are as follows:

	Balance 6/30/2017	Additions	Retirements and Transfers	Balance 6/30/2018
Governmental activities:				
Nondepreciable assets:				
Land	\$ 43,915	\$ -	\$ 11,795	\$ 32,120
Depreciable assets:				
Buildings	458,544	11,795	-	470,339
Walking trail	97,551	-	-	97,551
Equipment	518,815	-	-	518,815
Total depreciable capital assets	1,074,910	11,795	-	1,086,705
Less: accumulated depreciation	(837,828)	(50,796)	-	(888,624)
Total depreciable capital assets, net	237,082	(39,001)	-	198,081
Total governmental activities capital assets, net	280,997	(39,001)	11,795	230,201
Business-type activities:				
Nondepreciable assets:				
Land	7,886	-	-	7,886
Work in progress	5,138,440	2,902,738	-	8,041,178
Total nondepreciable assets	5,146,326	2,902,738	-	8,049,064
Depreciable assets:				
Water system	2,667,744	-	-	2,667,744
Water tower	520,511	-	-	520,511
Gas system	730,463	-	-	730,463
Sewer system	2,030,354	-	-	2,030,354
Service equipment	212,651	-	-	212,651
Office equipment	14,534	-	-	14,534
Wireless communication equipment	1,419	-	-	1,419
Amphitheatre	335,948	-	-	335,948
Total capital assets	6,513,624	-	-	6,513,624
Less: accumulated depreciation	(4,609,244)	(308,589)	-	(4,917,833)
Total depreciable capital assets, net	1,904,380	(308,589)	-	1,595,791
Total business-type activities capital assets, net	\$ 7,050,706	\$ 2,594,149	\$ -	\$ 9,644,855

TOWN OF ST. JOSEPH, LOUISIANA

Notes to Basic Financial Statements

For the Year Ended June 30, 2018

Note 6 - Changes in Capital Assets (continued)

Depreciation of \$308,589 as of June 30, 2018, was charged to expense in the business-type activities: Utility Fund. Depreciation charged to governmental activities is as follows:

General government	\$ 15,778
Public safety	14,811
Public works	21,667
Culture and recreation	<u>4,878</u>
Total	<u>\$ 57,134</u>

Note 7 - Pension Plan - Municipal Employees' Retirement System

Plan Description: Employees of the Town are provided with pensions through a cost-sharing multiple-employer defined benefit pension plan established in accordance with the provisions of Louisiana Revised Statute 11:1731 to provide retirement, disability, and survivor benefits to employees of all incorporated villages, towns and cities throughout the State of Louisiana. Municipal Employees' Retirement System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. Town employees participate on a voluntary basis and are members of Plan B. The System issues a publicly available financial report that may be obtained by writing to the Municipal Employees' Retirement System of Louisiana, 7937 Office Park Boulevard, Baton Rouge, Louisiana, 70809, or by calling (225) 925-4810.

Benefits provided: The following is a description of the Plan and its benefits and is provided for general information purposes only. Participants should refer to the appropriate statutes for more complete information.

Retirement Benefits: Any member of Plan B, who was hired before January 1, 2013, can retire providing the member meets one of the following criteria:

- a. Any age with thirty years of creditable service.
- b. Age 60 with a minimum of ten or more years of creditable service.
- c. Eligible for disability benefits at any age with ten years of creditable service.
- d. Survivor's benefits require five years of creditable service at death of member.

Eligibility for retirement for Plan B members hired on or after January 1, 2013, is as follows:

- a. Age 67 with seven or more years of creditable service.
- b. Age 62 with ten or more years of creditable service.
- c. Age 55 with thirty or more years of creditable service.
- d. Any age with twenty-five years of creditable service, exclusive of military service and unused sick leave. However, any member retiring under this subsection shall have their benefit actuarially reduced from the earliest age of

TOWN OF ST. JOSEPH, LOUISIANA

Notes to Basic Financial Statements

For the Year Ended June 30, 2018

Note 7 - Pension Plan - Municipal Employees' Retirement System (Continued)

which the member would be entitled to a vested deferred benefit under any provision of this sections, if the member had continued in service to that age.

Generally, the monthly amount of the retirement allowance for any member of Plan B shall consist of an amount equal to two percent of the member's monthly average final compensation multiplied by his years of creditable service. However, under certain conditions as outlined in the statutes, the benefits are limited to specified amounts.

Survivor Benefits: Upon death of any member of Plan B with five or more years of creditable service, not eligible for normal retirement, the plan provides for benefits for the surviving spouse as outlined in the statutes.

Any member of Plan B, who is eligible for normal retirement at the time of death and who leaves a surviving spouse will be deemed to have retired and selected Option 2 benefits on behalf of the surviving spouse on the date of death. Such benefits will begin only upon proper application and are paid in lieu of any other survivor benefits.

DROP Benefits: The System has established a DROP plan. When members enter DROP, their status changes from active member to retiree even though they continue to work and draw their salary for a period up to three years. The election is irrevocable once participation begins. During participation, benefits otherwise payable are fixed and deposited in an individual DROP account. Upon leaving DROP, members must choose among available alternatives for the distribution of benefits that have accumulated in their DROP accounts.

Disability Benefits: For Plan B, a member shall be eligible to retire and receive a disability benefit if he has at least ten years of creditable service; in which he would receive a regular retirement under retirement provisions. A member shall be eligible to retire and receive a disability benefit if he has at least ten years of creditable service, is not eligible for normal retirement, and has been officially certified as disabled by the State Medical Disability Board. Upon retirement caused by disability, a member of Plan B shall be paid a disability benefit equal to the lesser of thirty percent of his final average compensation or two percent of his final average compensation multiplied by his years of creditable service, whichever is greater; or an amount equal to two percent of the member's final average compensation multiplied by his years of creditable service, projected to his earliest normal retirement age.

Deferred Benefits: Plan B provides for deferred benefits for members who terminate before being eligible for retirement. Once the member reaches the appropriate age for retirement, benefits become payable. Benefits are based on statutes in effect at the time of withdrawal.

Cost of Living Adjustments: The System is authorized under state law to grant a cost of living increase (COLA) 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

TOWN OF ST. JOSEPH, LOUISIANA

Notes to Basic Financial Statements

For the Year Ended June 30, 2018

Note 7 - Pension Plan - Municipal Employees' Retirement System (Continued)

grant an additional COLA 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 ending June 30, 2018, the actual employer contribution rate was 11.0% for Plan B. The actuarially determined rate is the rate calculated to provide employer contributions that, when combined with employee contributions, is expected to finance the cost of benefits earned by the employees during the year, with an additional amount to finance any unfunded actuarial accrued liability. The actual rate differs from the actuarially required rate due to state statutes that require the contribution rate be calculated and set two years prior to the year effective. In accordance with state statute, the System receives ad valorem taxes and state revenue sharing funds. These additional sources of income are used as employer contributions and are considered support from non-employer contributing entities but are not considered special funding situations. For the year ended June 30, 2018, employer contributions to the pension plan from the Town were \$5,181.

Pension Liabilities: Pension Expenses, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pension: At June 30, 2018, the Town reported liabilities of \$54,903 for its proportionate share of the Net Pension Liability (NPL). The NPL was measured as of June 30, 2017, and the total pension liabilities used to calculate NPL were determined by actuarial valuations as of that date. The Town's proportions of the NPL were based on projections of the long-term share of contributions to the pension plans relative to the projected contribution of all participating employers, actuarially determined. As of June 30, 2017, the most recent measurement date, the Town's proportions and the changes in proportion from the prior measurement date were 0.063455 %, or a decrease of 0.003482%

Actuarial Assumptions: A summary of the actual methods and assumptions used in determining the total pension liability as of the measurement date are as follows:

Valuation Date	June 30, 2017
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	7.5%, net of investment expense
Inflation Rate	2.875%
Projected Salary Increase	5.0%
Mortality Rates	RP-2000 Employee Table (set back 2 years for males and females)

RP-2000 Healthy Annuitant Sex Distinct Table (set forward 2 years for

TOWN OF ST. JOSEPH, LOUISIANA

Notes to Basic Financial Statements

For the Year Ended June 30, 2018

Note 7 - Pension Plan - Municipal Employees' Retirement System (Continued)

	males and 1 year for females) projected to 2028 using Scale AA
	RP-2000 Disabled Lives Mortality (set back 5 years for males and 3 years for females)
Expected Remaining Service Lives	4 years
Cost of Living Adjustments	The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost of living increases. The present values do not include provisions for potential future increases not yet authorized by the board of Trustees.

Changes in assumptions from the prior year valuation included the following:

Changes of assumptions about future economic or demographic factors or of other inputs were recognized in pension expense using the straight-line amortization method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the pension plan. There were no changes of assumptions in the current year.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimates ranges of expected future real rates of return (expected return, 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 of 2.5% and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return is 7.6% in the June 30, 2017 valuation.

For the year ended June 30, 2018, the Town recognized a total pension expense of \$5,181. The Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

TOWN OF ST. JOSEPH, LOUISIANA

Notes to Basic Financial Statements

For the Year Ended June 30, 2018

Note 7 - Pension Plan - Municipal Employees' Retirement System (Continued)

	Deferred Outflows of Resources		Deferred Inflows of Resources
Differences between expected and actual experience	\$ 287	\$	1,192
Changes of assumptions	\$ 2,417	\$	-
Net difference between projected and actual earnings on pension plan investments	\$ 11,567	\$	-
Changes in proportion and differences between Employer contributions and proportionate share of contributions	\$ -	\$	2,788
Employer contributions subsequent to the measurement date	9,870		-
Total	\$ 19,452	\$	3,980

Deferred outflows of resources related to pensions resulting from the Town's contributions subsequent to the measurement date will be recognized as a reduction of the Town's NPL in the year ended June 30, 2018. 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:	
2019	\$ 3,728
2020	\$ 4,007
2021	\$ 2,038
2022	\$ 519
Total:	\$ 10,292

Best estimates of arithmetic real rates of return for each major asset class included in the System's target asset allocation in the June 30, 2017, valuation, are summarized in the following table:

TOWN OF ST. JOSEPH, LOUISIANA

Notes to Basic Financial Statements

For the Year Ended June 30, 2018

Note 7 - Pension Plan - Municipal Employees' Retirement System (Continued)

Asset Class	Target Asset Allocation	Long-term Expected Portfolio Real Rate Of Return
Public equity	50%	2.6%
Public fixed income	35%	1.8%
Alternatives	15%	0.8%
Total	100%	5.2%
Inflation		2.5%
Expected Arithmetic Nominal Rate		7.6%

The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates, which are calculated in accordance with relevant statutes and approved by the Board of Trustees and the Public Retirement Systems' Actuarial Committee. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits payments to determine the total pension liability.

Sensitivity to changes in the discount rate has been determined by measuring net pension liability at a discount rate that is one percentage point lower and one percentage point higher than the current rate. The results are presented as follows:

	1% Decrease	Current	1% Increase
	6.40%	7.40%	8.40%
Net Pension Liability	\$ 71,039	\$ 54,903	\$ 41,134

Pension Plan Fiduciary Net Position: Detailed information about the System's fiduciary net position is available in the separately-issued financial report referenced previously.

Payables to the Pension Plan: At June 30, 2018, the Town did not have any payable to the System for the June 2018, employee and employer legally required contributions.

TOWN OF ST. JOSEPH, LOUISIANA

Notes to Basic Financial Statements

For the Year Ended June 30, 2018

Note 8 - Long-Term Debt

The following is a summary of long-term obligation transactions for the year ended June 30, 2018.

	Beginning Balance	Additions	Deletions	Ending Balance	Amounts Due Within One Year
<u>Governmental Activities</u>					
Net pension liability	\$ 20,224	\$ -	\$ 582	\$ 19,642	\$ -
<u>Business-type Activities</u>					
Revenue bonds	336,320	-	8,099	328,221	8,367
Net pension liability	35,261	-	-	35,261	-
Total Business-type Activities	371,581	-	8,099	363,482	8,367
Long-term liabilities	<u>\$391,805</u>	<u>\$ -</u>	<u>\$ 8,681</u>	<u>\$ 383,124</u>	<u>\$ 8,367</u>

Bonds payable at June 30, 2018 is comprised of the following issue:

Business-type Activities: Utilities Enterprise Fund

Revenue Bonds:

\$423,000 revenue bonds dated January 26, 2004, due in monthly installments of \$1,599 through January 26, 2044; interest at 3.25%.

\$ 328,221

The principal and interest requirements of long-term obligations of the Town are due as follows:

Fiscal Year Ended	Principal	Interest	Total
June 30,			
2019	\$ 8,367	\$ 10,820	\$ 19,187
2020	8,643	10,544	19,187
2021	8,928	10,259	19,187
2022	9,223	9,964	19,187
2023	9,527	9,660	19,187
2024-2028	52,561	43,375	95,936
2029-2033	61,822	34,114	95,936
2034-2038	72,714	23,222	95,936
Thereafter	96,436	9,094	105,530
	<u>\$328,221</u>	<u>\$ 161,052</u>	<u>\$ 489,273</u>

TOWN OF ST. JOSEPH, LOUISIANA

Notes to Basic Financial Statements

For the Year Ended June 30, 2018

Note 9 - Intergovernmental Agreement - Gas Transmission and Distribution Operations

The Town of Saint Joseph, Louisiana owns jointly with the Town of Newellton, Louisiana a gas pipeline, which transports natural gas to the Towns. The jointly owned line is operated independently of the Towns. The carrying value of the investment is recorded on the equity method. The annual net income is added to the investment and cash withdrawals, and net losses are deducted from the investment value. A summary of the statement of net position of the Towns of Newellton and Saint Joseph, Louisiana Jointly Owned Gas Line Operations and Maintenance Fund (Joint Line) as of June 30, 2018, is as follows:

Assets	
Cash and cash equivalents	\$ 11,473
Accounts receivable	<u>384</u>
Total Assets	<u>11,857</u>
Liabilities	
Accounts payable and accrued expenses	9,247
Customer deposits	<u>162</u>
Total Liabilities	<u>9,409</u>
Net Position - Unrestricted	<u><u>\$ 2,448</u></u>

The Joint Line's net position decreased \$38,052 in the fiscal 2018 from the results of operations and interest income. The Joint Line issues a separate financial statement that can be obtained by contacting the Town of Newellton. The Statement of Net Position and Statement of Revenues, Expenses, and Changes in Fund Net Position are included in this report as Schedules 8 and 9.

During the 2018 fiscal year, the Joint Line did not receive any revenue from the Towns of St. Joseph or Newellton. Because the Joint Line did not make timely payments to the gas provider during the 2016 fiscal year, each town was required to purchase gas directly from the provider. Prior to this arrangement, each town paid the Joint Line for gas purchased and added an extra amount to fund maintenance and labor costs.

The Towns of Newellton and St. Joseph have been in discussions to again establish payments from each town to fund the maintenance and labor costs. Each town recognizes that there is a valuable asset that must be maintained. Attorneys for both towns have been discussing a resolution to this issue

TOWN OF ST. JOSEPH, LOUISIANA

Notes to Basic Financial Statements

For the Year Ended June 30, 2018

Note 10 - Accounts Payable and Accrued Expenses

Accounts payable and accrued expense of \$122,530 as of June 30, 2018, are comprised of the following:

	<u>General Fund</u>	<u>Utility Fund</u>	<u>Total</u>
Vendor payable	\$ 33,397	\$ 26,565	\$ 59,962
Due to other government agencies	20,900	-	20,900
Construction payable	-	22,255	22,255
IRS payable- penalties and interest	-	19,413	19,413
Total	<u>\$ 54,297</u>	<u>\$ 68,233</u>	<u>\$ 122,530</u>

Note 11 - Risk Financing Activities

The Town of Saint Joseph is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employee; and natural disasters. These risks of loss are covered by a comprehensive commercial insurance policy. Claims resulting from these risks that are covered by insurance have historically not exceeded insurance coverage. Losses related to workers' compensation and unemployment have been \$23,816 through the 3rd quarter of 2018.

Note 12 - Contingencies and Commitments

Litigation: The Town is a defendant in various lawsuits. Management and the Town's legal counsel believe that the probable outcome of these lawsuits will not materially affect the Town's financial position.

Grant Disallowances: The Town participates in a number of state and federally assisted grant programs. The programs are subject to compliance audits. Such audits could lead to request for reimbursement by the grantor agency for expenditures disallowed under terms of the grants. As of June 30, 2018, the Town has accrued \$20,900 for disallowed grant funds that were received in prior years. The State has determined the Town did not comply with grant requirements and is requiring the funds to be returned to the State. The Town has arranged to begin payments to the state in the fiscal year ending June 30, 2019.

IRS Compliance: As of June 30, 2018, the Town has accrued a total of \$19,413, for estimated outstanding taxes, penalties and interest payable to the Internal Revenue Service. The Town filed some of its payroll tax returns and paid the tax thereon late. This will result in penalties and interest being charged on these late filings and remittances. Included in the \$19,413 payable to the IRS are penalty and interest charges through June 30, 2018. The Internal Revenue Service's calculation of the penalties and interest may differ from the amount the Town estimated, but the Town does not expect the difference, if any to be material to the financial statements.

Note 13 – Water System Project

On December 16, 2016, Governor John Bel Edwards issued a proclamation declaring a state of public health emergency in the Town of Saint Joseph due to water testing in some residences and businesses showing higher than acceptable levels of lead. This proclamation was effective through January 14, 2018 and has been extended each month with a current expiration of February 8, 2018. It is our understanding that this

TOWN OF ST. JOSEPH, LOUISIANA

Notes to Basic Financial Statements

For the Year Ended June 30, 2018

Note 13 – Water System Project (Continued)

proclamation will be reissued each month until water system construction and repairs are complete and the Department of Health – Office of Public Health retests for lead and finds acceptable lead levels in the residences and businesses. Each proclamation has been advertised in the Tensas Gazette newspaper. Drinking water is being supplied to residents of the Town using 14 (400 gallon) water containers supplied by the Louisiana National Guard.

The Town is nearing completion of constructing, repairing, or replacing the water distribution and water treatment infrastructure. Funding is being provided from State Capital Outlay (\$7,900,000), Louisiana Community Water Enrichment Funds (\$250,000), and Delta Regional Authority (\$597,330).

Water tower repairs and upgrades that were funded with Community Development Block Grant Funds have been completed. Replacement of water mains that were considered an emergency project funded with Community Water Enrichment Funds have also been completed. Construction is ongoing on the water distribution system (water lines). The contract and change orders for this work total \$3,895,916, and completion is expected in October 2018. There are multiple contracts for the water treatment facilities (water plant) and equipment totaling \$2,851,620. The work has been completed and is awaiting engineers to submit final acceptance of contractors work before making final payments. Two new water wells were also constructed with a contract total of \$499,000. Final payment is awaiting sign off by the project engineers.

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF ST. JOSEPH, LOUISIANA

General Fund

Budgetary Comparison Schedule
For the Year Ended June 30, 2018

Variance With

	Original Budget	Final Budget	Actual	Final Budget Positive (Negative)
Revenues				
Taxes				
Ad valorem	\$ 37,240	\$ 45,700	\$ 40,203	\$ (5,497)
Sales and use	94,200	102,750	104,350	1,600
Charges for services	106,000	103,644	94,903	(8,741)
Licenses, permits and commissions for services	77,655	80,820	118,968	38,148
Intergovernmental revenues	18,000	18,000	18,000	-
Fines and forfeitures	10,000	4,788	3,952	(836)
Use of money and property	17,850	17,294	18,448	1,154
Other revenues	<u>2,375</u>	<u>109,102</u>	<u>111,559</u>	<u>2,457</u>
Total Revenues	<u>363,320</u>	<u>482,098</u>	<u>510,383</u>	<u>28,285</u>
Expenditures				
General government	141,195	177,131	137,505	39,626
Public safety	104,240	112,440	94,852	17,588
Public works	115,911	130,960	105,465	25,495
Culture and recreations	<u>-</u>	<u>-</u>	<u>1,099</u>	<u>(1,099)</u>
Total Expenditures	<u>361,346</u>	<u>420,531</u>	<u>338,921</u>	<u>81,610</u>
Excess of Revenues over Expenditures	1,974	61,567	171,462	109,895
Other Financing Sources (Uses)				
Transfers	<u>-</u>	<u>-</u>	<u>(23,500)</u>	<u>(23,500)</u>
Net Change in Fund Balance	<u>1,974</u>	<u>61,567</u>	<u>147,962</u>	<u>86,395</u>
Budgetary Fund Balances, Beginning	<u>178,212</u>	<u>178,212</u>	<u>178,212</u>	<u>-</u>
Budgetary Fund Balances, Ending	<u>\$ 180,186</u>	<u>\$ 239,779</u>	<u>\$326,174</u>	<u>\$ 86,395</u>

Town of St. Joseph
 Budget to GAAP Reconciliation
 For the Year End June 30, 2018

	General
Sources/Inflows of resources:	
Actual amounts (budgetary basis) "available for appropriation" from the Budgetary Comparison Schedule	\$ 688,595
Adjustments:	
The fund balance at the beginning of the year is a budgetary resource but is not a current-year revenue for financial reporting purposes	(178,212)
Transfers from other funds are inflows for budgetary purposes but are not revenue for financial reporting purposes	<u>\$ -</u>
Total revenues as reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	<u><u>510,383</u></u>
Uses/Outflows of resources:	
Actual amounts (budgetary basis) "Total charges to appropriations" from the Budgetary Comparison Schedule	<u>338,921</u>
Adjustments:	
Transfers to other funds are outflows for budgetary purposes but are not expenditures for financial reporting purposes	<u>23,500</u>
Total expenditures as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	<u><u>\$ 362,421</u></u>

TOWN OF ST. JOSEPH, LOUISIANA
Notes to the Budgetary Comparison Schedules
For the Year Ended June 30, 2018

Note A – General Budget Practices

The Town follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The proposed budget is submitted by the Town Clerk and the Mayor to the Board of Aldermen prior to July of the ensuing year. Notice of the location and availability of the proposed budget for the public inspection and the date of the public hearing to be conducted on the budget is then advertised in the official journal of the Town at least 15 days prior to the date of the hearing.
2. After the public hearing, the budget is adopted by passing an ordinance approving the budget at the selected June board meeting.
3. Budgetary amendments involving the transfer of funds from one department, program or function to another or involving increases in expenditures resulting from revenues exceeding amounts estimated require the approval of the Board of Aldermen.
4. All legally adopted budgets of the Town are adopted on a basis consistent with GAAP. A budget is adopted for the General Fund; encumbrance accounting is not used by the Town.
5. Appropriations (unexpended budget balances) lapse at year end.

TOWN OF ST. JOSEPH, LOUISIANA

**Schedule of Employer Share of Net Position Liability
For the Year Ended June 30, 2018**

Fiscal Year	Employer Proportion of the Net Pension Liability (Asset)	Employer Proportionate Share of the Net Pension Liability (Asset)	Employer's Covered Employee Payroll	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2015	0.073909%	\$ 34,700	\$ 46,882	74.00%	76.94%
2016	0.069405%	47,171	48,156	98.00%	68.71%
2017	0.066937%	55,485	46,658	1.19%	63.34%
2018	0.063455%	54,903	54,101	1.05%	62.49%

The amounts presented have a measurement date of the previous fiscal year end.

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, only information for those years for which information is available is presented.

TOWN OF ST. JOSEPH, LOUISIANA

**Schedule of Employer Contributions
For the Year Ended June 30, 2018**

Fiscal year	Contractually Required Contribution	Contributions in Relation to		Employer's Covered Employee Payroll	Contribution as a % of Covered Employee Payroll
		Contractually Required Contribution	Contribution Deficiency (Excess)		
2015	\$ 4,867	\$ 4,867	\$ -	\$ 48,156	10.11%
2016	4,608	4,608	-	48,504	9.50%
2017	5,132	5,132	-	46,658	11.0%
2018	9,870	9,870	-	54,101	13.2%

Other Supplementary Information

TOWN OF ST. JOSEPH, LOUISIANA

Nonmajor Governmental Funds
 Combining Balance Sheet
 For the Year Ended June 30, 2018

	<u>Special Revenue Funds</u>		
	<u>Downtown Revitalization</u>	<u>Lake Bruin</u>	<u>Total</u>
Assets			
Cash and cash equivalents	\$ 2,113	\$ 5,111	\$ 7,224
Interfund balance	<u>(50)</u>	<u>12,981</u>	<u>12,931</u>
Total assets	<u>2,063</u>	<u>18,092</u>	<u>20,155</u>
Fund Balances			
Assigned	<u>2,063</u>	<u>18,092</u>	<u>20,155</u>
Total fund balances	<u>\$ 2,063</u>	<u>\$ 18,092</u>	<u>\$ 20,155</u>

TOWN OF ST. JOSEPH, LOUISIANA

**Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures,
And Changes in Fund Balances
For the Year Ended June 30, 2018**

	Special Revenue Funds		Total
	Downtown Revitalization	Lake Bruin	
Revenues			
Use of money and property	\$ -	\$ -	\$ -
Total revenues	-	-	-
Expenditures			
General and administrative	-	-	-
Total expenditures	-	-	-
Excess of revenue over expenditures	-	-	-
Fund balances - beginning	2,063	18,092	20,155
Fund balances - ending	\$ 2,063	\$ 18,092	\$ 20,155

TOWN OF ST. JOSEPH, LOUISIANA

Schedule of Compensation, Benefits and Other Payments to Agency Head
For the Year Ended June 30, 2018

Mayor Elvadás Fields Jr.

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 17,500
Benefits - Social Security and Medicare	1,339
Reimbursement-Travel	918
Reimbursement - Materials and Supplies	<u>755</u>
Total Compensation, Benefits, and Other Payments to Agency Head	<u>\$ 20,512</u>

TOWN OF ST. JOSEPH, LOUISIANA

**Schedule of Compensation Paid to the Members of the Board of Alderman
For the Year Ended June 30, 2018**

The schedule of compensation paid to the Council Members was prepared in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature. Compensation of the Council Members are included in the general administrative expenditures of the General Fund. The Council Members receive compensation pursuant to Louisiana Revised Statute 404.1.

<u>Council Members:</u>	<u>Amount</u>
Theodore Jackson, Council Member	1,500
John Lewis, Council Member	1,500
Jerry Newman, Council Member	1,500
Carl Olds, Jr., Council Member	1,500
Antionette Shields, Council Member	<u>1,500</u>
Total Council Members' Compensation	<u>\$ 7,500</u>

Other Information

TOWN OF ST. JOSEPH, LOUISIANA
Town of Newellton and St. Joseph
Jointly Owned Gas Line Operation and Maintenance Fund
Statement of Net Position
For the Year Ended June 30, 2018
Unaudited

Assets:

Cash and cash equivalents	\$ 11,473
Accounts receivable	<u>384</u>
Total assets	<u>11,857</u>

Liabilities and Net Position Liabilities:

Accounts payable and accrued expenses	9,247
Customer deposits	<u>162</u>
Total liabilities	<u>9,409</u>

Net Position:

Unrestricted	<u>2,448</u>
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Total Net Position	<u>\$ 11,857</u>
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TOWN OF ST. JOSEPH, LOUISIANA
Town of Newellton and St. Joseph
Jointly Owned Gas Line Operation and Maintenance Fund
Statement of Revenues, Expenses Changes in Fund Net Position
For the Year Ended June 30, 2018
Unaudited

Operating Revenues	
Changes for services	\$ 11,731
Other revenues	<u>3,173</u>
Total operating revenues	<u>14,904</u>
Operating Expenses	
Salaries and wages	24,000
Payroll taxes	2,159
Professional fees	1,400
Repair and maintenance	24,515
Other	<u>882</u>
Total expenses	<u>52,956</u>
Operating income (loss)	<u>(38,052)</u>
Change in net position	(38,052)
Net position, beginning	<u>40,500</u>
Net position, ending	<u>\$ 2,448</u>

INTERNAL CONTROL, COMPLIANCE, AND OTHER MATTERS



J. WALKER & COMPANY^{APC}

ACCOUNTANTS AND ADVISORS

INDEPENDENT AUDITORS' 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 Elvadás Fields, Mayor
and Members of the Board of Aldermen
Town of St. Joseph, 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 St. Joseph, Louisiana, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Town of St. Joseph, Louisiana basic financial statements and have issued our report thereon dated December 09, 2018.

Internal Control over Financial Reporting

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

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

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 a 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.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of St. Joseph, Louisiana financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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. Although the intended use of this report may be limited, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

J. Walker & Company, APC

Lake Charles, Louisiana

December 09, 2018



TOWN OF ST. JOSEPH, LOUISIANA
Schedule of Findings and Responses
For the Year Ended June 30, 2018

I. Summary of Auditors' Results

a. Financial Statements

1. The independent auditors' report expresses a unmodified opinion on the financial statements of the Town of St. Joseph, Louisiana.
2. There are no control deficiencies disclosed during the audit of the financial statements and reported in the *Independent Auditors' 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*.
3. There are no instances of noncompliance that is reported in the *Independent Auditors' 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*.

b. Federal Awards

1. The entity reported they received less than \$750,000 in federal awards during the year ended June 30, 2018 and therefore is exempt from the audit requirements as required by *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.

c. Management Letter

1. No management letter was issued in connection with the audit for the year ended June 30, 2018.

TOWN OF ST. JOSEPH, LOUISIANA
Schedule of Findings and Responses
For the Year Ended June 30, 2018

II. **Findings- Financial Statement Audit**

No Current Findings.

TOWN OF ST. JOSEPH, LOUISIANA
Summary of Prior Year Findings
For the Year Ended June 30, 2018

INTERNAL CONTROL AND COMPLIANCE FINDINGS

2017-01 Budget Violations

Fiscal Year Finding Originated: 2017

Condition:

The general fund's proposed original budget did not contain all the required elements as set forth in R.S.39:1305(C)(2)(a). The side-by-side detailed comparisons were not presented. Only the general fund's revenues by type and expenses by function and the income/loss were presented for the original budget. The beginning and ending fund balances were not presented. It did not contain any budget to actual information or percentage of change as required. The budget ordinance was not published in the official journal.

The 2016-2017 original budget was not published in the official journal as required. While reviewing board meeting minutes to determine if the Town furnished the board meeting minutes within twenty days to the official journal, it was noted that the board meeting minutes selected were not published in the official journal within a reasonable amount of time after the regular meeting occurred.

Corrective Action Plan:

The Town should establish good practices over the budget process. The Mayor should use the Local Government Budget Act template that is available on the Louisiana Legislative Auditor's website. Financial records need to be accurate and kept current to allow the Town to monitor revenues and expenditures and produce budget-to-actual comparisons.

Current Status:

Resolved.

2017-02 Payroll Disbursements

Fiscal Year Finding Originated: 2017

Condition:

Two of the five employees selected for testing were not paid in strict accordance with the terms and conditions of the pay rate structure.

Of the selected employees, there is no written documentation that supervisors approved the attendance and leave records of one employee.

Corrective Action Plan:

Written policies and procedures need to be developed and implemented to ensure an effective system of internal controls over personnel files and payroll disbursements that follow best practices as recommended by the Louisiana Legislative Auditor.

TOWN OF ST. JOSEPH, LOUISIANA
Summary of Prior Year Findings
For the Year Ended June 30, 2018

Current Status:

Resolved.

2017-03 Late Submission of Audit Report to the Legislative Auditor

Fiscal Year Finding Originated: 2017

Condition:

The Town's audit report for the fiscal year ending June 30, 2017 was not completed within the six month deadline as per R.S. 24:513 A (5)(a)(i).

Corrective Action Plan:

The audit report should be submitted to the Louisiana Legislative Auditor by the December 31st deadline.

Current Status:

Resolved.

2017-04 Participation in Louisiana Municipal Police Retirement System

Fiscal Year Finding Originated: 2017

Condition:

The police department does not participate in the Louisiana Municipal Police Employees Retirement System (MPERS) as required by R.S. 11:2214. The Town was unable to provide documentation indicating that the Town enacted an ordinance on or before January 01, 1978 to exempt the Town from participation.

Corrective Action Plan:

In accordance with R.S. 11:2214 and R.S. 11:157, all police officers should be given the opportunity to participate in MPERS or should be given the option to opt out of participation. Documentation should be maintained for each police officer evidencing either participation in the retirement system or the employee's decision to opt out of the system.

Current Status:

Resolved.

State Agreed Upon Procedures



J. WALKER & COMPANY_{APC}

ACCOUNTANTS AND ADVISORS

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

The Honorable Elvadus Fields
Town of St Joseph
St Joseph Louisiana, and the
Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by Town of St. Joseph and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2017 through June 30, 2018. The Town's management is responsible for those C/C areas identified in the SAUPs. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations):
 - a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget
We performed the procedure above and noted no exceptions.
 - 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.
We performed the procedure above and noted no exceptions.
 - c) **Disbursements**, including processing, reviewing, and approving
We performed the procedure above and noted no exceptions.
 - 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 (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

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We performed the procedure above and noted no exceptions.

- e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.

We performed the procedure above and noted no exceptions.

- 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

We performed the procedure above and noted no exceptions.

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

We performed the procedure above and noted no exceptions.

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

We performed the procedure above and noted no exceptions.

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

We performed the procedure above and noted no exceptions.

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

We performed the procedure above and noted no exceptions.

Board or Finance Committee

- 2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
 - a) Observe that the board/finance committee met with a quorum at least monthly or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

We performed the procedure above and noted no exceptions.



- b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds.

We performed the procedure above and noted no exceptions.

- c) For governmental entities, obtain the prior year audit report and observe the unrestricted fund balance in the general fund. If the general fund had a negative ending unrestricted 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 unrestricted fund balance in the general fund.

We performed the procedure above and noted no exceptions.

Bank Reconciliations

- 3. Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for selected each account, and observe that:

- a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);

We performed the procedure above and noted no exceptions.

- 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 (e.g., initialed and dated, electronically logged); and

We performed the procedure above and noted no exceptions.

- 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, if applicable.

We performed the procedure above and noted no exceptions.

Collections

- 4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that



the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).

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 (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:

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

We performed the procedure above and noted no exceptions.

- 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 (e.g. pre-numbered receipts) to the deposit.

We performed the procedure above and noted no exceptions.

- 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.

We performed the procedure above and noted no exceptions.

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

We performed the procedure above and noted no exceptions.

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

We performed the procedure above and noted no exceptions.

7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). Obtain supporting documentation for each of the 10 deposits and:

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

We performed the procedure above and noted no exceptions.

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

We performed the procedure above and noted no exceptions.

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



We performed the procedure above and noted no exceptions.

- d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).

We performed the procedure above and noted no exceptions.

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

We performed the procedure above and noted no exceptions.

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 5 locations (or all locations if less than 5).

- 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 (if the agency has no written policies and procedures, inquire of employees about their 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.

We performed the procedure above and noted no exceptions.

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

We performed the procedure above and noted no exceptions.

- 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.

We performed the procedure above and noted no exceptions.

- 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.

We performed the procedure above and noted no exceptions.

- 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 5 disbursements for each location, obtain supporting documentation for each transaction and:



- a) Observe that the disbursement matched the related original invoice/billing statement.

We performed the procedure above and noted no exceptions.

- b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

We performed the procedure above and noted no exceptions.

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

11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.
12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:
 - a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]]

We performed the procedure above and noted no exceptions.

- b) Observe that finance charges and late fees were not assessed on the selected statements.

We performed the above procedure and noted following exceptions.

On seven occasions the Town was assessed finance charge or late fees on statements reviewed.

Management's Response: See management's response letter.

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

We performed the procedure above and noted no exceptions.



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 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:

- a) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).

We performed the procedure above and noted no exceptions.

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

We performed the procedure above and noted no exceptions.

- c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).

We performed the procedure above and noted no exceptions.

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

We performed the procedure above and noted no exceptions.

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. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:

- a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.

The governor declared a public health emergency in December 2016 making the contracts an exemption to LA Public Bid Law.

- b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).

No contracts were bided in accordance with the Louisiana Public Bid Law. Therefore, procedure is not applicable.



- c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.

We performed the procedure above and noted no exceptions.

- d) Randomly select one payment from the fiscal period for each of the 5 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.

We performed the procedure above and noted no exceptions.

Payroll and Personnel

- 16. Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

- 17. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:

- a) Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)

We performed the procedure above and noted no exceptions.

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

We performed the procedure above and noted no exceptions.

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

We performed the procedure above and noted no exceptions.

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

We performed the procedure above and noted no exceptions.

- 19. Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers'



compensation premiums have been paid, and associated forms have been filed, by required deadlines.

We performed the procedure above and noted no exceptions.

Ethics

20. Using the 5 randomly selected employees/officials from procedure #16 under “Payroll and Personnel” above obtain ethics documentation from management, and:
- Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.

We performed the procedure above and noted no exceptions.

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

We performed the procedure above and noted no exceptions.

Debt Service

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

The Town did not issue debt during the fiscal period. Therefore, these procedures are 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.

The Town did not issue debt during the fiscal period. Therefore, these procedures are not applicable.

Other

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

We performed the procedure above and noted no exceptions.



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.

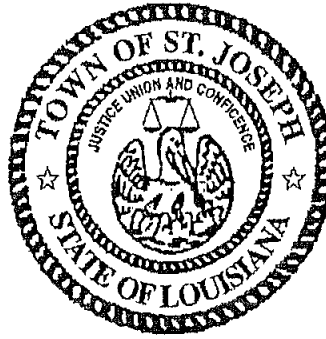
We performed the procedure above and noted no exceptions.

J. Walker & Company, APC

Lake Charles, Louisiana
December 05, 2018



MAYOR
Elvadás Fields, Jr.
MUNICIPAL CLERK
Maude H. Scott
Erica Turner, *Asst. Clerk*
KARL JONES, *Chief of Police*



COUNCIL MEMBERS
John Lewis, *Mayor Pro Temp*
Jerry Newman
Theodore Jackson
Antionette Shields
Carl Olds

TOWN OF SAINT JOSEPH

Responses to June 30, 2018 Agreed-Upon Procedures Findings

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


12.b. We do concur with the findings as stated. However, we submit the following: The statements reflected interest charged only because the payment was not a payment that eliminated the entire balance. Therefore, interest was charged on the remaining balance. We pay the entire balance on this card in full negating the interest charge.

In addition there was only one late charge assessed and we questioned the charge as the billing statement reflected the payment due by August 11, 2017 and our payment was made August 3, 2017.

If you have questions concerning any of our responses do not hesitate to contact us.

Sincerely,

Elvadás Fields, Jr.
Mayor

"This institution is an equal opportunity provider" 

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