

**Town of St. Joseph, Louisiana**

**Annual Financial Report**

**For the Year Ended June 30, 2017**

**TOWN OF ST. JOSEPH, LOUISIANA**  
**For the Year Ended June 30, 2017**  
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# J. WALKER & COMPANY<sub>APC</sub>

ACCOUNTANTS AND ADVISORS

## INDEPENDENT AUDITORS' REPORT

Honorable Elvadás Fields, Jr., Mayor  
and Members of the Board of Aldermen  
Town of St. Joseph, Louisiana

### Report on the Financial Statements

We have audited the accompanying financial statements of net position of the governmental activities, and business-type activities and the balance sheet of each major fund, and the aggregate remaining fund information of the Town of St. Joseph, Louisiana (the "Town") as of June 30, 2017, and were engaged to audit the related statements of activities of the governmental activities and business-type activities and the statement of revenues, expenditures and changes in fund balances and statement of cash flows for the year then ended, 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 an opinion on these financial statements based on conducting the audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audit contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Because of the matter described in the Basis of Disclaimer of Opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the results of operations of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information and cash flows or the consistency of application of accounting principles with the preceding year.

We conducted our audit of the statement of net position and the balance sheet 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 statement of net position and the balance sheet are free from material misstatement.

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CERTIFIED PUBLIC ACCOUNTANTS



An audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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.

**Basis for Disclaimer of Opinion on the Results of Operations, Cash Flows, and Consistency**

The predecessor auditor issued a disclaimer of opinion on the financial statements of the Town as of June 30, 2016, and for the year then ended. As such, we have not applied audit procedures necessary to obtain sufficient appropriate audit evidence about the classifications and amounts comprising the balance sheet at June 30, 2016.

**Disclaimer of Opinion on Results of Operations, Cash Flows, and Consistency**

Because of the significance of the matter described in the Basis of Disclaimer of Opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for audit opinions on the results of operations and cash flows for the governmental activities and business-type activities, where applicable, for the year ended June 30, 2017, or on the consistency of application of accounting principles within the preceding year. Accordingly, we do not express an opinion on the results of operations and cash flows for the governmental activities and business-type activities, where applicable, for the year ended June 30, 2017, or on the consistency of application of accounting principles with the preceding year.

**Opinion on the Balance Sheet**

In our opinion, statement of net position and balance sheet referred to in the first paragraph presents fairly, in all material respects, the financial position of the Town as of June 30, 2017, in accordance with accounting principles generally accepted in the United States of America.



## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, beginning on page 5, and budgetary comparison information on page 44, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of St. Joseph, Louisiana's basic financial statements. The accompanying schedule of compensation, benefits and other payments to agency head or chief executive officer and schedule of compensation paid to the members of the board of aldermen, found on pages 51 and 52 respectively, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual non-major fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual non-major fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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



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

In accordance with *Government Auditing Standards*, we have also issued our report dated March 30, 2018, on our consideration of the Town of St. Joseph, Louisiana's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town of St. Joseph, Louisiana's internal control over financial reporting and compliance.

*J. Walker & Company, APC*

Lake Charles, Louisiana

March 30, 2018



## **MANAGEMENT'S DISCUSSION AND ANALYSIS**



**TOWN OF ST. JOSEPH, LOUISIANA**  
Management's Discussion and Analysis  
(Unaudited)  
For the Year Ended June 30, 2017

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, 2017. 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 \$6,917,165. Of this amount, (\$75,915) represents unrestricted net position (deficit), which may be used to meet the government's ongoing obligations to citizens and creditors.
- The Town's total net position increased \$4,814,316 or 229% because of capital grant revenue. Taxes and licenses and permits revenue were slightly lower as well as water, gas, sewer, garbage and trash services billings.
- As of the close of the current fiscal year, the Town's governmental funds reported a combined ending fund balances of \$198,367, an increase of \$49,158 or 33% in comparison with the prior year. Approximately 91% of this amount (\$178,212) was available for spending at the Town's discretion (unassigned fund balance).
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$178,212, or approximately 47% 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  
(Unaudited)  
For the Year Ended June 30, 2017

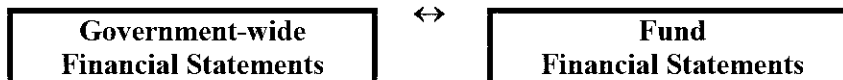
The following chart reflects the information included in this annual report.

***Financial Section***

**Required Supplementary Information**

Management's Discussion & Analysis (MD&A)

**Basic Financial Statements**



**Notes to the Basic Financial Statements**

**Required Supplementary Information**

Schedule of the Employer's Proportionate Share of the Net Pension Liability  
Schedule of Employer Contributions  
Budgetary Comparison Information

**Supplementary Information**

Combining Nonmajor Funds  
Schedule of Compensation Paid to Aldermen  
Schedule of Compensation, Benefits, and Other Payments to Agency Head

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.

**TOWN OF ST. JOSEPH, LOUISIANA**  
Management's Discussion and Analysis  
(Unaudited)  
For the Year Ended June 30, 2017

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. 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**  
**(Unaudited)**  
**For the Year Ended June 30, 2017**

**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, 2017, 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 position. In the case of the Town of St. Joseph, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$6,917,165 at the close of the fiscal year ended June 30, 2017.

**Table 1**  
**Schedule of Net Position**  
**June 30,**

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total Government</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
Current and other assets	\$ 245,516	\$ 252,266	1,689,920	244,258	1,935,436	496,524
Capital assets, net	280,997	315,378	7,050,706	2,061,823	7,331,703	2,377,201
Total assets	526,513	567,644	8,740,626	2,306,081	9,267,139	2,873,725
Deferred outflows of resources	8,841	10,166	15,444	7,728	24,285	17,894
Current and other liabilities	47,149	103,057	1,928,103	275,272	1,975,252	378,329
Long-term liabilities	20,224	26,798	371,581	372,125	391,805	398,923
Total Liabilities	67,373	129,855	2,299,684	647,397	2,367,057	777,252
Deferred inflows of resources	2,625	6,544	4,577	4,974	7,202	11,518
Net Position:						
Net investment in capital assets	280,997	315,378	6,714,386	1,710,071	6,995,383	2,025,449
Restricted	-	-	1,697	21,600	1,697	21,600
Unrestricted	184,359	126,033	(264,274)	(70,233)	(79,915)	55,800
Total Net Position	\$ 465,356	\$ 441,411	\$ 6,451,809	\$ 1,661,438	\$ 6,917,165	\$ 2,102,849



**TOWN OF ST. JOSEPH, LOUISIANA**  
**Management's Discussion and Analysis**  
**(Unaudited)**  
**For the Year Ended June 30, 2017**

By far, the largest amount of the Town's net position reflects its investment in capital assets of \$6,995,383 (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves can't be used to liquidate these liabilities.

An additional portion of the Town's net position, \$1,697, represents resources that are subject to external restrictions on how they may be used. Remaining for unrestricted net position is a deficit balance of \$79,915.

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,**

	Governmental Activities		Business-type Activities		Total Government	
	2017	2016	2017	2016	2017	2016
Revenues:						
Program Revenues:						
Charges for services	\$ 83,016	\$ 90,265	\$ 440,617	\$ 452,901	\$ 523,633	\$ 543,166
Operating grants	18,000	18,000	-	-	18,000	18,000
Capital grants	22,754	-	5,327,711	294,005	5,350,465	294,005
General Revenue:						
Ad valorem taxes	37,589	36,786	-	-	37,589	36,786
Sales tax	101,119	104,081	-	-	101,119	104,081
License and permits	105,991	105,446	-	-	105,991	105,446
Income(loss) from jointly own gas operations and maintenance fund	-	-	(15,120)	(25,718)	(15,120)	(25,718)
Other general revenue	63,865	29,384	386	284	64,251	29,668
Total Revenue	432,334	383,962	5,753,594	721,472	6,185,928	1,105,434
Expenses:						
General government	189,063	201,411	-	-	189,063	201,411
Public safety	102,366	118,455	-	-	102,366	118,455
Public works	107,090	140,648	-	-	107,090	140,648
Culture and recreation	9,870	14,016	-	-	9,870	14,016
Utilities	-	-	963,223	821,436	963,223	821,436
Total Expenses	408,389	474,530	963,223	821,436	1,371,612	1,295,966
Changes in Net Position	23,945	(90,568)	4,790,371	(99,964)	4,814,316	(190,532)
Net Position, Beginning,	441,411	531,979	1,661,438	1,761,402	2,102,849	2,293,381
Net Position, Ending	\$ 465,356	\$ 441,411	\$ 6,451,809	\$ 1,661,438	\$ 6,917,165	\$ 2,102,849

**TOWN OF ST. JOSEPH, LOUISIANA**  
**Management's Discussion and Analysis**  
**(Unaudited)**  
**For the Year Ended June 30, 2017**

**Governmental activities**

In the current year, governmental activities had an increase of \$23,945 in net position, compared to a \$90,568 decrease in the prior year.

Licenses and permits, which provided \$105,991 or 25% of revenue, was the largest source of general revenues for the Town's governmental activities. Licenses and permits experienced an increase in collections of \$545 over the amounts reported in 2016. Sales and other taxes revenue was second at \$101,119 or 23%. Sales tax experienced a decline of \$2,962 from the amounts collected in 2016. Charges for services (garbage collection fees) provided \$83,016 of revenue for governmental activities for fiscal year 2017. Garbage collection fees declined \$7,249 from fees earned in fiscal year 2016. The Town's governmental activities operating and capital grants revenues increased \$22,754.

The cost of all governmental activities this year was \$408,389. However, as shown in the Statement of Activities, the amount that our taxpayers ultimately financed for these activities through Town taxes was only \$284,619 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,**

	<u>Total Cost of Services</u>			<u>Net Cost of Services</u>		
	2017	2016	Change	2017	2016	Change
<b>Governmental activities</b>						
General government	\$ 189,063	\$ 201,411	\$ (12,348)	\$ 166,309	\$ 201,411	\$ (35,102)
Public safety	102,366	118,455	(16,089)	84,366	100,455	(16,089)
Public works	107,090	140,648	(33,558)	24,074	50,383	(26,309)
Culture and recreation	9,870	14,016	(4,146)	9,870	14,016	(4,146)
<b>Total functions/ programs expenses</b>	<u>\$ 408,389</u>	<u>\$ 474,530</u>	<u>\$ (66,141)</u>	<u>\$ 284,619</u>	<u>\$ 366,265</u>	<u>\$ (81,646)</u>

**Business-type activities**

The increase in net position for business-type operations for the current year was \$4,790,371 compared to a decrease of \$99,964 in the prior year. Charges for services decreased \$12,284 while net income from the jointly owned gas line increased \$10,598, Capital grants increased \$5,033,706. The decrease in charges for services decrease is due to billings to customers that were lower than 2016 billings. Capital grants increase is due to grant funding received for the elevated water tower and water system rehabilitation projects. Expenses increased \$141,787 or 17%.

**TOWN OF ST. JOSEPH, LOUISIANA**  
Management's Discussion and Analysis  
(Unaudited)  
For the Year Ended June 30, 2017

**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 \$198,367 an increase of \$49,158, when compared with the prior year. \$178,212 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 St. Joseph. At the end of the current fiscal year, fund balance of the general fund was \$178,212 which is an increase of \$49,158 from the \$129,054 fund balance reported for the prior fiscal year. Revenues increased from the \$383,014 reported in fiscal 2016 to \$431,734, an increase of \$48,720 or 3%. Expenses decreased \$38,747 or 9% 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 June 13, 2016 and amended on April 10, 2017. The actual revenues exceeded budgeted amounts by \$79,214 for the year ending June 30, 2017. This difference was primarily because actual revenue collected exceeded expected collections. The budgeted expenditures exceeded actual amounts by \$53,071, primarily because of decreased operating expenses.

**Capital Assets and Debt Administration**

*Capital assets*

As for the year ended June 30, 2017, the Town had \$7,331,703 (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 \$5,314,800 and depreciation of \$360,298) of \$4,954,502, or 208%.

**TOWN OF ST. JOSEPH, LOUISIANA**  
**Management's Discussion and Analysis**  
**(Unaudited)**  
**For the Year Ended June 30, 2017**

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

		<b>Capital Assets</b>					
		<b>June 30,</b>					
		<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Nondepreciable assets:							
Land	\$	43,915	\$ 43,915	\$ 7,886	\$ 7,886	\$ 51,801	\$ 51,801
Construction in progress		-	-	5,138,440	366,905	5,138,440	366,905
Total nondepreciable assets		<u>43,915</u>	<u>43,915</u>	<u>5,146,326</u>	<u>374,791</u>	<u>5,190,241</u>	<u>418,706</u>
Depreciable assets, net:							
Building		66,871	78,186	-	-	66,871	78,186
Walking trail		77,703	82,581	-	-	77,703	82,581
Water system		-	-	441,726	676,235	441,726	676,235
Water tower		-	-	515,089	-	515,089	-
Gas system		-	-	55,618	67,741	55,618	67,741
Sewer system		-	-	605,415	647,234	605,415	647,234
Equipment		92,508	110,696	928	1,819	93,436	112,515
Amphitheatre		-	-	285,604	294,003	285,604	294,003
Total depreciable assets, net		<u>237,082</u>	<u>271,463</u>	<u>1,904,380</u>	<u>1,687,032</u>	<u>2,141,462</u>	<u>1,958,495</u>
Total capital assets, net	\$	<u>280,997</u>	<u>315,378</u>	<u>7,050,706</u>	<u>2,061,823</u>	<u>7,331,703</u>	<u>2,377,201</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, 2017, 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, 2017, was \$336,230.

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 2018 are comparable to 2017'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 2018 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, 2017, \$5,327,711 of these grants have been spent. All of these projects are expected to be completed in the year ending June 30, 2018, and the remaining \$3,499,289 of these grants will be received and spent.

**TOWN OF ST. JOSEPH, LOUISIANA**  
Management's Discussion and Analysis  
(Unaudited)  
For the Year Ended June 30, 2017

**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, 2017**

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and interest-bearing deposits	\$ 21,522	\$ 15,376	\$ 36,898
Receivables, net	13,664	1,766,744	1,780,408
Internal balances	210,330	(210,330)	-
Gas utility deposit	-	35,000	35,000
Restricted assets:			
Cash and interest-bearing deposits	-	62,880	62,880
Investment in jointly owned gas line operation and maintenance fund	-	20,250	20,250
Capital assets:			
Land and construction in progress	43,915	5,146,326	5,190,241
Capital assets, net	237,082	1,904,380	2,141,462
Total capital assets	280,997	7,050,706	7,331,703
Total assets	526,513	8,740,626	9,267,139
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows of resources related to pensions	8,841	15,444	24,285
<b>LIABILITIES</b>			
Accounts payable and accrued expenses	44,563	1,864,651	1,909,214
Accrued payroll and benefits	2,586	2,269	4,855
Payable from restricted assets - customer and utility payments	-	61,183	61,183
Long-term liabilities:			
Due within one year	-	8,100	8,100
Due in more than one year	20,224	363,481	383,705
Total liabilities	67,373	2,299,684	2,367,057
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows of resources related to pensions	2,625	4,577	7,202
<b>NET POSITION</b>			
Net investment in capital assets	280,997	6,714,386	6,995,383
Restricted for debt service	-	1,697	1,697
Unrestricted (deficit)	184,359	(264,274)	(79,915)
Total net position	\$ 465,356	\$ 6,451,809	\$ 6,917,165

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, 2017

	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
<b>Functions/Programs</b>							
Governmental Activities							
General government	\$ 189,063	\$ -	\$ -	\$ 22,754	\$ (166,309)	\$ -	\$ (166,309)
Public safety	102,366	-	18,000	-	(84,366)	-	(84,366)
Public works	107,090	83,016	-	-	(24,074)	-	(24,074)
Culture and recreation	<u>9,870</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(9,870)</u>	<u>-</u>	<u>(9,870)</u>
Total governmental activities	<u>408,389</u>	<u>83,016</u>	<u>18,000</u>	<u>22,754</u>	<u>(284,619)</u>	<u>-</u>	<u>(284,619)</u>
Business-type activity:							
Utility fund	<u>963,223</u>	<u>440,617</u>	<u>-</u>	<u>5,327,711</u>	<u>-</u>	<u>4,805,105</u>	<u>4,805,105</u>
Total Governmental Activities	<u>\$ 1,371,612</u>	<u>\$ 523,633</u>	<u>\$ 18,000</u>	<u>\$ 5,350,465</u>	<u>(284,619)</u>	<u>4,805,105</u>	<u>4,520,486</u>
General revenues							
Taxes:							
Ad valorem taxes					37,589	-	37,589
Sales taxes					101,119	-	101,119
License and permits					105,991	-	105,991
Fines and forfeitures					4,380	-	4,380
Use of money and property					18,552	386	18,938
Miscellaneous					40,933	-	40,933
Income from jointly owned gas operations and maintenance fund					<u>-</u>	<u>(15,120)</u>	<u>(15,120)</u>
Total general revenues					<u>308,564</u>	<u>(14,734)</u>	<u>293,830</u>
Changes in net position					23,945	4,790,371	4,814,316
Net Position - beginning					<u>441,411</u>	<u>1,661,438</u>	<u>2,102,849</u>
Net Position - ending					<u>\$ 465,356</u>	<u>\$ 6,451,809</u>	<u>\$ 6,917,165</u>

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

**FUND FINANCIAL STATEMENTS (FFS)**

TOWN OF ST. JOSEPH, LOUISIANA

Balance Sheet

Governmental Funds

June 30, 2017

	<u>General</u>	<u>Nonmajor</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 14,298	\$ 7,224	\$ 21,522
Receivables	13,664	-	13,664
Interfund receivables	<u>197,399</u>	<u>12,931</u>	<u>210,330</u>
Total assets	<u>225,361</u>	<u>20,155</u>	<u>245,516</u>
<b>LIABILITIES</b>			
<b>Liabilities:</b>			
Accounts payable and accrued expenses	44,563	-	44,563
Accrued payroll and benefits	<u>2,586</u>	<u>-</u>	<u>2,586</u>
Total liabilities	<u>47,149</u>	<u>-</u>	<u>47,149</u>
<b>Fund balances:</b>			
Assigned	-	20,155	20,155
Unassigned	<u>178,212</u>	<u>-</u>	<u>178,212</u>
Total fund balances	<u>178,212</u>	<u>20,155</u>	<u>198,367</u>
Total liabilities and fund balances	<u>\$ 225,361</u>	<u>\$ 20,155</u>	<u>\$ 245,516</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, 2017

Total fund balances for governmental funds at June 30, 2017 \$ 198,367

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.

Cost of capital assets	1,118,826	
Accumulated depreciation	<u>(837,829)</u>	
		280,997

Deferred outflows of resources are not available to pay current period expenditures, and therefore, are not reported in the governmental funds. 8,841

Deferred inflows or resources are not due and payable in the current period and accordingly are not reported in the governmental funds. (2,625)

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

Net pension liability		<u>(20,224)</u>
-----------------------	--	-----------------

Total net position of governmental activities at June 30, 2017 \$ 465,356

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, 2017**

	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
<b>Revenues:</b>			
Taxes			
Ad valorem	\$ 37,589	\$ -	\$ 37,589
Sales and use	101,119	-	101,119
Charges for services	83,016	-	83,016
Licenses and permits	105,991	-	105,991
Intergovernmental	40,754	-	40,754
Fines and forfeits	4,380	-	4,380
Use of money and property	18,552	-	18,552
Miscellaneous revenues	40,333	-	40,333
Total revenues	<u>431,734</u>	<u>-</u>	<u>431,734</u>
<b>Expenditures:</b>			
Current -			
General government	181,852	-	181,852
Public safety	87,554	-	87,554
Public works	85,423	-	85,423
Culture and recreation	4,993	-	4,993
Capital outlay	22,754	-	22,754
Total expenditures	<u>382,576</u>	<u>-</u>	<u>382,576</u>
Excess (deficiency) of revenues over expenditures	<u>49,158</u>	<u>-</u>	<u>49,158</u>
Fund balances, beginning	<u>129,054</u>	<u>20,155</u>	<u>149,209</u>
Fund balances, ending	<u>\$ 178,212</u>	<u>\$ 20,155</u>	<u>\$ 198,367</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, 2017**

Total net changes in fund balances for the year ended June 30, 2017 \$ 49,158

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	22,754	
	Depreciation	<u>(57,134)</u>	
			(34,380)

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. Pension expenditures in the governmental funds are the amounts actually paid.

9,167

Total changes in net position for the year ended June 30, 2017 \$ 23,945

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, 2017**

<b>ASSETS</b>	<u>Utility Fund</u>
Current assets:	
Cash and cash equivalents	\$ 15,376
Receivables, net	<u>1,766,744</u>
Total current assets	<u>1,782,120</u>
Noncurrent assets:	
Gas utility deposit	35,000
Restricted cash and cash equivalents	62,880
Investment in jointly owned gas line operation and maintenance fund	20,250
Capital assets:	
Land and construction in progress	5,146,326
Depreciable assets, net of depreciation	<u>1,904,380</u>
Total noncurrent assets	<u>7,168,836</u>
Total assets	<u>8,950,956</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred outflows of resources related to pensions	<u>15,444</u>
<b>LIABILITIES</b>	
Current liabilities (payable from current assets):	
Accounts payable and accrued expenses	1,864,651
Accrued payroll and benefits	2,269
Interfund payable	210,330
Revenue bonds payable	<u>8,100</u>
Total current liabilities	<u>2,085,350</u>
Liabilities payable from restricted assets:	
Customer deposits	45,650
Utility payments	<u>15,533</u>
Total current liabilities	<u>61,183</u>
Total current liabilities	<u>2,146,533</u>
Noncurrent liabilities:	
Revenue bonds payable	328,220
Net pension liability	<u>35,261</u>
Total noncurrent liabilities	<u>363,481</u>
Total liabilities	<u>2,510,014</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred inflows of resources related to pensions	<u>4,577</u>
<b>NET POSITION</b>	
Net investment in capital assets	6,714,386
Restricted for debt service	1,697
Unrestricted	<u>(264,274)</u>
Net position	<u>\$ 6,451,809</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, 2017**

	Utility Fund
Operating revenues:	
Water Sales	\$ 203,595
Gas Sales	132,514
Sewer Sales	70,444
Penalties	1,410
Other operating revenue	32,654
Total operating revenues	440,617
Operating expenses:	
Water expenses	452,585
Gas expenses	130,362
Sewer expenses	62,648
Depreciation	303,164
General and administrative	10,709
Total operating expenses	959,468
Operating income (loss)	(518,851)
Nonoperating revenues (expenses):	
Interest income	386
Intergovernmental - Federal	413,141
Intergovernmental - State	4,914,570
Income (loss) from jointly owned gas line operation and maintenance fund	-
Interest expense	(3,755)
Total Nonoperating revenues (expenses)	5,309,222
Change in net position	4,790,371
Net position, beginning	1,661,438
Net position, ending	\$ 6,451,809

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, 2017

	<u>Utility Fund</u>
<b>Cash flows from operating activities:</b>	
Cash received from customers	\$ 475,517
Cash paid for employee services and benefits	(127,417)
Payments to others	(472,080)
Other receipts	<u>32,654</u>
Net cash provided (used) by operating activities	(91,326)
<b>Cash flows from investing activities</b>	
Earnings on investments	<u>386</u>
Net cash provided (used) by investing activities	386
<b>Cash flows from capital and related financing activities:</b>	
Capital Grant	3,743,131
Acquisition of capital assets	(3,693,817)
Principal payment bonds	(15,432)
Interest & penalties paid on debt	<u>(3,755)</u>
Net cash provided (used) for capital and related financing activities	30,127
<b>Net increase (decrease) in cash and cash equivalents</b>	(60,813)
<b>Cash and cash equivalents, beginning of period</b>	<u>139,069</u>
<b>Cash and cash equivalents, end of period</b>	<u>\$ 78,256</u>

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

## TOWN OF ST. JOSEPH, LOUISIANA

### Notes to Basic Financial Statements

For the Year Ended June 30, 2017

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

**TOWN OF ST. JOSEPH, LOUISIANA**

Notes to Basic Financial Statements

For the Year Ended June 30, 2017

**Note 1 - Summary of Significant Accounting Policies (continued)**

**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.

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.

TOWN OF ST. JOSEPH, LOUISIANA

Notes to Basic Financial Statements

For the Year Ended June 30, 2017

**Note 1 - Summary of Significant Accounting Policies (continued)**

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.

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.

## TOWN OF ST. JOSEPH, LOUISIANA

Notes to Basic Financial Statements

For the Year Ended June 30, 2017

### Note 1 - Summary of Significant Accounting Policies (continued)

*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.
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.

**TOWN OF ST. JOSEPH, LOUISIANA**

Notes to Basic Financial Statements

For the Year Ended June 30, 2017

**Note 1 - Summary of Significant Accounting Policies (continued)**

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."

**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.

**TOWN OF ST. JOSEPH, LOUISIANA**

Notes to Basic Financial Statements

For the Year Ended June 30, 2017

**Note 1 - Summary of Significant Accounting Policies (continued)**

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, 2017

**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, 2017

**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, 2017, the Town had cash and cash equivalents totaling \$99,778 as follows:

Petty Cash	\$ 850
Demand Deposits	93,649
LAMP Deposits	<u>5,279</u>
Total	<u>\$ 99,778</u>

## TOWN OF ST. JOSEPH, LOUISIANA

### Notes to Basic Financial Statements

For the Year Ended June 30, 2017

#### Note 2 – Cash and Cash Equivalents and Investments ( continued)

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 balance of \$96,085 was fully secured by FDIC at June 30, 2017. The Town's policy does not address custodial credit risk.

#### Investments

At June 30, 2017, the Town has \$5,279 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 60 days and consists of no securities with a maturity in excess of 397 days.
- 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., 228 Saint Charles Avenue, Suite 1123, 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, 2017

**Note 3 - Receivables**

Receivables as of June 30, 2017, are comprised of the following:

<u>Fund</u>	<u>Sales Tax</u>	<u>Accounts</u>	<u>Inter- Governmental</u>	<u>Other</u>	<u>Total</u>
General Fund	\$ 10,090	\$ -	\$ -	\$ 3,574	\$ 13,664
Utility Fund	-	99,802	1,703,065	-	1,802,867
Utility Fund - Allowance for Doubtful Accounts	-	(36,123)	-	-	(36,123)
Total	<u>\$ 10,090</u>	<u>\$ 63,679</u>	<u>\$ 1,703,065</u>	<u>\$ 3,574</u>	<u>\$ 1,780,408</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	\$ 197,399	Utility Fund	\$ 197,399
Nonmajor Governmental	12,931	Utility Fund	12,931
Total	<u>\$ 210,330</u>		<u>\$ 210,330</u>

The Utility Fund bills and collects for trash and garbage services of the General Fund. At June 30, 2017, 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, 2017

**Note 6 - Changes in Capital Assets**

The changes in capital assets are as follows:

Total depreciable capital assets	1,052,156	22,754	-	1,074,910
Less: accumulated depreciation	(780,694)	(57,134)	-	(837,828)
Total depreciable capital assets, net	<u>271,462</u>	<u>(34,380)</u>	-	<u>237,082</u>
Total governmental activities capital assets, net	<u>315,377</u>	<u>(34,380)</u>	-	<u>280,997</u>
 Business-type activities:				
Nondepreciable assets:				
Land	7,886	-	-	7,886
Work in progress	366,905	4,771,535	-	5,138,440
Total nondepreciable assets	<u>374,791</u>	<u>4,771,535</u>	-	<u>5,146,326</u>
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	<u>5,993,113</u>	<u>520,511</u>	-	<u>6,513,624</u>
Less: accumulated depreciation	<u>(4,306,080)</u>	<u>(303,164)</u>	-	<u>(4,609,244)</u>
Total depreciable capital assets, net	<u>1,687,033</u>	<u>217,347</u>	-	<u>1,904,380</u>
Total business-type activities capital assets, net	<u>\$ 2,061,824</u>	<u>\$ 4,988,882</u>	<u>\$ -</u>	<u>\$ 7,050,706</u>

TOWN OF ST. JOSEPH, LOUISIANA

Notes to Basic Financial Statements

For the Year Ended June 30, 2017

**Note 6 - Changes in Capital Assets (continued)**

Depreciation of \$303,164 as of June 30, 2017, 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.

TOWN OF ST. JOSEPH, LOUISIANA

Notes to Basic Financial Statements

For the Year Ended June 30, 2017

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

- 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 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.

TOWN OF ST. JOSEPH, LOUISIANA

Notes to Basic Financial Statements

For the Year Ended June 30, 2017

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

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 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, 2017, 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, 2017, employer contributions to the pension plan from the Town were \$5,132 (\$1,485 for governmental activities and \$3,647 for business-type activities), and non-employer contributions were \$1,648 of which \$476 was recognized as revenue in the governmental activities and \$1,172 in business-type activities.

Pension Liabilities: Pension Expenses, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pension: At June 30, 2017, the Town reported liabilities of \$55,485 for its proportionate share of the Net Pension Liability (NPL). The NPL was measured as of June 30, 2016, 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, 2016, the most recent measurement date, the Town's proportions and the changes in proportion from the prior measurement date were 0.066937 %, or a decrease of 0.002468%

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, 2016
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%

TOWN OF ST. JOSEPH, LOUISIANA

Notes to Basic Financial Statements

For the Year Ended June 30, 2017

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

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 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-estimate 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, 2016 valuation.



**TOWN OF ST. JOSEPH, LOUISIANA**

Notes to Basic Financial Statements

For the Year Ended June 30, 2017

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

For the year ended June 30, 2017, the Town recognized a total pension expense of \$5,948, \$2,168 for governmental activities and \$3,780 for business-type activities. The Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Governmental</b>		<b>Business-type</b>		<b>Total</b>	
	<b>Activities</b>		<b>Activities</b>		<b>Activities</b>	
	Deferred Outflows	Deferred Inflows	Deferred Outflows	Deferred Inflows	Deferred Outflows	Deferred Inflows
Difference between expected and actual experience	\$ 166	\$ 292	\$ 289	\$ 510	\$ 455	\$ 802
Changes of assumptions	1,008	-	1,757	-	2,765	-
Net difference between projected and actual earnings on pension plan investments	4,957	-	8,643	-	13,600	-
Changes in proportion and difference between employer contributions and proportionate share of contributions	-	2,333	-	4,067	-	6,400
Employer contributions subsequent to the measurement date	2,710	-	4,755	-	7,465	-
<b>Total</b>	<b>\$ 8,841</b>	<b>\$ 2,625</b>	<b>\$ 15,444</b>	<b>\$ 4,577</b>	<b>\$ 24,285</b>	<b>\$ 7,202</b>

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:

<b><u>Year ended June 30,</u></b>	<b><u>Activities</u></b>	<b><u>Activities</u></b>	<b><u>Activities</u></b>
2018	(190)	(331)	(521)
2019	1,421	2,483	3,904
2020	1,516	2,649	4,165
2021	753	1,317	2,070

**TOWN OF ST. JOSEPH, LOUISIANA**

Notes to Basic Financial Statements

For the Year Ended June 30, 2017

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

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, 2016, valuation, are summarized in the following table:

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 6.50%	Current 7.50%	1% Increase 8.50%
Net Pension Liability	\$ 71,777	\$ 55,485	\$ 41,584

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, 2017, the Town did not have any payable to the System for the June, 2017, employee and employer legally required contributions.

**TOWN OF ST. JOSEPH, LOUISIANA**

Notes to Basic Financial Statements

For the Year Ended June 30, 2017

**Note 8 - Long-Term Debt**

The following is a summary of long-term obligation transactions for the year ended June 30, 2017.

	Beginning Balance	Additions	Deletions	Ending Balance	Amounts Due Within One Year
<u>Governmental Activities</u>					
Net pension liability	\$ 26,798	\$ -	\$ 6,574	\$ 20,224	\$ -
<u>Business-type Activities</u>					
Revenue bonds	351,752	-	15,432	336,320	8,100
Net pension liability	20,373	15,779	891	35,261	-
Total Business-type Activities	<u>372,125</u>	<u>15,779</u>	<u>16,323</u>	<u>371,581</u>	<u>8,100</u>
Long-term liabilities	<u>\$398,923</u>	<u>\$ 15,779</u>	<u>\$22,897</u>	<u>\$ 391,805</u>	<u>\$ 8,100</u>

Bonds payable at June 30, 2017 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%.	<u>\$ 336,320</u>
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The principal and interest requirements of long-term obligations of the Town are due as follows:

Fiscal Year Ended June 30,	Principal	Interest	Total
2018	\$ 8,100	\$ 11,087	\$ 19,187
2019	8,366	10,821	19,187
2020	8,643	10,544	19,187
2021	8,928	10,259	19,187
2022	9,223	9,964	19,197
2023-2027	50,882	45,054	95,936
2028-2032	59,848	36,088	95,936
2033-2037	70,391	25,545	95,936
Thereafter	111,939	12,778	124,717
	<u>\$336,320</u>	<u>\$172,140</u>	<u>\$ 508,460</u>

**TOWN OF ST. JOSEPH, LOUISIANA**

Notes to Basic Financial Statements

For the Year Ended June 30, 2017

**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, 2017, is as follows:

<b>Assets</b>	
Cash and cash equivalents	\$ 49,670
Accounts receivable	239
Total Assets	<u>49,909</u>
<b>Liabilities</b>	
Accounts payable and accrued expenses	9,247
Customer deposits	162
Total Liabilities	<u>9,409</u>
<b>Net Position - Unrestricted</b>	<u><u>\$ 40,500</u></u>

The Joint Line's net position decreased \$30,240 in the fiscal 2017 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 2017 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, 2017

**Note 10 - Accounts Payable and Accrued Expenses**

Accounts payable and accrued expense of \$1,909,214 as of June 30, 2017, are comprised of the following:

	<u>General Fund</u>	<u>Utility Fund</u>	<u>Total</u>
Vendor payable	\$ 44,563	\$ 111,064	\$ 155,627
Construction payable	-	1,703,065	1,703,065
IRS payable- penalties and interest	-	50,522	50,522
Total	<u>\$ 44,563</u>	<u>\$ 1,864,651</u>	<u>\$ 1,909,214</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 2017.

**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, 2017, the Town has accrued \$26,900 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.

IRS Compliance: As of June 30, 2016, the Town has accrued a total of \$50,522, 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 \$50,522 payable to the IRS are penalty and interest charges through June 30, 2017. 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.

**TOWN OF ST. JOSEPH, LOUISIANA**

Notes to Basic Financial Statements

For the Year Ended June 30, 2017

**Note 13 - Subsequent Events**

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, 2017, and has been extended each month with a current expiration of February 8, 2018. It is our understanding that this 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 has also been completed. Construction is ongoing on the water distribution system (water lines). The contract and change orders for this work total \$3,728,124 and completion is expected in February 2018. There are multiple contracts for the water treatment facilities (water plant) and equipment totaling \$2,720,022.86. The work is expected to be completed in February 2018. Two new water wells are also being developed/constructed with a contract total of \$499,000. The water wells will also be completed in February 2018.

**REQUIRED SUPPLEMENTARY INFORMATION**

**TOWN OF ST. JOSEPH, LOUISIANA**

General Fund

Budgetary Comparison Schedule

For the Year Ended June 30, 2017

	2017 Budget		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
Revenues				
Taxes				
Ad valorem	\$ 37,237	\$ 37,240	\$ 37,589	\$ 349
Sales and use	102,000	94,200	101,119	6,919
Charges for services	86,764	79,445	83,016	3,571
Licenses, permits and commissions	108,157	77,655	105,991	28,336
Intergovernmental revenues	42,000	40,755	40,754	(1)
Fines and forfeits	3,767	6,700	4,380	(2,320)
Use of money and property	16,251	14,150	18,552	4,402
Miscellaneous	3,600	2,375	40,333	37,958
Total Revenues	<u>399,776</u>	<u>352,520</u>	<u>431,734</u>	<u>79,214</u>
Expenditures:				
Current-				
General government	114,716	203,250	181,852	21,398
Public safety	155,984	103,565	87,554	16,011
Public works	115,962	128,832	85,423	43,409
Culture and recreation	-	-	4,993	(4,993)
Capital outlay	-	-	22,754	(22,754)
Total expenditures	<u>386,662</u>	<u>435,647</u>	<u>382,576</u>	<u>53,071</u>
Fund balances, beginning	<u>129,054</u>	<u>129,054</u>	<u>129,054</u>	<u>-</u>
Fund balances, ending	<u>\$ 142,168</u>	<u>\$ 45,927</u>	<u>\$ 178,212</u>	<u>\$ 26,143</u>



**TOWN OF ST. JOSEPH, LOUISIANA**  
**Schedule of Employer Share of Net Position Liability**  
**For the Year Ended June 30, 2017**

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%	76.94%
2016	0.069405%	47,171	48,156	98%	68.71%
2017	0.066937%	55,485	46,658	1.19%	63.3.4%

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, 2017

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)	Employer's Covered Employee Payroll		
2015	\$ 4,867	\$ 4,867	\$ -	\$ 48,156	10.1%	
2016	4,608	4,608	-	48,504	9.5%	
2017	5,132	5,132	-	46,658	11.0%	

**TOWN OF ST. JOSEPH, LOUISIANA**  
Notes to the Budgetary Comparison Schedules  
For the Year Ended June 30, 2017

**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**  
Notes to the Budgetary Comparison Schedules  
For the Year Ended June 30, 2017

**NOTE B – Budget to GAAP Reconciliation**

Explanation of differences between budgetary inflows and outflows and GAAP revenues and expenditures.

	<b>General Fund</b>
<u>Sources/inflows or resources:</u>	
Actual amounts (budgetary basis) "Amounts available for appropriation" from the Budgetary Comparison Schedule	\$ 560,788
The fund balance at the beginning of the year is a budgetary resource but is not a current year revenue for financial reporting purposes	(129,054)
Total revenues as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	431,734
<u>Uses/outflows of resources:</u>	
Actual amounts (budgetary basis) "Total charges to appropriation" from the Budgetary Comparison Schedule	382,576
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	\$ 382,576

**TOWN OF ST. JOSEPH, LOUISIANA**  
**Nonmajor Governmental Funds**  
**Combining Balance Sheet**  
**For the Year Ended June 30, 2017**

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

**TOWN OF ST. JOSEPH, LOUISIANA**  
**Nonmajor Governmental Funds**  
**Combining Statement of Revenues, Expenditures,**  
**And Changes in Fund Balances**  
**For the Year Ended June 30, 2017**

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

TOWN OF ST. JOSEPH, LOUISIANA

Schedule of Compensation, Benefits and Other Payments to Agency Head  
For the Year Ended June 30, 2017

Mayor Edward Brown

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 13,500
Benefits - retirement	1,203
Benefits - Social Security and Medicare	991
Travel	<u>4,353</u>
Total Compensation, Benefits, and Other Payments to Agency Head	<u>\$ 20,047</u>

Mayor Elvadás Fields, Jr.

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 11,000
Benefits - Social Security and Medicare	<u>842</u>
Total Compensation, Benefits, and Other Payments to Agency Head	<u>\$ 11,842</u>

TOWN OF ST. JOSEPH, LOUISIANA

Schedule of Compensation Paid to the Members of the Board of Alderman  
For the Year Ended June 30, 2017

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>
Evelyn Guy, Council Member	3,000
Theodore Jackson, Council Member	5,250
John Lewis, Council Member	5,250
Jerry Newman, Council Member	5,250
Aaron Staves, Council Member	3,000
Carl Olds, Jr., Council Member	2,250
Antionette Shields, Council Member	<u>2,250</u>
 Total Council Members' Compensation	 <u>\$ 26,250</u>

-



## **Other Information**

**TOWN OF ST. JOSEPH, LOUISIANA**  
**Town of Newellton and St. Joseph, Louisiana**  
**Jointly Owned Gas Line Operation and Maintenance Fund**  
**Statement of Net Position**  
**For the Year Ended June 30, 2017**

Assets:	
Cash and cash equivalents	\$ 49,670
Accounts receivable	<u>239</u>
Total assets	<u>49,909</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>40,500</u>
Total Net Position	<u>\$ 49,909</u>

**TOWN OF ST. JOSEPH, LOUISIANA**  
**Town of Newellton and St. Joseph, Louisiana**  
**Jointly Owned Gas Line Operation and Maintenance Fund**  
**Statement of Revenues, Expenses, and Changes in Fund Net Position**  
**For the Year Ended June 30, 2017**

Operating Revenues	
Changes for services	\$ 10,588
Other revenues	<u>2,050</u>
Total operating revenues	<u>12,638</u>
 Operating Expenses	
Salaries and wages	24,000
Payroll taxes	2,351
Professional fees	12,000
Repair and maintenance	3,417
Other	<u>1,155</u>
Total expenses	<u>42,923</u>
 Operating income (loss)	 <u>(30,285)</u>
 Non-operating income and expenses	
Interest income	<u>45</u>
 Change in net position	 (30,240)
 Net position, beginning	 <u>70,740</u>
 Net position, ending	 <u>\$ 40,500</u>

**INTERNAL CONTROL, COMPLIANCE, AND OTHER MATTERS**



# J. WALKER & COMPANY<sup>APC</sup>

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, 2017, and the related notes to the financial statements, which collectively comprise the Town of St. Joseph, Louisiana's basic financial statements and have issued our report thereon dated March 30, 2018.

### Internal Control over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses [2017-02].

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#### MEMBER OF:

AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS

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.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Town of St. Joseph, Louisiana's 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 an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items [2017-01, 2017-03, 2017-04].

### **Town of St. Joseph, Louisiana's Response to Findings**

The Town of St. Joseph, Louisiana's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Town of St. Joseph, Louisiana's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **Purpose of this Report**

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

*J. Walker & Company, APC*

Lake Charles, Louisiana

March 30, 2018



**TOWN OF ST. JOSEPH, LOUISIANA**  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2017

**I. Summary of Auditors' Results**

**a. Financial Statements**

1. The independent auditors' report expresses a modified opinion on the financial statements of the Town of St. Joseph, Louisiana.
2. There was one (1) 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*. One (1) of these deficiencies are reported as material weaknesses.
3. There were three (3) 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, 2017 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, 2017.

TOWN OF ST. JOSEPH, LOUISIANA  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2017

II. Findings – Financial Statement Audit

INTERNAL CONTROL AND COMPLIANCE FINDINGS

2017-01 Budget Violations

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.

Criteria:

The Town must adhere to the Local Budget Act found in Louisiana Revised Statute (R.S.) 39:1301-1315 for the general fund and all special revenue funds.

Cause:

The auditor was unable to determine the cause.

Effect:

The Town has not complied with Local Budget Act and R.S. 33:462 as it related to the Town's original budget.

The Town did not adhere to the requirements for maintaining and publishing the Town's minutes, ordinances, and resolutions, and declared emergencies as set forth by the Louisiana Revised Statutes.

Recommendation:

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.

Management's Response:

See management's response letter.



**TOWN OF ST. JOSEPH, LOUISIANA**  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2017

**2017-02 Payroll Disbursements**

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.

Criteria:

Proper internal controls over payroll disbursements require that proper documentation as required federal laws and documentation supporting an employee's rate of pay should be maintained in personnel files. Timecards should be accurate and be signed by the employee and the employee's supervisor.

Cause:

The Town, at the time, had not developed or implemented internal control policies over personnel files and payroll disbursements.

Effect:

Personnel file are not maintained with appropriate documentation as required by federal laws.

Recommendation:

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.

Management's Response:

See management's response letter.

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

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).

Criteria:

R.S. 24:513 A (5)(a)(i) requires that "...audits shall be completed within six months of the close of the entity's fiscal year." The Town's audit report should be submitted to the Louisiana Legislative Auditor by December 31st each year.

**TOWN OF ST. JOSEPH, LOUISIANA**  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2017

Cause:

The Town's gubernatorial declared water system emergency delayed the completion of the audit.

Effect:

Management did not comply with requirements of R.S. 24:513 A (5)(a)(i).

Recommendation:

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

Management's Response:

See management's response letter.

**2017-04 Participation in Louisiana Municipal Police Retirement System**

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.

Criteria:

R.S. 11:2214 and R.S. 11:157 require all full-time police officers to participate in MPERS or be given the option to opt out of participation.

Cause:

The Town indicated that they enacted an ordinance prior to January 01, 1978 to exempt the Town from participation; however, the Town is unable to produce the ordinance.

Effect:

The Town may be in violation of State Law.

Recommendation:

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.

Management's Response:

See management's response letter.

TOWN OF ST. JOSEPH, LOUISIANA  
Summary of Prior Year Findings  
For the Year Ended June 30, 2017

INTERNAL CONTROL AND COMPLIANCE FINDINGS

**2016-001 Financial Management**

Fiscal Year Finding Originated: Unknown

Condition:

When testing internal controls, it was noted the Town has inadequate segregation of duties. Duties are not adequately segregated in the financial reporting processes for proper internal control. In addition to being one of the check signers, the Mayor also approves transactions, prepares the checks, records the transactions into the accounting system and reconciles all bank accounts. The Clerk enters data into the customer billing system, collects customer payments and posts customer payments into the customer subsidiary ledger. The lack of segregation of duties increases the risk of both erroneous and improper transactions that would not be detected in a timely manner. Additionally, due to the Town's condition of accounting records and lack of filing system, the auditor was unable to test the Town's cash receipts for the audit period. The Town's written policies and procedures are not complete and for those policies the Town has established, they are not readily available or communicated to the Town's employees. Through inquiry and review of the minutes, it was determined that the Board of Aldermen were not receiving financial information during the year other than to approve the general fund's original and revised budgets. Furthermore, the Board was not provided any financial information for the Utility fund. Through a review of manual journal entries and through inquiries, the following were noted:

- Entries made by the fee accountant included recording the effects of prior period adjustments, adjustment to the accounts payable and accounts receivable subsidiary ledger balances, and to correct posting errors to the general ledger. The adjusting entries were not made in the Town's accounting system until five months after year end.
- Entries to allocate insurance, fuel cost and other expenses to the appropriate fund and/or function were not made for the current year.
- The Town was unable to produce accurate monthly financial statements.
- The Town does not always maintain supporting documentation for entries posted.

Corrective Action Plan:

Written policies and procedures need to be developed and implemented to ensure an effective system of internal controls over financial reporting including adequately addressing the segregation of the accounting duties. The accounting records need to be reviewed and corrected timely. The accounts receivable and subsidiary ledgers need to be reconciled to the general ledger monthly and appropriate adjustments made and documentation retained. Accurate financial statements and budget-to-actual comparisons need to be provided to the Aldermen monthly for them to effectively exercise their fiduciary responsibilities. Supporting documentation should be maintained for all transactions and filed in an orderly manner.

**TOWN OF ST. JOSEPH, LOUISIANA**  
 Summary of Prior Year Findings  
 For the Year Ended June 30, 2017

Current Status:

Resolved.

**2016-002 Budget Violations**

Fiscal Year Finding Originated: Unknown

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.

R.S. 39:1311 requires the chief executive or administrative officer to advise the governing authority or independently elected official in writing when total expenditures and other uses for the remainder of the year, within a fund, are exceeding the total budgeted expenditures and other uses by five percent or more and when total revenue and other sources for the remainder of the year, within a fund, are failing to meet budgeted revenues and other sources by five percent or more.

Total actual expenditures exceeded budgeted expenditures by five percent or more in the following fund:

<u>Fund</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
General	\$ 384,323	\$ 421,323	\$ (37,000)

Total budgeted revenues exceeded actual revenues by five percent or more in the following fund:

<u>Fund</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
General	\$ 579,708	\$ 550,377	\$ (29,331)

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.

TOWN OF ST. JOSEPH, LOUISIANA  
Summary of Prior Year Findings  
For the Year Ended June 30, 2017

Current Status:

Unresolved. See finding 2017-01

**2016-003 Vendor Disbursements**

Fiscal Year Finding Originated: Unknown

Condition:

In testing 31 randomly selected vendor disbursements, the following items were noted:

- The Town is not following its policy requiring purchase orders for non-routine purchases over \$250.
- Three expenditures were not appropriately approved.
- One expenditure included was paid to an employee for helping at the Christmas party which is unallowable with public funds.
- Two checks included expenditures that do not appear to be necessary and reasonable for proper administration.
- Ten expenditures were not supported by proper documentation.
- Five checks included invoice(s) that were paid late (more than 60 days past the due date).
- Two checks originally selected could not be tested. Although it appears these checks were possibly voided, no adequate documentation was retained by the Town to confirm if voided.

Corrective Action Plan:

Written policies and procedures need to be developed and implemented to ensure an effective system of internal controls over disbursements, use of credit cards, and travel, in addition these should follow best practices as recommended by the Louisiana Legislative Auditor. A copy of the Town's sales tax exempt status should be presented when purchasing supplies, making hotel and other travel arrangements. Consider either purchasing a vehicle for general administration travel, or providing a travel allowance for in town travel and require Board approval for out of town travel. Prohibit personal charges on the Town's credit card and charge accounts.

Current Status:

Resolved.

TOWN OF ST. JOSEPH, LOUISIANA  
Summary of Prior Year Findings  
For the Year Ended June 30, 2017

**2016-004 Payroll Disbursements**

Fiscal Year Finding Originated: Unknown

Condition:

In testing 31 randomly selected payroll disbursements, the following items were noted:

- There were a total of twelve employees tested in our sample. None of the employees' approved/agreed upon rate of pay was maintained in their personnel file. Of the twelve tested, none had a completed Form 1-9 in their personnel file, the employer section was not completed. Two employees did not have a W-4 in the personnel file.
- Seventeen timecards were not signed by the supervisor or Mayor. Of the seventeen timecards without the supervisor's approval, three timecards included overtime. One timecard was not signed by the employee.

In testing the Mayor's salary, the official ordinance and the minutes in which his salary was approved could not be provided.

The Town did not report, withhold or remit taxes on police supplemental pay as required by R.S. 40:1667.3.0.

In addition, it was noted the employer matched benefits are not allocated properly to the appropriate fund and/or function in which the salary was earned.

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. The Town's ordinances should also be filed by subject matter to aid in locating applicable laws as needed. Procedures should be established to ensure State regulations are followed regarding supplemental pay.

Current Status:

Unresolved. See finding 2017-02

**TOWN OF ST. JOSEPH, LOUISIANA**  
Summary of Prior Year Findings  
For the Year Ended June 30, 2017

**2016-005 Payroll Reporting and Tax Payments**

Fiscal Year Finding Originated: Unknown

Condition:

In testing outstanding payroll related liabilities, a confirmation was requested from the Internal Revenue Service. From the confirmation, outstanding taxes, penalties and interest due were estimated to be \$63,101 at June 30, 2016. The penalties and interest were assessed for late filing or not filing 941 payroll reports and for late payment of taxes due. As of June 30, 2016, the Town has a known outstanding balance to the IRS for taxes, penalties and interest of \$28,665 from the 3<sup>rd</sup> and 4<sup>th</sup> quarters of 2012; the 3<sup>rd</sup> quarter of 2013; and the 2<sup>nd</sup>, 3<sup>rd</sup> and 4<sup>th</sup> quarters of 2015. The penalties and interest for not filing 941 forms and late payment of taxes for all quarters for the 2014 year and for civil penalties for not filing W2s for calendar year 2011 is estimated to be \$20,500. The remaining balance of \$13,936 was for outstanding current taxes not paid until after year end. The Town will continue to incur penalties and interest on past quarters until these issues are remedied and paid in full.

Corrective Action Plan:

Management should immediately take steps to pay all outstanding taxes, penalties and interest due and file all outstanding reports. Management should adhere to the IRS tax code by filing required payroll tax reports timely and making the required tax deposits in accordance with the IRS payment schedule.

Current Status:

Town is current with payroll tax liability deposits. However, Town has an outstanding tax liability balance prior to June 30, 2017.

**2016-006 Customer Billings, Receivables and Disconnections**

Fiscal Year Finding Originated: Unknown

Condition:

There are no written policies or procedures for customer account adjustments and disconnections. The accounts receivable subsidiary ledger has not been reconciled to the general ledger. A significant number of the customer's accounts had inaccurate beginning balances. The difference was adjusted by the fee accountant but was not made to the customer's account. This practice does not allow management to effectively monitor customer accounts. The auditor was unable to determine if the account balances in active and closed customer accounts represent an amount due to the Town or are a result of accounting errors. Customers are continually charged penalties for late payment related to disputed accounts balances that have never been addressed. The Town is not actively seeking payment of delinquent accounts other than applying the customer's deposit to their account. Some customers continued to receive service even after their past due amount exceeded their deposit.

**TOWN OF ST. JOSEPH, LOUISIANA**

Summary of Prior Year Findings  
For the Year Ended June 30, 2017

The auditor was unable to determine the cause for the difference in our testwork projecting revenues based on the monthly billing reports and the amount of revenue recorded in the general ledger due to issues noted above; the auditor could not rely upon system report provided. It was also noted that the Town is not maintaining receipts in an orderly manner and therefore the auditor was unable to test for completeness of collections. When performing a cash count, it was noted that the Town does not maintain a change fund but rather uses the prior day's collections.

Corrective Action Plan:

Written policies and procedures need to be developed and implemented to ensure an effective system of internal controls over customer billings and receivables subsidiary ledger. The policy should address reconciling the subsidiary ledger to the general ledger monthly, collecting delinquent accounts, billing adjustments and cutoff procedures. The Town should actively seek payment of delinquent accounts.

Current Status:

Resolved.

**2016-007 Public Records Violation**

Fiscal Year Finding Originated: Unknown

Condition:

The 2016 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. The ordinance or resolutions approved in these minutes were not published as required by State statute.

In reading the minutes, the auditor found that the minutes do not contain sufficient detail to allow the reader to know what discussions occurred. The minutes are incomplete, unclear and occasionally contain inaccurate data, (i.e. dates) In June 2016, the Board declared an emergency regarding the Town's water system, but failed to publish the declaration in the official journal within the required 10 days.

Corrective Action Plan:

Management should implement procedures to ensure that the minute and ordinance books are maintained intact in accordance with State statutes and the board minutes, ordinances and resolutions, and declared emergencies are published in the official journal as required.

Current Status:

Resolved.



**TOWN OF ST. JOSEPH, LOUISIANA**  
Summary of Prior Year Findings  
For the Year Ended June 30, 2017

**2016-008 Late Submission of Audit Report to the Legislative Auditor**

Fiscal Year Finding Originated: Unknown

Condition:

The Town's audit report for the fiscal year ending June 30, 2016 was not completed within the six month deadline as per R.S. 24:513 A (5)(a)(i).

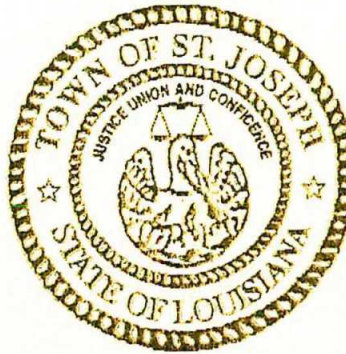
Corrective Action Plan:

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

Current Status:

Unresolved. See finding 2017-03

*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 Exceptions June 30, 2017 Agreed-Upon Procedures Findings


#### 2017-01 Budget Violation

We concur with this finding. The original budget for the June 30, 2017 fiscal year was adopted by the Board of Aldermen, however, the former Mayor did not publish the budget notification. The amended 2017 budget notification was published and documentation is on file. The 2018 fiscal year original budget notification was published and the notification for an expected amendment to this budget will be published as well. The town is currently working on the 2019 fiscal year budget and public notification will be published and documentation maintained.

#### 2017-02 Payroll Disbursements

While we concur with this finding in part, we must note that both (two of the five reviewed) employees were paid correctly. However, one employee's verification of wage form had an incorrect amount listed; however, the payments made to the employee was correct. The second employee listed was correct in payment and as listed on the wage verification for this audit fiscal year. Corrected on verification of wage form has been placed in employee file.

While there may have been some isolated incidents where time cards were not formally approved by a supervisor, we have a policy requiring this signature. We have a multi-step process whereby the employee submits the time card to the supervisor, who must sign as approved, the town clerk verifies the information and prepares payroll checks, and the check signers review the hours claimed and pay rate applied to ensure that employees are working appropriate hours and are paid at their authorized rate of pay. These policies will be enforced.

"This institution is an equal opportunity provider" 

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

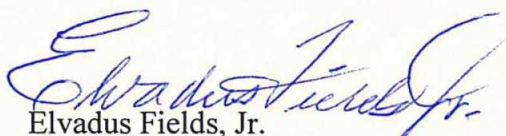
We concur with this finding. In June 2017, we began contacting the prior year auditor to seek an engagement. It was our understanding that the prior year auditor was looking at their schedule and discussing performing the audit. Several subsequent conversations resulted in the same comments and that they would get back with us. It was not till November 2017 that we learned they would not be conducting the 2017 fiscal year audit and we immediately sought a new auditor. Due to the late date in signing an engagement, the audit firm could not complete the work in the timeframe required. WE will make every attempt to ensure that future auditors are engaged in an appropriate timeframe to have the audits completed as required by law.

### **2017-04 Participation in Louisiana Municipal Police Retirement System**

The town has been under fiscal administration since June 2016. One of the first issues the fiscal administrator addressed with the former mayor was whether the municipal police were participating in the Louisiana Municipal Police Retirement System. The former mayor indicated that the town had adopted an ordinance prior to January 1, 1978 to exempt the town from participation. While we have operated under this assumption due to the statements of the mayor, we have not yet located the actual ordinance. The municipal police force has not participated in this retirement system for several years and we have assumed that this was the proper practice. However, we have sought advice from our town attorney to resolve this issue.


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" 





# J. WALKER & COMPANY<sub>APC</sub>

ACCOUNTANTS AND ADVISORS

## INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

We have performed the procedures enumerated below, which were agreed to by Town of St. Joseph (the "Town") 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 year July 1, 2016 through June 30, 2017. 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 the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the entity does not have any written policies and procedures), as applicable:

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

*We performed the procedures 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 above procedure and noted no exceptions.*

c) **Disbursements**, including processing, reviewing, and approving

*We performed the above procedure and noted no exceptions.*

d) **Receipts**, including receiving, recording, and preparing deposits

*We performed the above procedure 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 above procedure and noted no exceptions.*

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#### MEMBER OF:

AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS

- 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 above procedure 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, and (5) monitoring card usage

*We performed the above procedure 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 procedures 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. Note: Ethics requirements are not applicable to nonprofits.

*We performed the procedures above and noted the following exception:  
Town was unable to provide policies relating to ethics.*

**Management's Response:**

See management's response letter.

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

*We performed the procedures above and noted no exceptions.*

**Board (or Finance Committee, if applicable)**

---

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

*We performed the procedures above and noted no exceptions*





- b) Report whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the entity's prior audit (GAAP-basis).
- If the budget-to-actual comparisons show that management was deficit spending during the fiscal period, report whether there is a formal/written plan to eliminate the deficit spending for those entities with a fund balance deficit. If there is a formal/written plan, report whether the meeting minutes for at least one board meeting during the fiscal period reflect that the board is monitoring the plan.

***We performed the procedures above and noted the following exception:  
Original Public Notification of the Budget did not occur.***

**Management's Response:**

See management's response letter.

- c) Report whether the minutes referenced or included non-budgetary financial information (e.g. approval of contracts and disbursements) for at least one meeting during the fiscal period.

***We performed the procedures above and noted no exceptions.***

**Bank Reconciliations**

---

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

***We performed the above procedure and noted no exceptions.***

4. Using the listing provided by management, select all of the entity's bank accounts (if five accounts or less) or one-third of the bank accounts on a three year rotating basis (if more than 5 accounts). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity fund accounts may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal period and report whether:

- a) Bank reconciliations have been prepared;

***We performed the above procedure and noted no exceptions.***

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

***We performed the above procedure and noted no exceptions.***



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

*We performed the procedures above and noted the following exception:*

**There is no documentation that management has researched reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period.**

**Management's Response:**

See management's response letter.

**Collections**

---

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

*We performed the above procedure and noted no exceptions.*

6. Using the listing provided by management, select all of the entity's cash collection locations (if five locations or less) or one-third of the collection locations on a three year rotating basis (if more than 5 locations). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity funds may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* **For each cash collection location selected:**

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

*We performed the above procedure and noted no exceptions.*

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

*We performed the procedures above and noted no exceptions.*

- c) Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:





- Using entity collection documentation, deposit slips, and bank statements, trace daily collections to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day at each collection location.

*We performed the procedures above and noted no exceptions.*

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

*We performed the procedures above and noted no exceptions.*

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

*We performed the above procedure and noted no exceptions.*

***Disbursements – General (excluding credit card/debit card/fuel card/P-Card purchases or payments)***

---

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

*We performed the procedures above and noted no exceptions.*

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

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

*We performed the procedures above and noted no exceptions.*

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

*We performed the procedures above and noted no exceptions.*





- c) Payments for purchases were not processed without (1) an approved requisition and/or purchase order, or electronic equivalent; a receiving report showing receipt of goods purchased, or electronic equivalent; and an approved invoice.

*We performed the procedures above and noted no exceptions.*

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

*We performed the procedures above and noted no exceptions.*

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

*We performed the procedures above and noted no exceptions.*

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

*We performed the above procedure and noted the following exception:*

**Persons that do not have signatory authority have access to the supply of unused checks.**

**Management's Response:**

See management's response letter.

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

*We performed the procedures above and noted no exceptions.*

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

---

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

*We performed the above procedure and noted no exceptions.*



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

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

- a) Report whether there is evidence that the monthly statement or combined statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder. [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 procedures above and noted no exceptions.*

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

*We performed the above procedure and noted the following exception:  
Late fees were assessed.*

**Management's Response:**

See management's response letter.

16. Using the monthly statements or combined statements selected under #15 above, obtain supporting documentation for all transactions for each of the 10 cards selected (i.e. each of the 10 cards should have one month of transactions subject to testing).

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

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

*We performed the procedures above and noted no exceptions.*

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

*We performed the procedures above and noted no exceptions.*

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

*We performed the procedures above and noted no exceptions.*





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

*We performed the procedures above and noted no exceptions.*

- c) For each transaction, compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. cash advances or non-business purchases, regardless whether they are reimbursed). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

*We performed the procedures above and noted no exceptions.*

#### ***Travel and Expense Reimbursement***

---

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

*We performed the procedures above and noted no exceptions.*

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

*We performed the procedures above and noted no exceptions.*

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

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

*We performed the procedures above and noted no exceptions.*

- b) Report whether each expense is supported by:



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

*We performed the procedures above and noted no exceptions.*

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

*We performed the procedures above and noted no exceptions.*

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

*We performed the procedures above and noted no exceptions.*

- c) Compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

*We performed the procedures above and noted no exceptions.*

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

*We performed the procedures above and noted no exceptions.*

### **Contracts**

---

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

*We performed the procedures above and noted no exceptions.*

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

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

*We performed the procedures above and noted no exceptions.*

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





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

*The selected contracts were not subject to the Louisiana Public Bid Law or Procurement Code; therefore, this procedure is not applicable.*

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

*We performed the procedures above and noted no exceptions.*

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

*We performed the procedures above and noted no exceptions.*

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

*We performed the above procedure and noted no exceptions.*

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

*We performed the above procedure and noted no exceptions.*

### Payroll and Personnel

---

- 22. Obtain a listing of employees (and elected officials, if applicable) with their related salaries, and obtain management's representation that the listing is complete. Randomly select five employees/officials, obtain their personnel files, and:

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

*We performed the above procedure and noted the following exception:*

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

### Management's Response:

See management's response letter.

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

*We performed the above procedure and noted no exceptions.*



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

- a) Report whether all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (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 procedures above and noted no exceptions.*

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

*We performed the procedures above and noted the following exceptions:*

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

**Management's Response:**

See management's response letter.

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

*We performed the procedures above and noted no exceptions.*

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

*We performed the procedures above and noted no exceptions.*



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

*We performed the procedures above and noted the following exceptions:*

**The Town accrued a total of \$50,522 for estimated outstanding taxes, penalties and interest payable to the Internal Revenue Service prior to June 30, 2017.**

**Management's Response:**

See management's response letter.

***Ethics***

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

*We performed the above procedure and noted the following exception:*

**Ethics certificates are not maintained for employees.**

**Management's Response:**

See management's response letter.

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

*We performed the procedures above and noted no exception.*

***Debt Service***

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

*We performed the procedures above and noted no exception.*

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

*We performed the procedures above and noted no exception.*





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

*We performed the procedures above and noted no exception.*

**Other**

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

*We performed the procedures above and noted no exceptions.*

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

*We performed the procedures above and noted no exception.*

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

*We performed the procedures above and noted no exception.*

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

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

J. Walker & Company, APC

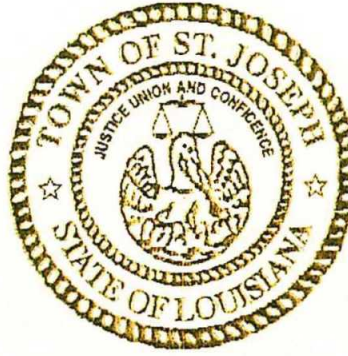
Lake Charles, Louisiana

March 30, 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, 2017 Agreed-Upon Procedures Findings

#### **Written Policies & Procedures**

1.i. We concur with this finding. All employees will be completing ethics training on-line. We are making sure each employee has an email address first. Our plan is to have this completed by May 15, 2018 at the latest. Ethics training requirement is being added to the Employee Handbook.

#### **Board (or Finance Committee, if applicable)**

2.b. The original budget for the June 30, 2017 fiscal year was adopted by the Board of Aldermen, however, the former Mayor did not publish the budget notification. The amended 2017 budget notification was published and documentation is on file. The 2018 fiscal year original budget notification was published and the notification for an expected amendment to this budget will be published as well. The town is currently working on the 2019 fiscal year budget and public notification will be published and documentation maintained.

#### **Bank Reconciliations**

4.c. While we concur with this finding that there is no documentation that management researched reconciling items that have been outstanding for more than six months, we have reviewed the bank reconciliations each month and discussed outstanding items with our external

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accountant who prepares the bank reconciliations. These discussions always include whether an item needs to be researched for further clarification and update.

### **Disbursements – General**

12. We do not concur with this finding as All unused checks are locked in the town's safe and persons with signatory authority do not have access to these checks.

### **Credit Cards**


15.b. We concur with this finding. Because of the construction of a new water system while trying to maintain services through an old worn-out system, we were faced with spending each month based on available resources. In addition, we were unable to increase our revenue through fee increases because the water system was under a public health emergency that specified that residents were not to consume the town's water. This has since been remedied and monthly credit card statements are being paid in full.

### **Payroll and Personnel**

22.a. While we concur with this finding in part, we must note that both employees were paid correctly. However, one employee's verification of wage form had an incorrect amount listed; however, the payments made to the employee was correct. The second employee listed was correct in payment and as listed on the wage verification for this audit fiscal year.

23.b. While there may have been some isolated incidents where time cards were not formally approved by a supervisor, we have a policy requiring this signature. We have a multi-step process whereby the employee submits the time card to the supervisor, who must sign as approved, the town clerk verifies the information and prepares payroll checks, and the check signers review the hours claimed and pay rate applied to ensure that employees are working appropriate hours and are paid at their authorized rate of pay.

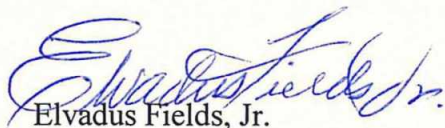
25. We concur with this finding. The prior administration did not make all payroll deposits when required and a payroll audit for the 2014 calendar year found several instances on non-compliance with payroll regulations. While we have chipped away at the outstanding balance, the construction of the new water system infrastructure while maintaining the existing worn out system without the benefit of increased rates for customers, we could not get these paid in as timely a manner as desired. We made several requests to the Internal Revenue Service for the abatement of interest and penalties in addition to a formal payment plan but have not received an approval of these requests. WE are paying as much as possible toward these debts and are hopeful there will be some forgiveness of penalties and interest as well as a workable payment plan.

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26. We concur with this finding and will maintain ethics certificates for all employees. Please see our response to Item 1.(i).

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

Sincerely,

A handwritten signature in blue ink that reads "Elvadius Fields, Jr." in a cursive style.

Elvadius Fields, Jr.  
Mayor

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