

TOWN OF ST. JOSEPH, LOUISIANA

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2019

TOWN OF ST. JOSEPH, LOUISIANA

**For the Year Ended June 30, 2019
Table of Contents**

	<u>Statements</u>	<u>Page(s)</u>
Independent Auditors' Report		1
Management's Discussion and Analysis		
Management's Discussion and Analysis		4-12
Basic Financial Statements		
Government-Wide Financial Statements		
Statement of Net Position	A	13
Statement of Activities	B	14
Fund Financial Statements		
Governmental Funds:		
Balance Sheet	C	15
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	D	16
Statement of Revenues, Expenditures, and Changes in Fund Balances	E	17
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities	F	18
Proprietary Funds:		
Statement of Net Position	G	19
Statement of Revenues, Expenses, and Changes in Fund Net Position	H	20
Statement of Cash Flows	I	21-22
Note Index		23
Notes to the Basic Financial Statements		24 - 42
Required Supplementary Information		
Budgetary comparison Schedules:		
General Fund		43
Schedule of employer's proportionate share of net pension liability		44
Schedule of employer contributions		45

TOWN OF ST. JOSEPH, LOUISIANA

For the Year Ended June 30, 2019

Table of Contents

	<u>Page(s)</u>
Notes to Required Supplementary Information	46
Supplementary Information	
Other Financial Information:	
Nonmajor Governmental Funds:	
Combining Balance Sheet	47
Combining Schedule of Revenues, Expenditures, and Changes In Fund Balance	48
Schedule of Compensation Paid to Aldermen	49
Schedule of Compensation, Benefits and Other Payments to Agency Head	50
Other Information	
Towns of Newellton and St. Joseph, Louisiana Jointly Owned Gas Line Operations and Maintenance Fund	
Statement of Net Position - Unaudited	51
Statement of Revenues, Expenses, and Changes in Fund Net Position - Unaudited	52
Internal Control, Compliance, and Other Matters	
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	53-54
Schedule of Findings and Responses	55-56
Summary of Prior Year Findings	57



J. WALKER & COMPANY^{APC}

— ACCOUNTANTS AND ADVISORS —

INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Members of the Town Council
Town of St. Joseph, Louisiana

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

OFFICES:

2740 RUE DE JARDIN
STE.100
LAKE CHARLES
LOUISIANA 70605
{O} 337-478-7902
{F} 337-478-3345

5100 WESTHEIMER
SUITE 230
HOUSTON
TEXAS 77056
{O} 713-588-4460
{F} 713-966-6125

WWW.JWALKERCO.COM

MEMBER OF:

AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, budgetary comparison schedule, schedule of employer's proportionate share of net pension liability, and schedule of employer contributions 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 combining nonmajor fund financial statements, schedule of compensation paid to aldermen, schedule of compensation, benefits and other payments to agency head, and financial statements of towns of Newellton and St. Joseph, Louisiana jointly owned gas line operations and maintenance fund are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining nonmajor fund financial statements, schedule of compensation paid to aldermen, schedule of compensation, benefits and other payments to agency head 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 nonmajor fund financial statements, schedule of compensation paid to aldermen, schedule of compensation, benefits and other payments to agency head are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The financial statements of Towns of Newellton and St. Joseph, Louisiana jointly owned gas line operations and maintenance fund have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 2019, 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

J. Walker & Company, APC
Lake Charles, Louisiana
December 9, 2019



MANAGEMENT'S DISCUSSION AND ANALYSIS

TOWN OF ST. JOSEPH, LOUISIANA

Management's Discussion and Analysis For the Year Ended June 30, 2019

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 Saint Joseph for the fiscal year ended June 30, 2019. 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 Saint Joseph exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$9,887,872. Of this amount, \$91,263 represents unrestricted net position, which may be used to meet the government's ongoing obligations to citizens and creditors.
- The Town's total net position increased \$240,811 or 2% mainly because of charges for services revenue. Licenses and permits revenue were slightly higher this year, while utility billings were slightly higher.
- As of the close of the current fiscal year, the Town's governmental funds reported a combined ending fund balances of \$386,369 an increase of \$40,040 or 12% in comparison with the prior year. Approximately 95 % of this amount or \$366,214 was available for spending at the Town's discretion (unassigned fund balance).
- At the end of the current fiscal year, assigned fund balance for the governmental funds was \$20,155, or approximately 6% of total general fund expenditures.

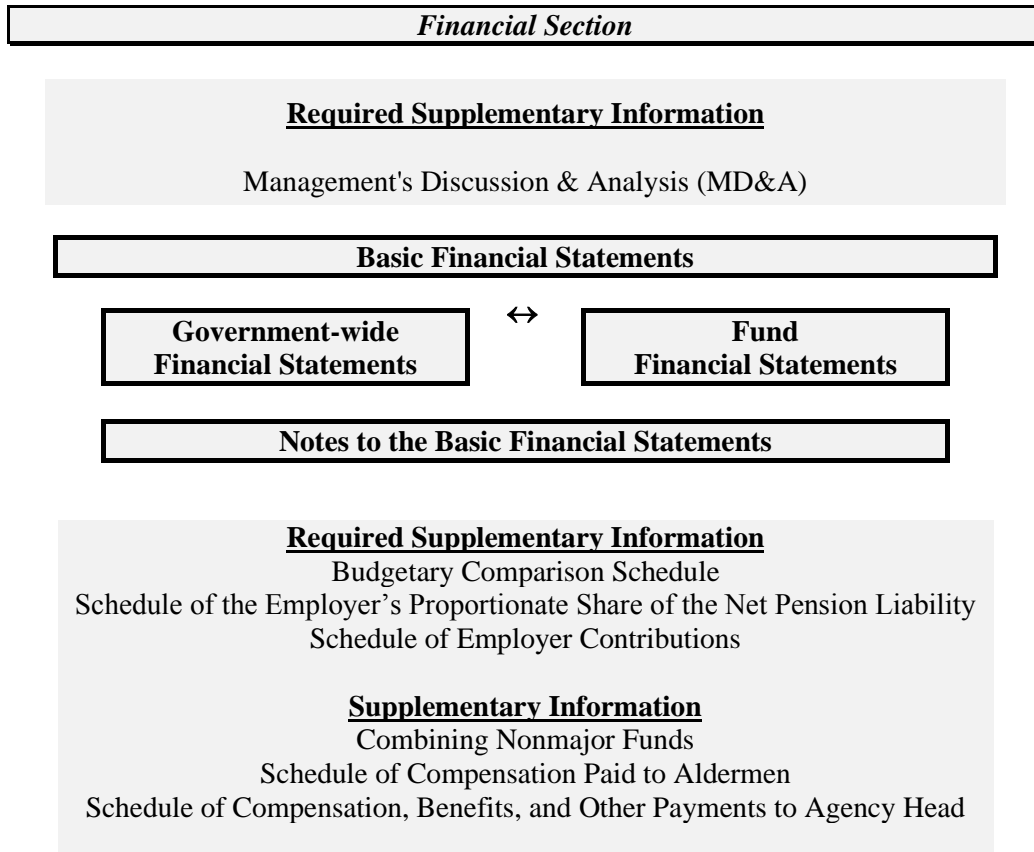
USING THIS ANNUAL REPORT

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 (Continued)
For the Year Ended June 30, 2019

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



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

Government-wide financial statements

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

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

The Statement of Activities presents information showing how the Town's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving

TOWN OF ST. JOSEPH, LOUISIANA

Management's Discussion and Analysis (Continued) For the Year Ended June 30, 2019

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 (Continued)
For the Year Ended June 30, 2019

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, 2019, 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 Saint Joseph, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$9,887,872 at the close of the fiscal year ended June 30, 2019.

TOWN OF ST. JOSEPH, LOUISIANA

Management's Discussion and Analysis (Continued)
For the Year Ended June 30, 2019

Table 1
Schedule of Net Position
June 30, 2019

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
<u>ASSETS</u>						
Current and other assets	\$ 426,234	\$ 403,560	\$ (100,754)	\$ 258,965	\$ 325,480	\$ 662,525
Capital assets	206,709	230,201	9,895,110	9,644,855	10,101,819	9,875,056
TOTAL ASSETS	<u>632,943</u>	<u>633,761</u>	<u>9,794,356</u>	<u>9,903,820</u>	<u>10,427,299</u>	<u>10,537,581</u>
Deferred outflows of resources	5,851	6,681	18,574	17,461	24,425	24,142
<u>LIABILITIES</u>						
Current and other liabilities	39,865	57,231	138,277	470,327	178,142	527,558
Long-term liabilities	21,278	19,642	360,295	363,482	381,573	383,124
Total liabilities	<u>61,143</u>	<u>76,873</u>	<u>498,572</u>	<u>833,809</u>	<u>559,715</u>	<u>910,682</u>
					-	
Deferred inflows of resources	38	-	4,099	3,980	4,137	3,980
<u>NET POSITION</u>						
Net investment in capital assets	206,709	230,201	9,575,256	9,316,634	9,781,965	9,546,835
Restricted	-	-	14,644	7,280	14,644	7,280
Unrestricted	370,904	333,368	(279,641)	(240,422)	91,263	92,946
Total net position	<u>\$ 577,613</u>	<u>\$ 563,569</u>	<u>\$ 9,310,259</u>	<u>\$ 9,083,492</u>	<u>\$ 9,887,872</u>	<u>\$ 9,647,061</u>

By far, the largest amount of the Town's net position reflects its investment in capital assets of \$9,781,965 (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, \$14,644, represents resources that are subject to external restrictions on how they may be used. Remaining for unrestricted net position is a surplus balance of \$91,263.

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.

TOWN OF ST. JOSEPH, LOUISIANA

Management's Discussion and Analysis (Continued)
For the Year Ended June 30, 2019

Table 2
Changes in Net Position
For the Years Ended June 30, 2019

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
<u>REVENUES</u>						
Program Revenues:						
Charges for services	\$ 104,635	\$ 94,903	\$ 568,033	\$ 535,347	\$ 672,668	\$ 630,250
Operating grants	15,923	18,000	-	-	15,923	18,000
Capital grants	-	-	538,486	2,902,739	538,486	2,902,739
General Revenue:						
Ad valorem taxes	41,523	40,203	-	-	41,523	40,203
Sales tax	104,461	104,350	-	-	104,461	104,350
License and permits	107,055	118,968	-	-	107,055	118,968
Income(loss) from jointly own gas						
Operation and Maintenance fund	-	-	(2,391)	(19,026)	(2,391)	(19,026)
Other General revenue	11,835	110,459	9,064	24,136	20,899	134,595
Total Revenues	<u>385,432</u>	<u>486,883</u>	<u>1,113,192</u>	<u>3,443,196</u>	<u>1,498,624</u>	<u>3,930,079</u>
<u>EXPENDITURES</u>						
General government	124,699	152,616	-	-	124,699	152,616
Public safety	105,239	104,613	-	-	105,239	104,613
Public works	132,960	125,465	-	-	132,960	125,465
Culture and recreation	8,490	5,976	-	-	8,490	5,976
Utilities	-	-	886,425	811,513	886,425	811,513
Total Expenditures	<u>371,388</u>	<u>388,670</u>	<u>886,425</u>	<u>811,513</u>	<u>1,257,813</u>	<u>1,200,183</u>
CHANGE IN NET POSITIONS	14,044	98,213	226,767	2,631,683	240,811	2,729,896
Net Position, Beginning	<u>563,569</u>	<u>465,356</u>	<u>9,083,492</u>	<u>6,451,809</u>	<u>9,647,061</u>	<u>6,917,165</u>
Net Position, Ending	<u>\$ 577,613</u>	<u>\$ 563,569</u>	<u>\$ 9,310,259</u>	<u>\$ 9,083,492</u>	<u>\$ 9,887,872</u>	<u>\$ 9,647,061</u>

Governmental activities

In the current year, governmental activities had an increase of \$14,044 in net position, compared to a \$98,213 increase in the prior year.

Charges for services, which provided \$104,635 or 27.1% of revenue. Sales tax revenue was \$104,461, or 27.1%. Licenses and permits experienced a decrease in collections of \$11,913 over the amounts reported in 2018. Other revenue types were consistent with the prior year, with the exception of the prior year sale of property.

TOWN OF ST. JOSEPH, LOUISIANA

Management's Discussion and Analysis (Continued)
For the Year Ended June 30, 2019

The cost of all governmental activities this year was \$371,388.

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, 2019**

	<u>Total Cost Of Services</u>			<u>Net Cost of Services</u>		
	<u>2019</u>	<u>2018</u>	<u>Change</u>	<u>2019</u>	<u>2018</u>	<u>Change</u>
<u>Governmental Activities</u>						
General government	\$ 124,699	\$ 152,616	\$ (27,917)	\$ 124,699	\$ 152,616	\$ (27,917)
Public safety	105,239	104,613	626	89,316	86,613	2,703
Public works	132,960	125,465	7,495	28,325	30,562	(2,237)
Culture and recreation	8,490	5,976	2,514	8,490	5,976	2,514
Total function/programs expenses	<u>\$ 371,388</u>	<u>\$ 388,670</u>	<u>\$ (17,282)</u>	<u>\$ 250,830</u>	<u>\$ 275,767</u>	<u>\$ (24,937)</u>

Business-type activities

The increase in net position for business-type operations for the current year was \$226,767 compared to an increase of \$2,631,683 in the prior year. Charges for services increased \$32,686 while the net loss from the jointly owned gas line decreased \$16,635. Capital grants decreased \$2,364,253. The increase in charges for services is due to an increase in rates. Capital grants decrease is due to grant funding received for the water system in the prior year when that project was ongoing. Expenses increased \$74,912 or 9%.

Financial Analysis of the Governmental Funds

As noted earlier, the Town of Saint 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 \$386,369 an increase of \$40,040 when compared with the prior year. \$366,214 of this total fund balance constitutes unassigned fund balance, which is available for spending at the Town's discretion and \$20,155 is assigned to specific purposes.

The general fund is the chief operating fund of the Town of Saint Joseph. At the end of the current fiscal

TOWN OF ST. JOSEPH, LOUISIANA

Management’s Discussion and Analysis (Continued)
For the Year Ended June 30, 2019

year, fund balance of the general fund was \$366,214 which is an increase of \$40,040 from the \$326,174 fund balance reported for the prior fiscal year. Revenues decreased from the \$510,383 reported in fiscal 2018 to \$393,134, a decrease of \$117,249 or 23%. This decrease is the result of a property sale in the prior year. Expenditures increased \$6,471 or 2%.

General Fund Budgetary Highlights

In accordance with Louisiana Revised Statutes Title 39, Chapter 9, Louisiana Local Government Budget Act (LSA - R.S. 39:1301 et seq.), the Town must adopt a budget for the General Fund and all Special Revenue funds prior to June 30. The original budget for the Town was adopted on May 14, 2018 and amended on June 3, 2019. The actual revenues exceeded budgeted amounts by \$33,890 for the year ending June 30, 2019. This difference was primarily because actual revenue collected exceeded expected collections. The budgeted expenditures exceeded actual amounts by \$11,243, primarily because of decreased operating expenses.

Capital Assets and Debt Administration

Capital assets

As for the year ended June 30, 2019, the Town had \$10,101,819 (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 \$576,415 and depreciation of \$349,651) of \$226,764, or 2%.

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

**Capital Assets
June 30, 2019**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Government</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
No depreciable assets:						
Land	\$ 32,120	\$ 32,120	\$ 7,886	\$ 7,886	\$ 40,006	\$ 40,006
Construction in progress	-	-	-	8,041,178	-	8,041,178
Total no depreciable assets	32,120	32,120	7,886	8,049,064	40,006	8,081,184
Depreciable assets, net:					-	
Building	56,035	67,350	-	-	56,035	67,350
Walking trail	67,948	72,826	-	-	67,948	72,826
Water system	-	-	8,554,218	207,949	8,554,218	207,949
Water tower	-	-	505,458	502,076	505,458	502,076
Gas system	-	-	31,371	43,495	31,371	43,495
Sewer system	-	-	523,808	564,485	523,808	564,485
Equipment	50,606	57,905	3,562	580	54,168	58,485
Amphitheatre	-	-	268,807	277,206	268,807	277,206
Total depreciable assets, net	174,589	198,081	9,887,224	1,595,791	10,061,813	1,793,872
Total capital assets, net	<u>\$ 206,709</u>	<u>\$ 230,201</u>	<u>\$ 9,895,110</u>	<u>\$ 9,644,855</u>	<u>\$ 10,101,819</u>	<u>\$ 9,875,056</u>

TOWN OF ST. JOSEPH, LOUISIANA

Management's Discussion and Analysis (Continued) For the Year Ended June 30, 2019

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, 2019, 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, 2019, was \$319,854.

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 2020 are comparable to 2019'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 2020 budget of the general fund.

Requests for Information

This financial report is designed to provide a general overview of the Town of Saint 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 Saint Joseph; P.O. Box 217; Saint Joseph, LA 71366.

Basic Financial Statements

BASIC FINANCIAL STATEMENTS :
GOVERNMENT-WIDE FINANCIAL STATEMENTS

TOWN OF ST. JOSEPH, LOUISIANA

**Statement of Net Position
June 30, 2019**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Statement A Total</u>
ASSETS			
Cash and cash equivalents	\$ 120,388	\$ 45,411	\$ 165,799
Receivables, net	16,420	52,165	68,585
Internal balances	289,426	(289,426)	-
Gas utility deposit	-	25,000	25,000
Restricted assets:			
Cash and cash equivalents	-	67,263	67,263
Investment in jointly owned gas line operation and maintenance fund	-	(1,167)	(1,167)
Capital assets:			
Land and construction in progress	32,120	7,886	40,006
Depreciable assets, net of deprecation	174,589	9,887,224	10,061,813
TOTAL ASSETS	<u>632,943</u>	<u>9,794,356</u>	<u>10,427,299</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources related to pensions	<u>5,851</u>	<u>18,574</u>	<u>24,425</u>
LIABILITIES			
Accounts payable and accrued expenses	36,576	84,332	120,908
Accrued payroll and benefits	3,289	1,326	4,615
Payable from restricted assets - customer and utility payments	-	52,619	52,619
Long-term liabilities:			
Due within one year	-	8,643	8,643
Due in more than one year	<u>21,278</u>	<u>351,652</u>	<u>372,930</u>
TOTAL LIABILITIES	<u>61,143</u>	<u>498,572</u>	<u>559,715</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources related to pensions	<u>38</u>	<u>4,099</u>	<u>4,137</u>
NET POSITION			
Net investment in capital assets	206,709	9,575,256	9,781,965
Restricted	-	14,644	14,644
Unrestricted (deficit)	<u>370,904</u>	<u>(279,641)</u>	<u>91,263</u>
TOTAL NET POSITION	<u>\$ 577,613</u>	<u>\$ 9,310,259</u>	<u>\$ 9,887,872</u>

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, 2019**

Statement B

	Program Revenues			Primary Government Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charge for Services	Operating Grants	Capital Grants	Governmental Activities	Business-type Activities	Total
Functions/Programs							
Governmental Activities							
General government	\$ 124,699	\$ -	\$ -	\$ -	(124,699)	\$ -	\$ (124,699)
Public safety	105,239	-	15,923	-	(89,316)	-	(89,316)
Public works	132,960	104,635	-	-	(28,325)	-	(28,325)
Culture and recreation	8,490	-	-	-	(8,490)	-	(8,490)
Total governmental activities	<u>\$ 371,388</u>	<u>104,635</u>	<u>15,923</u>	<u>-</u>	<u>(250,830)</u>	<u>-</u>	<u>(250,830)</u>
Business-type activity:							
Utility fund	<u>886,425</u>	<u>568,033</u>	<u>-</u>	<u>538,486</u>	<u>-</u>	<u>220,094</u>	<u>220,094</u>
Total Governmental Activities	<u>\$ 1,257,813</u>	<u>\$ 672,668</u>	<u>\$ 15,923</u>	<u>\$ 538,486</u>	<u>(250,830)</u>	<u>220,094</u>	<u>(30,736)</u>
General revenues							
Taxes:							
Ad valorem taxes					41,523	-	41,523
Sales taxes					104,461	-	104,461
License and permits					107,055	-	107,055
Fines and forfeitures					1,726	-	1,726
Use of money and property					17,101	1,362	18,463
Miscellaneous					710	-	710
Transfers					(7,702)	7,702	-
Income (loss) from jointly owned gas operations and maintenance fund					<u>-</u>	<u>(2,391)</u>	<u>(2,391)</u>
Total general revenues					<u>264,874</u>	<u>6,673</u>	<u>271,547</u>
Changes in net position					14,044	226,767	240,811
Net Position - beginning					<u>563,569</u>	<u>9,083,492</u>	<u>9,647,061</u>
Net Position - ending					<u>\$ 577,613</u>	<u>\$ 9,310,259</u>	<u>\$ 9,887,872</u>

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

**BASIC FINANCIAL STATEMENTS:
FUND FINANCIAL STATEMENTS**

TOWN OF ST. JOSEPH, LOUISIANA

**Balance Sheet
Governmental Funds
June 30, 2019**

Statement C

	<u>General</u>	<u>Nonmajor</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 113,164	\$ 7,224	\$ 120,388
Receivables	16,420	-	16,420
Interfund receivables	<u>276,495</u>	<u>12,931</u>	<u>289,426</u>
Total assets	<u>406,079</u>	<u>20,155</u>	<u>426,234</u>
LIABILITIES			
Accounts payable and accrued expenses	36,576	-	36,576
Accrued payroll and benefits	<u>3,289</u>	<u>-</u>	<u>3,289</u>
Total liabilities	<u>39,865</u>	<u>-</u>	<u>39,865</u>
FUND BALANCES			
Assigned	-	20,155	20,155
Unassigned	<u>366,214</u>	<u>-</u>	<u>366,214</u>
Total fund balances	<u>366,214</u>	<u>20,155</u>	<u>386,369</u>
Total liabilities and fund balances	<u>\$ 406,079</u>	<u>\$ 20,155</u>	<u>\$ 426,234</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, 2019

Statement D

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

Total fund balances for governmental funds (Statement C) \$ 386,369

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	1,136,239	
Accumulated depreciation	<u>(929,530)</u>	206,709

Deferred outflows of resources are not available to pay current period expenditures, and therefore, are not reported in the governmental funds. 5,851

Deferred inflows of resources are not due and payable in the current period and accordingly are not reported in the governmental funds. (38)

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>(21,278)</u>
-----------------------	--	-----------------

Total net position of governmental activities \$ 577,613

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, 2019**

	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Statement E Total</u>
Revenues:			
Taxes			
Ad valorem	\$ 41,523	-	\$ 41,523
Sales and use	104,461	-	104,461
Charges for services	104,635	-	104,635
Licenses, permits and commission for services	107,055	-	107,055
Intergovernmental - state	15,923	-	15,923
Fines and forfeits	1,726	-	1,726
Use of money and property	17,101	-	17,101
Miscellaneous revenues	710	-	710
Total revenues	<u>393,134</u>	<u>-</u>	<u>393,134</u>
Expenditures:			
Current:			
General government	105,720	-	105,720
Public safety	100,670	-	100,670
Public works	117,976	-	117,976
Culture and recreation	3,613	-	3,613
Capital outlay	17,413	-	17,413
Total expenditures	<u>345,392</u>	<u>-</u>	<u>345,392</u>
Excess (deficiency) of revenues over expenditures	47,742	-	47,742
Other Financial Sources(Uses):			
Transfer Out	<u>(7,702)</u>	<u>-</u>	<u>(7,702)</u>
Net Change in Fund Balance	40,040	-	40,040
Fund balances, beginning	<u>326,174</u>	<u>20,155</u>	<u>346,329</u>
Fund balances, ending	<u>\$ 366,214</u>	<u>\$ 20,155</u>	<u>\$ 386,369</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, 2019

Statement F

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

Net changes in fund balances - total governmental funds (Statement E) \$ 40,040

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	17,413	
Depreciation	<u>(40,905)</u>	(23,492)

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. (2,504)

Change in net position of governmental activities \$ 14,044

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

TOWN OF ST. JOSEPH, LOUISIANA

**Statement of Net Position
Proprietary Funds
June 30, 2019**

	Statement G
ASSETS	Utility Fund
Current assets:	
Cash and cash equivalents	\$ 45,411
Receivables, net	52,165
Total current assets	97,576
Noncurrent assets:	
Gas utility deposit	25,000
Restricted cash and cash equivalents	67,263
Investment in jointly owned gas line operation and maintenance fund	(1,167)
Capital assets:	
Land	7,886
Depreciable assets, net of depreciation	9,887,224
Total noncurrent assets	9,986,206
Total assets	10,083,782
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources related to pensions	18,574
LIABILITIES	
Current liabilities :	
Accounts payable and accrued expenses	84,332
Accrued payroll and benefits	1,326
Interfund payable	289,426
Revenue bonds payable	8,643
Total current liabilities	383,727
Liabilities payable from restricted assets:	
Customer deposits	44,025
Utility payments	8,594
Total Liabilities Payable from Restricted Assets	52,619
Noncurrent liabilities:	
Revenue bonds payable	311,211
Net pension liability	40,441
Total noncurrent liabilities	351,652
Total liabilities	787,998
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources related to pensions	4,099
NET POSITION	
Net investment in capital assets	9,575,256
Restricted	14,644
Unrestricted (deficit)	(279,641)
Net position	\$ 9,310,259

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, 2019**

	<u>Statement H</u>
	<u>Utility Fund</u>
Operating revenues:	
Water sales	\$ 287,358
Gas sales	159,770
Sewer sales	90,881
Other operating revenue	30,024
Total operating revenues	<u>568,033</u>
Operating expenses:	
Water expenses	412,376
Gas expenses	120,195
Sewer expenses	10,799
Depreciation	308,746
General and administrative	23,489
Total operating expenses	<u>875,605</u>
Operating income (loss)	<u>(307,572)</u>
Nonoperating revenues (expenses):	
Interest income	1,362
Intergovernmental - state	538,486
Income (loss) from jointly owned gas line operation and maintenance fund	(2,391)
Transfer In	7,702
Interest expense	(10,820)
Total Nonoperating revenues (expenses)	<u>534,339</u>
Change in net position	226,767
Net position, beginning	<u>9,083,492</u>
Net position, ending	<u>\$ 9,310,259</u>

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

TOWN OF ST. JOSEPH, LOUISIANA

Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2019

Statement I

	<u>Utility Fund</u>
Cash flows from operating activities:	
Cash received from customers	\$ 502,771
Cash paid for employee services and benefits	(142,715)
Payments to others	(405,181)
Other receipts	<u>30,024</u>
Net cash provided (used) by operating activities	<u>(15,101)</u>
Cash flows from noncapital financing activities:	
Transfers in	<u>7,702</u>
Net cash provided (used) by noncapital activities	<u>7,702</u>
Cash flows from investing activities	
Earnings on investments	<u>1,362</u>
Net cash provided (used) by investing activities	<u>1,362</u>
Cash flows from capital and related financing activities:	
Capital grant	538,486
Acquisition of capital assets	(559,001)
Refund of deposit	10,000
Principal payment bonds	(8,367)
Interest expense	<u>(10,820)</u>
Net cash provided (used) for capital and related financing activities	<u>(29,702)</u>
Net increase in cash and cash equivalents	(35,739)
Cash and cash equivalents, beginning of period	<u>148,413</u>
Cash and cash equivalents, end of period	<u>\$ 112,674</u>

(Continued)

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

TOWN OF ST. JOSEPH, LOUISIANA

Statement of Cash Flows (continued)
Proprietary Funds
For the Year Ended June 30, 2019

	<u>Statement I</u>
	<u>Utility Fund</u>
Reconciliation of operating income(loss) to net cash Provided (used) by operating activities:	
Operating income (loss)	\$ (307,572)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:	
Depreciation	308,746
(Increase) decrease in operating accounts receivable	22,163
Increase (decrease) in operating accounts payable	16,099
Increase (decrease) in interfund payable	(54,789)
Increase (decrease) in due to retirement system	4,186
Increase (decrease) in accrued payroll benefits	(1,322)
Increase (decrease) in deposits due others	(839)
Increase (decrease) in utility payment for others	<u>(1,773)</u>
Net cash provided (used) by operating activities	<u>\$ (15,101)</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, 2019

INDEX

	PAGE
NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES	
A. REPORTING ENTITY	24
B. BASIS OF PRESENTATION	24-27
C. BUDGETS AND BUDGETARY ACCOUNTING	27
D. CASH, CASH EQUIVALENTS AND INVESTMENTS	27-28
E. INTERFUND RECEIVABLES AND PAYABLES	28
F. CAPITAL ASSETS	28-29
G. LONG-TERM LIABILITIES	29
H. FUND EQUITY	29-30
I. DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES	30
J. BAD DEBTS	30
K. COMPENSATED ABSENCES	30
L. NET POSITION	30
M. USE OF ESTIMATES	31
NOTE 2 CASH, CASH EQUIVALENTS AND INVESTMENTS	31-32
NOTE 3 RECEIVABLES	32
NOTE 4 INTERNAL BALANCES	32
NOTE 5 AD VALOREM TAXES	33
NOTE 6 CHANGES IN CAPITAL ASSETS	34
NOTE 7 PENSION PLANS - MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM	35-39
NOTE 8 PENSION PLANS - MUNICIPAL POLICE EMPLOYEES' RETIREMENT SYSTEM	39-40
NOTE 9 LONG TERM DEBT	40-41
NOTE 10 INTERGOVERNMENTAL AGREEMENT-GAS TRANSMISSION AND DISTRIBUTION OPERATIONS	41
NOTE 11 ACCOUNTS PAYABLE AND ACCRUED EXPENSES	42
NOTE 12 RISK FINANCING ACTIVITIES	42
NOTE 13 CONTINGENCIES AND COMMITMENTS	42

TOWN OF ST. JOSEPH, LOUISIANA

Notes to Financial Statements
June 30, 2019

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 nonmajor 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 Financial Statements (Continued)
June 30, 2019

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 categorie

TOWN OF ST. JOSEPH, LOUISIANA

Notes to Basic Financial Statements (Continued) June 30, 2019

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 (Continued)

June 30, 2019

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.

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

TOWN OF ST. JOSEPH, LOUISIANA

Notes to Basic Financial Statements (Continued)

June 30, 2019

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.

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.

TOWN OF ST. JOSEPH, LOUISIANA

Notes to Basic Financial Statements (Continued) June 30, 2019

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.

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.

TOWN OF ST. JOSEPH, LOUISIANA

Notes to Basic Financial Statements (Continued)

June 30, 2019

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.

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 length of time of availability for purposes of revenue recognition in the governmental fund is 60 days. 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.

TOWN OF ST. JOSEPH, LOUISIANA

Notes to Basic Financial Statements (Continued)
June 30, 2019

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, 2019, the Town had cash and cash equivalents totaling \$233,062 as follows:

Petty Cash	\$ 850
Demand Deposits	230,881
LAMP Deposits	<u>1,331</u>
Total	<u>\$ 233,062</u>

Demand deposits are stated at cost, which approximates market value. Under state law, these deposits (or resulting bank balances) must be secured by federal deposit insurance or pledged securities owned by the fiscal agent bank. The market value of pledged securities plus federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. The bank balance of \$235,794 was fully secured by FDIC at June 30, 2019. The Town's policy does not address custodial credit risk.

Investments

At June 30, 2019, the Town has \$1,331 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.

TOWN OF ST. JOSEPH, LOUISIANA

Notes to Basic Financial Statements (Continued)
June 30, 2019

- 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.

Note 3 - Receivables

Receivables as of June 30, 2019, are comprised of the following:

	<u>Sales Tax</u>	<u>Franchise Tax</u>	<u>Accounts</u>	<u>Total</u>
Fund:				
General Fund	\$ 9,450	\$ 6,970	\$ -	\$ 16,420
Utility Fund	-	-	88,288	88,288
Utility Fund- Allowance for doubtful Accounts	-	-	(36,123)	(36,123)
Total	<u>\$ 9,450</u>	<u>\$ 6,970</u>	<u>\$ 52,165</u>	<u>\$ 68,585</u>

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	\$ 276,495	Utility Fund	\$ 276,495
Nonmajor Governmental	12,931	Utility Fund	12,931
Total	<u>\$ 289,426</u>		<u>\$ 289,426</u>

The Utility Fund bills and collects for trash and garbage services of the General Fund. At June 30, 2019, 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, 2020.

TOWN OF ST. JOSEPH, LOUISIANA

Notes to Basic Financial Statements (Continued)
June 30, 2019

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

(The remainder of this page is intentionally left blank)

TOWN OF ST. JOSEPH, LOUISIANA

Notes to Basic Financial Statements (Continued)
June 30, 2019

Note 6 - Changes in Capital Assets

The changes in capital assets are as follows:

	Balance 6/30/2018	Additions	Retirements and Transfers	Balance 6/30/2019
Governmental activities:				
Nondepreciable assets:				
Land	\$ 32,120	\$ -	\$ -	\$ 32,120
Depreciable assets:				
Buildings	470,339	-	-	470,339
Walking trail	97,551	-	-	97,551
Equipment	518,815	17,413	28,313	507,915
Total depreciable capital assets	1,086,705	17,413	28,313	1,075,805
Less: accumulated depreciation	(888,624)	(40,905)	28,313	(901,216)
Total depreciable capital assets, net	198,081	(23,492)	-	174,589
Total governmental activities capital assets, net	230,201	(23,492)	-	206,709
Business-type activities:				
Nondepreciable assets:				
Land	7,886	-	-	7,886
Work in progress	8,041,178	-	8,041,178	-
Total nondepreciable assets	8,049,064	-	8,041,178	7,886
Depreciable assets:				
Water system	2,667,744	8,579,665	-	11,247,409
Water tower	520,511	16,815	-	537,326
Gas system	730,463	-	-	730,463
Sewer system	2,030,354	-	-	2,030,354
Service equipment	212,651	3,700	21,000	195,351
Office equipment	14,534	-	-	14,534
Wireless communication equipment	1,419	-	-	1,419
Amphitheatre	335,948	-	-	335,948
Total capital assets	6,513,624	8,600,180	21,000	15,092,804
Less: accumulated depreciation	(4,917,834)	(308,746)	21,000	(5,205,580)
Total depreciable capital assets, net	1,595,790	8,291,434	-	9,887,224
Total business-type activities capital assets, net	\$ 9,644,854	\$ 8,291,434	\$ 8,041,178	\$ 9,895,110

Depreciation of \$308,746 as of June 30, 2019, was charged to expense in the business-type activities: Utility Fund. Depreciation charged to governmental activities is as follows:

General government	\$ 16,475
Public safety	4,568
Public works	14,984
Culture and recreation	4,878
Total	\$ 40,905

TOWN OF ST. JOSEPH, LOUISIANA

Notes to Basic Financial Statements (Continued)

June 30, 2019

Note 7 - Pension Plan - Municipal Employees' Retirement System

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

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

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

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

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

- a. Age 67 with seven or more years of creditable service.
- b. Age 62 with ten or more years of creditable service.
- c. Age 55 with thirty or more years of creditable service.
- d. Any age with twenty-five years of creditable service, exclusive of military service and unused side 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.

TOWN OF ST. JOSEPH, LOUISIANA

Notes to Basic Financial Statements (Continued)

June 30, 2019

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

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

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

Cost of Living Adjustments: The System is authorized under state law to grant a cost of living increase (COLA) to members who have been retired for at least one year. The adjustment cannot exceed 2% of the retiree's original benefit for each full calendar year since retirement and may only be granted if sufficient funds are available from investment income in excess of normal requirements. State law allows the System to 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, 2019, the actual employer contribution rate was 14% 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, 2019, employer contributions to the pension plan from the Town were \$7,738 (\$1,845 for governmental activities and \$5,893 for business-type activities), and non-employer contributions were \$2,763 of which \$659 was recognized as revenue in the governmental activities and \$2,104 in business-type activities.

Pension Liabilities: Pension Expenses, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pension: At June 30, 2019, the Town reported liabilities of \$61,719 for its proportionate share of the Net Pension Liability (NPL). The NPL was measured as of June 30, 2018, and the total pension liabilities used to calculate NPL were determined by actuarial valuations as of that date.

TOWN OF ST. JOSEPH, LOUISIANA

Notes to Basic Financial Statements (Continued) June 30, 2019

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, 2018, the most recent measurement date, the Town's proportions and the changes in proportion from the prior measurement date were 0.072969 %, or an increase of 0.009514%

Information on the actuarial valuation and assumptions is as follows:

Valuation Date	June 30, 2018
Actuarial Cost Method	Entry Age Normal Cost
Expected Remaining service lives	3 years
Investment rate of return	7.275%
Inflation Rate	2.6%
Salary increases, including Inflation and merit increase	5.0%
Annuitant and beneficiary mortality	RP-2000 Healthy Annuitant Sex Distinct Mortality Tables set forward 2 years for males and set forward 1 year for females projected to 2028 using scale AA.
Employee mortality	RP-2000 Employees Sex Distinct Table set back 2 years for both males and females.
Disabled lives mortality	RP-2000 Disabled Lives Mortality Table set back 5 years for males and set back 3 years for females.

Discount Rate: The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimates ranges of expected future real rates of return (expected return, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation and an adjustment for the effect of rebalancing/diversification.

(The remainder of this page is intentionally left blank)

TOWN OF ST. JOSEPH, LOUISIANA

Notes to Basic Financial Statements (Continued)
June 30, 2019

For the year ended June 30, 2019, the Town recognized a total pension expense of \$19,084, \$9,928 for governmental activities and \$9,156 for business-type activities. The Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Activities</u>	
	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
Difference between expected and actual experience	\$ 40	\$ -	\$ 125	\$ -	\$ 165	\$ -
Net difference between projected and actual investment earnings on investments	2,408	25	7,624	2,755	10,032	2,780
Changes of assumptions	544	-	1,766	-	2,310	-
Changes in proportion	1,013	13	3,167	1,344	4,180	1,357
Employer contributions subsequent to the measurement date	<u>1,846</u>	<u>-</u>	<u>5,892</u>	<u>-</u>	<u>7,738</u>	<u>-</u>
Total	<u>\$ 5,851</u>	<u>\$ 38</u>	<u>\$ 18,574</u>	<u>\$ 4,099</u>	<u>\$ 24,425</u>	<u>\$ 4,137</u>

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, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ending June 30:</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total Activities</u>
2020	\$ 2,156	\$ 4,665	\$ 6,821
2021	1,425	3,083	4,508
2022	288	622	910
2023	<u>98</u>	<u>212</u>	<u>310</u>
Total	<u>\$ 3,967</u>	<u>\$ 8,582</u>	<u>\$ 12,549</u>

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, 2018, valuation, are summarized in the following table:

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-term Expected Portfolio Real Rate Of Return</u>
Public equity	50%	2.2%
Public fixed income	35%	1.5%
Alternatives	<u>15%</u>	<u>0.6%</u>
Total	<u>100%</u>	<u>4.3%</u>
Inflation		2.7%
Expected Arithmetic Nominal Rate		7.0%

TOWN OF ST. JOSEPH, LOUISIANA

Notes to Basic Financial Statements (Continued)
June 30, 2019

The discount rate used to measure the total pension liability was 7.275%. 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 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 <u>6.275%</u>	Current <u>7.275%</u>	1% Increase <u>8.275%</u>
Net Pension Liability	\$ 80,999	\$ 61,719	\$ 45,330

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, 2019, the Town did not have any payable to the System for the June, 2019, employee and employer legally required contributions.

Note 8 – Municipal Police Employees’ Retirement System of Louisiana

Description and Benefits

Eligible employees of the Town participate in the Municipal Police Employees’ Retirement System, which is a cost-sharing, multiple-employer defined-benefit public employee retirement system. The Plan is controlled and administered by a separate board of trustees. Pertinent information relative to the plan follows:

Plan description. All full-time police department employees engaged in law enforcement are required to participate in the system. Employees who retire at or after age 50 with at least 20 years of creditable service or at or after age 55 with at least 12 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 1/3% of their final- average salary for each year of creditable service. Final-average salary is the employee’s average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Police Employees’ Retirement System, 8401 United Plaza Boulevard, Room 270, Baton Rouge, Louisiana 70809-7107.

TOWN OF ST. JOSEPH, LOUISIANA

Notes to Basic Financial Statements (Continued)
June 30, 2019

Funding Policy. Plan members are required by state statute to contribute 10% of their annual covered salary, and the Town is required to contribute at an actuarially determined rate. The Town’s contribution rate was 32.25%. The contribution requirements of Plan members and the Town are established and may be amended by state statute. As provided by R.S. 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The contribution to the System for the year ending June 30, 2019, was \$9,825. The Town joined the System March 1 ,2019.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.

For the year ended June 30, 2019, the Town recognized pension expense of \$7,500. There are two employees in the System at June 30, 2019. Because the Town joined the System in March of 2019, there is not any financial data to calculate pension liability and deferred outflows and inflows of resources related to the Police Retirement System.

Note 9 - Long-Term Debt

The following is a summary of long-term obligation transactions for the year ended June 30, 2019.

	Beginning Balance	Additions	Deletions	Ending Balance	Amounts Due Within One Year
<u>Governmental Activities</u>					
Net pension liability	\$ 19,642	\$ 1,636	\$ -	\$ 21,278	\$ -
<u>Business-type Activities</u>					
Revenue bonds	328,221	-	8,367	319,854	8,643
Net pension liability	35,261	5,180	-	40,441	-
Total Business-type Activities	363,482	5,180	8,367	360,295	8,643
Long-term liabilities	\$ 383,124	\$ 6,816	\$ 8,367	\$ 381,573	\$ 8,643

Bonds payable at June 30, 2019, 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%.

\$ 319,854

TOWN OF ST. JOSEPH, LOUISIANA

Notes to Basic Financial Statements (Continued)
June 30, 2019

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

Fiscal Year Ended June 30,	Principal	Interest	Total
2020	\$ 8,643	\$ 10,544	\$ 19,187
2021	8,928	10,259	19,187
2022	9,223	9,964	19,187
2023	9,527	9,660	19,187
2024	9,841	9,346	19,187
2025-2029	54,295	41,641	95,936
2030-2034	63,861	32,075	95,936
2035-2039	75,112	20,824	95,936
Thereafter	80,424	5,919	86,343
	<u>\$ 319,854</u>	<u>\$ 150,232</u>	<u>\$ 470,086</u>

Note 10 - 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, 2019, is as follows:

Assets	
Cash and cash equivalents	\$ 7,076
Accounts receivable	-
Total Assets	<u>7,076</u>
 Liabilities	
Accounts payable and accrued expenses	9,247
Customer deposits	162
Total Liabilities	<u>9,409</u>
Net Position - Unrestricted	<u>\$ (2,333)</u>

The Joint Line's net position decreased \$4,781 in the fiscal 2019 from the results of operations. 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 Exhibits 8 and 9.

TOWN OF ST. JOSEPH, LOUISIANA

Notes to Basic Financial Statements (Continued)
June 30, 2019

Note 11 - Accounts Payable and Accrued Expenses

Accounts payable and accrued expense of \$120,908 as of June 30, 2019, are comprised of the following:

	<u>General Fund</u>	<u>Utility Fund</u>	<u>Total</u>
Vendor payable	\$ 36,576	\$ 65,098	\$ 101,674
LA Workforce Commission	-	15,204	15,204
IRS payable- penalties and interest	-	4,030	4,030
Total	<u>\$ 36,576</u>	<u>\$ 84,332</u>	<u>\$ 120,908</u>

Note 12 - 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 are \$15,204 as of June 30, 2019.

Note 13 – 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, 2019, the Town has a balance of \$4,490 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, 2019, the Town has accrued a total of \$4,030, 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 \$4,030 payable to the IRS are penalty and interest charges through June 30, 2019. 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.

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF ST. JOSEPH, LOUISIANA

**General Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2019**

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.

Exhibit 1

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues				
Taxes				
Ad valorem	\$ 46,000	\$ 41,144	\$ 41,523	\$ 379
Sales and use	96,000	96,325	104,461	8,136
Charges for services	80,100	96,192	104,635	8,443
Licenses, permits and commissions for services	86,250	87,488	107,055	19,567
Intergovernmental revenues	18,000	16,000	15,923	(77)
Fines and forfeitures	3,500	2,226	1,726	(500)
Use of money and property	16,650	17,016	17,101	85
Other revenues	-	2,853	710	(2,143)
Total Revenues	<u>346,500</u>	<u>359,244</u>	<u>393,134</u>	<u>33,890</u>
Expenditures				
General government	117,450	122,390	105,720	16,670
Public safety	99,400	103,924	100,670	3,254
Public works	125,500	130,321	117,976	12,345
Culture and recreations	-	-	3,613	(3,613)
Capital outlay	-	-	17,413	(17,413)
Total Expenditures	<u>342,350</u>	<u>356,635</u>	<u>345,392</u>	<u>11,243</u>
Excess of Revenues over Expenditures	4,150	2,609	47,742	45,133
Other Financing Sources (Uses)				
Transfers	-	-	(7,702)	(7,702)
Net Change in Fund Balance	4,150	2,609	40,040	37,431
Budgetary Fund Balances, Beginning	<u>326,174</u>	<u>326,174</u>	<u>326,174</u>	<u>-</u>
Budgetary Fund Balances, Ending	<u>\$ 330,324</u>	<u>\$ 328,783</u>	<u>\$ 366,214</u>	<u>\$ 37,431</u>

See independent auditors' report.

TOWN OF ST. JOSEPH, LOUISIANA

**Schedule of the Employer's Proportionate Share of the Net Pension Liability
For the Year Ended June 30, 2019***

Exhibit 2

<u>Fiscal Year</u>	<u>Employer Proportion of the Net Pension Liability (Asset)</u>	<u>Employer Proportionate Share of the Net Pension Liability (Asset)</u>	<u>Employer's Covered Employee Payroll</u>	<u>Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Employee Payroll</u>	<u>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</u>
2015	0.073909%	\$ 34,700	\$ 46,882	74.00%	76.94%
2016	0.069405%	47,171	48,156	98.00%	68.71%
2017	0.066937%	55,485	46,658	1.19%	63.34%
2018	0.063455%	54,903	54,101	1.05%	62.49%
2019	0.072969%	61,719	55,270	1.12%	71.89%

The Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

* The amounts represented have a measurement date of the previous fiscal year.

See independent auditors' report.

TOWN OF ST. JOSEPH, LOUISIANA

Schedule of Employer Contributions
For the Year Ended June 30, 2019

Exhibit 3

Fiscal year	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Employee Payroll	Contribution as a % of Covered Employee Payroll
2015	\$ 4,867	\$ 4,867	\$ -	\$ 48,156	10.11%
2016	4,608	4,608	-	48,504	9.50%
2017	5,132	5,132	-	46,658	11.0%
2018	7,165	7,165	-	54,101	13.2%
2019	7,738	7,738	-	55,274	14.00%

The Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

TOWN OF ST. JOSEPH, LOUISIANA

Notes to Required Supplementary Information For the Year Ended June 30, 2019

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.

Note B – Net Pension Liability

Changes in Benefit Terms

The investment rate of return decreased from 7.2% to 7.0% and inflation rate increased from 2.6% to 2.7%.

Changes in Assumptions

There were no changes in assumption for the fiscal year ended June 30, 2019.

Supplementary Information

TOWN OF ST. JOSEPH, LOUISIANA

Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2019

Exhibit 4

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

See independent auditors' report.

TOWN OF ST. JOSEPH, LOUISIANA

**Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Year Ended June 30, 2019**

Exhibit 5

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

See independent auditors' report.

TOWN OF ST. JOSEPH, LOUISIANA

**Schedule of Compensation Paid to Aldermen
For the Year Ended June 30, 2019**

Exhibit 6

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

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.

TOWN OF ST. JOSEPH, LOUISIANA

**Schedule of Compensation, Benefits and Other Payments to Agency Head
For the Year Ended June 30, 2019**

Exhibit 7

Agency Head Name: Mayor Elvadás Fields, Jr.

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 18,000
Benefits - Social Security and Medicare	1,377
Reimbursement-Travel	241
Reimbursement - Materials and Supplies	<u>213</u>
Total Compensation, Benefits, and Other Payments to Agency Head	<u>\$ 19,831</u>

See independent auditors' report.

Other Information

TOWN OF ST. JOSEPH, LOUISIANA

**Towns of Newellton and St. Joseph
Jointly Owned Gas Line Operation and Maintenance Fund
Statement of Net Position
June 30, 2019
Unaudited**

Exhibit 8

Assets:

Cash and cash equivalents	\$	7,076
Accounts receivable		<u>-</u>
Total assets		<u>7,076</u>

Liabilities and Net Position:

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

Net Position:

Unrestricted		<u>(2,333)</u>
--------------	--	----------------

Total Liabilities and Net Position	\$	<u>7,076</u>
------------------------------------	----	--------------

See independent auditors' report

TOWN OF ST. JOSEPH, LOUISIANA

**Towns of Newellton and St. Joseph
Jointly Owned Gas Line Operation and Maintenance Fund
Statement of Revenues, Expenses and Changes in Fund Net Position
For the Year Ended June 30, 2019
Unaudited**

Exhibit 9

Operating Revenues	
Changes for services	\$ 12,042
Other revenues	<u>3,032</u>
Total operating revenues	<u>15,074</u>
Operating Expenses	
Salaries and wages	15,000
Payroll taxes	1,195
Professional fees	1,500
Repair and maintenance	1,232
Other	<u>928</u>
Total expenses	<u>19,855</u>
Operating income (loss)	<u>(4,781)</u>
Change in net position	(4,781)
Net position, beginning	<u>2,448</u>
Net position, ending	<u>\$ (2,333)</u>

See independent auditors' report

INTERNAL CONTROL, COMPLIANCE, AND OTHER MATTERS



J. WALKER & COMPANY^{APC}

ACCOUNTANTS AND ADVISORS

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

To the Honorable Mayor and Members of the Town Council
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, each major fund, and the aggregate remaining fund information of the Town of St. Joseph, Louisiana, as of and for the year ended June 30, 2019, 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 December 9, 2019.

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.

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

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

OFFICES:

2740 RUE DE JARDIN
STE.100
LAKE CHARLES
LOUISIANA 70605
(O) 337-478-7902
(F) 337-478-3345

5100 WESTHEIMER
SUITE 230
HOUSTON
TEXAS 77056
(O) 713-588-4460
(F) 713-966-6125

WWW.JWALKERCO.COM

MEMBER OF:

AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

J. Walker & Company, APC

Lake Charles, Louisiana

December 9, 2019



TOWN OF ST. JOSEPH, LOUISIANA

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

I. Summary of Auditors' Results

a. Financial Statements

1. The independent auditors' report expresses an unmodified opinion on the financial statements of the Town of St. Joseph, Louisiana.
2. There were no material weaknesses or significant deficiencies disclosed during the audit of the financial statements and reported in the *Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*.
3. There are no instances of noncompliance that is reported in the *Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*.

b. Federal Awards

N/A

c. Management Letter

No management letter was issued in connection with the audit for the year ended June 30, 2019.

TOWN OF ST. JOSEPH, LOUISIANA

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

II. Findings- Financial Statement Audit

No Current Findings.

TOWN OF ST. JOSEPH, LOUISIANA

Summary of Prior Year Findings
For the Year Ended June 30, 2019

III. Summary of Prior Year Findings

There were no prior year findings.

State Agreed Upon Procedures



J. WALKER & COMPANY^{APC}

ACCOUNTANTS AND ADVISORS

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

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

We have performed the procedures enumerated below, which were agreed to by Town of St. Joseph and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2018 through June 30, 2019. The Town's management is responsible for those C/C areas identified in the SAUPs. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations):

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

We performed the procedure above and noted no exceptions.

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

We performed the procedure above and noted no exceptions.

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

We performed the procedure above and noted no exceptions.

d) **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

We performed the procedure above and noted no exceptions.

OFFICES:

2740 RUE DE JARDIN
STE.100
LAKE CHARLES
LOUISIANA 70605
(O) 337-478-7902
(F) 337-478-3345

5100 WESTHEIMER
SUITE 230
HOUSTON
TEXAS 77056
(O) 713-588-4460
(F) 713-966-6125

WWW.JWALKERCO.COM

MEMBER OF:

AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

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

We performed the procedure above and noted no exceptions.

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

We performed the procedure above and noted an exception. The policies and procedures did not include the monitoring process for contracts.

Recommendation: Management should update the policies and procedures to include the monitoring process.

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

We performed the procedure above and noted no exceptions.

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

We performed the procedure above and noted no exceptions.

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

We performed the procedure above and noted no exceptions.

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

We performed the procedure above and noted no exceptions.

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

We performed the procedure above and noted an exception. The Town's policies do not include a Disaster Recovery/ Business Continuity plan.

Recommendation: Management should update the policies and procedure manual to include Disaster Recovery/ Business Continuity.



Board or Finance Committee

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

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

We performed the procedure above and noted no exceptions.

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

We performed the procedure above and noted no exceptions.

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

We performed the procedure above and noted no exceptions.

Bank Reconciliations

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

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

We performed the procedure above and noted no exceptions.

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

We performed the procedure above and noted no exceptions.



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

We performed the procedure above and noted no exceptions.

Collections

- 4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).
- 5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:

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

We performed the procedure above and noted no exceptions.

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

We performed the procedure above and noted no exceptions.

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

We performed the procedure above and noted no exceptions.

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

We performed the procedure above and noted no exceptions.

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

We performed the procedure above and noted no exceptions.



7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under “Bank Reconciliations” above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). Obtain supporting documentation for each of the 10 deposits and:
 - a) Observe that receipts are sequentially pre-numbered.
We performed the procedure above and noted no exceptions.
 - b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
We performed the procedure above and noted no exceptions.
 - c) Trace the deposit slip total to the actual deposit per the bank statement.
We performed the procedure above and noted no exceptions.
 - d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).
We performed the procedure above and noted no exceptions.
 - e) Trace the actual deposit per the bank statement to the general ledger.
We performed the procedure above and noted no exceptions.

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

8. Obtain a listing of locations that process payments for the fiscal period and management’s representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).
9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:
 - a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
We performed the procedure above and noted no exceptions.
 - b) At least two employees are involved in processing and approving payments to vendors.
We performed the procedure above and noted no exceptions.



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

We performed the procedure above and noted no exceptions.

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

We performed the procedure above and noted no exceptions.

- 10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:

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

We performed the procedure above and noted no exceptions.

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

We performed the procedure above and noted no exceptions.

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

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

- 12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:

- a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawson Act municipality); these instances should not be reported.]

We performed the procedure above and noted no exceptions.

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

We performed the above procedure and noted no exceptions.



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

We performed the procedure above and noted no exceptions.

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

14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:

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

We performed the procedure above and noted no exceptions.

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

We performed the procedure above and noted no exceptions.

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

We performed the procedure above and noted no exceptions.

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

We performed the procedure above and noted no exceptions.

Contracts

15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:



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

We performed the procedure above and noted an exception. No written agreement was provided for three (3) of the five (5) vendors selected.

Recommendation: Management should ensure that there is a written, signed contract for each vendor the Town receives services and/ or goods from for each fiscal year.

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

We performed the procedure above and noted no exceptions.

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

We performed the procedure above and noted no exceptions.

- d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

We performed the procedure above and noted no exceptions.

Payroll and Personnel

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

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

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

We performed the procedure above and noted no exceptions.

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

We performed the procedure above and noted no exceptions.



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

We performed the procedure above and noted no exceptions.

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

We performed the procedure above and noted no exceptions.

- 19. Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

We performed the procedure above and noted no exceptions.

Ethics

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

We performed the procedure above and noted no exceptions regarding the employees' ethics certificates. No documentation was provided. There were exceptions noted regarding all five elected officials' ethics certificates. The elected officials' ethics certificates were not provided for the five (5) elected officials selected demonstrating annual ethics training was completed.

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

We performed the procedure above and noted no exceptions.

Debt Service

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

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



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

The Town does not have any outstanding debt during the fiscal period. Therefore, these procedures are not applicable.

Other

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

No misappropriation of public funds and assets was documented by management. Therefore, no procedures were performed.

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

No misappropriation of public funds and assets was documented by management. Therefore, no procedures were performed.

J. Walker & Company, APC

Lake Charles, Louisiana
December 11, 2019



MAYOR

Eivadus Fields, Jr.

MUNICIPAL CLERK

Maude H. Scott

Karl Jones, *Chief of Police*

TOWN OF SAINT JOSEPH

P O Box 217

Saint Joseph, Louisiana 71366

Phone 318-766-3713

Fax 318-766-3063

COUNCIL MEMBERS

John Lewis, *Mayor Pro Temp*

Jerry Newman

Theodore Jackson

Antionette Shields

Carl Olds

December 11, 2019

Mayors Response to Auditors Findings for Statewide Agreed-Upon Procedures (SAUP's) for the fiscal period July 1, 2018 through June 30, 2019.

Exceptions response for the 7/1/18-6/30/2019 findings:

1. Contracting Policies

We may not formal written procedures, but all contracts are actively monitored and we will work to include formal written procedures.

2. Disaster Recovery/Business Continuity Policies

We will work toward including disaster recovery/business continuity plan.

3. Contracts

Three contracts noted without a written contract:

Richardson contract, oversight for not having this in writing; however, a written contract will be included. Please note that this was a contract entered between the Fiscal Administrator and the Town and we actually believed we had a written agreement as well.

Doughty contract, Town Attorney: Please note that there is a contract which outlines the cost of services, etc.; however, we will request a more formal agreement to have on file to support the services rendered.

Koch contract, Previous Town Attorney: Contract was on file as this was the attorney during a previous administration. This attorney is completing work begun in the previous administration per an agreement with the current attorney as new attorney not familiar with the situation. This agreement is on file.

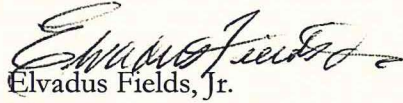
4. Ethics for elected officials:

Mayor has previously advised all board members of the requirement to complete the ethics training and to submit their certificate of completion to the Town office for

documentation. They will again be advised of the requirement and the request for the documentation to support their completion.

If you have questions concerning any of the responses, please do not hesitate to contact me.

Sincerely,



Elvadius Fields, Jr.

Mayor