

TOWN OF ST. JOSEPH, LOUISIANA

ANNUAL FINANCIAL REPORT

For the Year Ended, June 30, 2020

TOWN OF ST. JOSEPH, LOUISIANA

**For the Year Ended June 30, 2020
Table of Contents**

	<u>Statements</u>	<u>Page(s)</u>
Independent Auditors' Report		1-3
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 - 45
Required Supplementary Information		
Budgetary comparison Schedules:		
General Fund		46
Schedule of employer's proportionate share of net pension liability - MERS		47
Schedule of employer contributions - MERS		48
Schedule of employer's proportionate share of net pension liability - MPERS		49

TOWN OF ST. JOSEPH, LOUISIANA

For the Year Ended June 30, 2020

Table of Contents

	<u>Page(s)</u>
Schedule of employer contributions - MPERS	50
Notes to Required Supplementary Information	51
Supplementary Information	
Other Financial Information:	
Nonmajor Governmental Funds:	
Combining Balance Sheet	52
Combining Schedule of Revenues, Expenditures, and Changes In Fund Balance	53
Schedule of Compensation Paid to Aldermen	54
Schedule of Compensation, Benefits and Other Payments to Agency Head	55
Other Information	
Towns of Newellton and St. Joseph, Louisiana Jointly Owned Gas Line Operations and Maintenance Fund	
Statement of Net Position - Unaudited	56
Statement of Revenues, Expenses, and Changes in Fund Net Position - Unaudited	57
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>	58-59
Schedule of Findings and Responses	60
Summary of Prior Year Findings	61



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

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, 2020, 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, 2020, 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 the management's discussion and analysis, budgetary comparison schedule, schedule of proportionate share of net pension liability, and schedule of employer contributions to pension plan 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 November 29, 2020, 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

November 29, 2020



MANAGEMENT'S DISCUSSION AND ANALYSIS

TOWN OF ST. JOSEPH, LOUISIANA

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended June 30, 2020

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, 2020. 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 \$9,655,312. Of this amount, \$181,309 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 decreased \$232,560 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 \$363,322 a decrease of \$23,047 or 6% in comparison with the prior year. Approximately 94% of this amount or \$343,167 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.

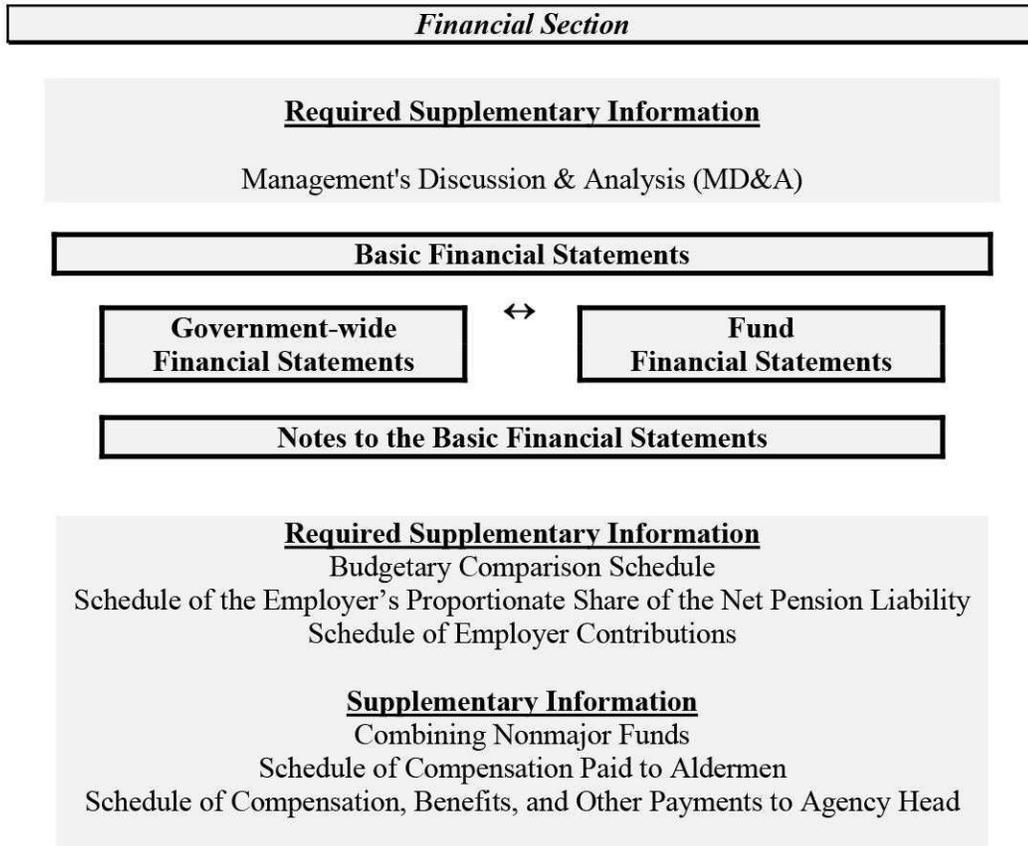
USING THIS ANNUAL REPORT

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, 2020

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



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

Government-wide financial statements

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

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

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

TOWN OF ST. JOSEPH, LOUISIANA

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

For the Year Ended June 30, 2020

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, 2020

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, 2020, 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 \$9,655,312 at the close of the fiscal year ended June 30, 2020.

TOWN OF ST. JOSEPH, LOUISIANA

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
For the Year Ended June 30, 2020

Table 1
Schedule of Net Position
June 30, 2020

<u>ASSETS</u>	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Current and other assets	\$ 381,285	\$ 426,234	\$ (32,814)	\$ (100,754)	\$ 348,471	\$ 325,480
Capital assets	<u>176,117</u>	<u>206,709</u>	<u>9,595,097</u>	<u>9,895,110</u>	<u>9,771,214</u>	<u>10,101,819</u>
TOTAL ASSETS	<u>557,402</u>	<u>632,943</u>	<u>9,562,283</u>	<u>9,794,356</u>	<u>10,119,685</u>	<u>10,427,299</u>
Deferred outflows of resources	82,909	5,851	10,036	18,574	92,945	24,142
LIABILITIES						
Current and other liabilities	17,963	39,865	100,473	138,277	118,436	178,142
Long-term liabilities	<u>90,569</u>	<u>21,278</u>	<u>342,595</u>	<u>360,295</u>	<u>433,164</u>	<u>381,573</u>
Total liabilities	<u>108,532</u>	<u>61,143</u>	<u>443,068</u>	<u>498,572</u>	<u>551,600</u>	<u>559,715</u>
					-	
Deferred inflows of resources	2,112	38	3,606	4,099	5,718	4,137
NET POSITION						
Net investment in capital assets	176,117	206,709	9,283,886	9,575,256	9,460,003	9,781,965
Restricted	-	-	18,061	14,644	18,061	14,644
Unrestricted	<u>353,550</u>	<u>370,904</u>	<u>(176,302)</u>	<u>(279,641)</u>	<u>177,248</u>	<u>91,263</u>
Total net position	<u>\$ 529,667</u>	<u>\$ 577,613</u>	<u>\$ 9,125,645</u>	<u>\$ 9,310,259</u>	<u>\$ 9,655,312</u>	<u>\$ 9,887,872</u>

By far, the largest amount of the Town's net position reflects its investment in capital assets of \$9,460,003 (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, \$18,061, represents resources that are subject to external restrictions on how they may be used. Remaining for unrestricted net position is a surplus balance of \$181,309.

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, 2020

Table 2
Changes in Net Position
For the Years Ended June 30, 2020

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
<u>REVENUES</u>						
Program Revenues:						
Charges for services	\$ 113,887	\$ 104,635	\$ 612,654	\$ 568,033	\$ 726,541	\$ 672,668
Operating grants	12,000	15,923	-	-	12,000	15,923
Capital grants	-	-	-	538,486	-	538,486
General Revenue:						
Ad valorem taxes	43,340	41,523	-	-	43,340	41,523
Sales tax	104,438	104,461	-	-	104,438	104,461
License and permits	96,397	107,055	-	-	96,397	107,055
Income(loss) from jointly own gas						
Operation and Maintenance fund	-	-	(914)	(2,391)	(914)	(2,391)
Other General revenue	30,018	11,835	601	9,064	30,619	20,899
Total Revenues	400,080	385,432	612,341	1,113,192	1,012,421	1,498,624
<u>EXPENDITURES</u>						
General government	185,029	124,699	-	-	185,029	124,699
Public safety	101,263	105,239	-	-	101,263	105,239
Public works	153,858	132,960	-	-	153,858	132,960
Culture and recreation	7,876	8,490	-	-	7,876	8,490
Utilities	-	-	796,955	886,425	796,955	886,425
Total Expenditures	448,026	371,388	796,955	886,425	1,244,981	1,257,813
CHANGE IN NET POSITIONS	(47,946)	14,044	(184,614)	226,767	(232,560)	240,811
Net Position, Beginning	577,613	563,569	9,310,259	9,083,492	9,887,872	9,647,061
Net Position, Ending	\$ 529,667	\$ 577,613	\$ 9,125,645	\$ 9,310,259	\$ 9,655,312	\$ 9,887,872

Governmental activities

In the current year, governmental activities had a decrease of \$47,946 in net position, compared to a \$14,044 increase in the prior year.

Charges for services, which provided \$113,887 or 28% of revenue, was the largest source of general revenues for the Town's governmental activities. Sales tax revenue was \$104,438, or 26%. Licenses and permits experienced a decrease in collections of \$10,658 over the amounts reported in 2019. Other revenue types were consistent with the prior year, with the exception of the prior year sale of property.

The cost of all governmental activities this year was \$448,026. However, as shown in the Statement of Activities, the amount that our taxpayers ultimately financed for these activities through Town taxes was only \$322,139 because some of the cost was paid by those who directly benefited from the programs or by other governments and organizations that subsidized certain programs with grants and contributions.

TOWN OF ST. JOSEPH, LOUISIANA

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

For the Year Ended June 30, 2020

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, 2020**

	<u>Total Cost Of Services</u>			<u>Net Cost of Services</u>		
	<u>2020</u>	<u>2019</u>	<u>Change</u>	<u>2020</u>	<u>2019</u>	<u>Change</u>
<u>Governmental Activities</u>						
General government	\$ 185,036	\$ 124,699	\$ 60,330	\$ 185,029	\$ 124,699	\$ 60,330
Public safety	101,263	105,239	(3,976)	89,263	89,316	(53)
Public works	153,858	132,960	20,898	39,971	28,325	11,646
Culture and recreation	7,876	8,490	(614)	7,876	8,490	(614)
Total function/programs expenses	<u>\$ 448,033</u>	<u>\$ 371,388</u>	<u>\$ 76,638</u>	<u>\$ 322,139</u>	<u>\$ 250,830</u>	<u>\$ 71,309</u>

Business-type activities

The increase in net position for business-type operations for the current year was \$184,614 compared to an increase of \$226,767 in the prior year. Charges for services increased \$44,621. Capital grants decreased \$538,486. 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 decreased \$93,538 or 11%.

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 \$363,322 a decrease of \$23,047 when compared with the prior year. \$343,167 of this total fund balance constitutes unassigned fund balance, which is available for spending at the Town's discretion and \$20,155 is assigned to specific purposes.

The general fund is the chief operating fund of the Town of Saint Joseph. At the end of the current fiscal year, fund balance of the general fund was \$343,167 which is a decrease of \$23,047 from the \$366,214 fund balance reported for the prior fiscal year. Revenues increase from the \$393,134 reported in fiscal 2019 to \$396,802, an increase of \$3,668 or 1%. This increase is the result of a slight increase in charge for services. Expenditures increased \$74,457 or 22%. Expenditures for general government had the most significant increase.

TOWN OF ST. JOSEPH, LOUISIANA

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

For the Year Ended June 30, 2020

General Fund Budgetary Highlights

In accordance with Louisiana Revised Statutes Title 39, Chapter 9, Louisiana Local Government Budget Act (LSA - R.S. 39:1301 et seq.), the Town must adopt a budget for the General Fund and all Special Revenue funds prior to June 30. The original budget for the Town was adopted on June 18, 2019 and amended on May 11, 2020. The budgeted revenues exceeded actual amounts by \$23,361 for the year ending June 30, 2020. The actual expenditures exceeded amount by \$9,604.

Capital Assets and Debt Administration

Capital assets

As for the year ended June 30, 2020, the Town had \$9,771,214 (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 decrease (including additions of \$6,450 and depreciation of \$337,055) of \$330,605, or 3%.

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

**Capital Assets
June 30, 2020**

	Governmental Activities		Business-type Activities		Total Government	
	2020	2019	2020	2019	2020	2019
No depreciable assets:						
Land	\$ 32,120	\$ 32,120	\$ 7,886	\$ 7,886	\$ 40,006	\$ 40,006
Construction in progress	-	-	-	-	-	-
Total no depreciable assets	32,120	32,120	7,886	7,886	40,006	40,006
Depreciable assets, net:					-	
Building	48,283	56,035	-	-	48,283	56,035
Walking trail	63,070	67,948	-	-	63,070	67,948
Water system	-	-	8,320,822	8,554,218	8,320,822	8,554,218
Water tower	-	-	498,314	505,458	498,314	505,458
Gas system	-	-	19,247	31,371	19,247	31,371
Sewer system	-	-	485,090	523,808	485,090	523,808
Equipment	32,644	50,606	3,330	3,562	35,974	54,168
Amphitheatre	-	-	260,408	268,807	260,408	268,807
Total depreciable assets, net	143,997	174,589	9,587,211	9,887,224	9,731,208	10,061,813
Total capital assets, net	<u>\$ 176,117</u>	<u>\$ 206,709</u>	<u>\$ 9,595,097</u>	<u>\$ 9,895,110</u>	<u>\$ 9,771,214</u>	<u>\$ 10,101,819</u>

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

TOWN OF ST. JOSEPH, LOUISIANA

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

For the Year Ended June 30, 2020

Long-term Debt

The Town's business-type activities has one long-term bond debt at June 30, 2020, 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, 2020, was \$311,211.

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 9 of the Notes to the Financial Statements.

Economic Factors and Future Outlook

The Town's budgeted revenues and expenditures for 2021 are comparable to 2020'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 2021 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, 2020

Statement A

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 91,264	\$ 81,555	\$ 172,819
Receivables, net	19,020	61,652	80,672
Internal balances	271,001	(271,001)	-
Gas utility deposit	-	25,000	25,000
Restricted assets:			
Cash and cash equivalents	-	72,061	72,061
Investment in jointly owned gas line operation and maintenance fund	-	(2,081)	(2,081)
Capital assets:			
Land and construction in progress	32,120	7,886	40,006
Depreciable assets, net of depreciation	143,997	9,587,211	9,731,208
TOTAL ASSETS	557,402	9,562,283	10,119,685
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources related to pensions	82,909	10,036	92,945
LIABILITIES			
Accounts payable and accrued expenses	14,685	37,078	51,763
Accrued payroll and benefits	3,278	467	3,745
Payable from restricted assets - customer and utility payments	-	54,000	54,000
Long-term liabilities:			
Due within one year	-	8,928	8,928
Due in more than one year	90,569	342,595	433,164
TOTAL LIABILITIES	108,532	443,068	551,600
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources related to pensions	2,112	3,606	5,718
NET POSITION			
Net investment in capital assets	176,117	9,283,886	9,460,003
Restricted	-	18,061	18,061
Unrestricted (deficit)	353,550	(176,302)	177,248
TOTAL NET POSITION	\$ 529,667	\$ 9,125,645	\$ 9,655,312

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, 2020**

Statement B

Functions/Programs	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
Governmental Activities							
General government	\$ 185,029	\$ -	\$ -	\$ -	\$ (185,029)	\$ -	\$ (185,029)
Public safety	101,263	-	12,000	-	(89,263)	-	(89,263)
Public works	153,858	113,887	-	-	(39,971)	-	(39,971)
Culture and recreation	7,876	-	-	-	(7,876)	-	(7,876)
Total governmental activities	448,026	113,887	12,000	-	(322,139)	-	(322,139)
Business-type activity:							
Utility fund	796,955	612,654	-	-	-	(184,301)	(184,301)
	\$ 1,244,981	\$ 726,541	\$ 12,000	\$ -	\$ (322,139)	\$ (184,301)	\$ (506,440)
Total Governmental Activities							
General revenues							
Taxes:							
Ad valorem taxes					43,340	-	43,340
Sales taxes					104,438	-	104,438
License and permits					96,397	-	96,397
Fines and forfeitures					1,385	-	1,385
Use of money and property					16,908	601	17,509
Miscellaneous					11,725	-	11,725
Income (loss) from jointly owned gas operations and maintenance fund					-	(914)	(914)
Total general revenues					274,193	(313)	273,880
Changes in net position					(47,946)	(184,614)	(232,560)
Net Position - beginning					577,613	9,310,259	9,887,872
Net Position - ending					\$ 529,667	\$ 9,125,645	\$ 9,655,312

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, 2020

Statement C

	<u>General</u>	<u>Nonmajor</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 84,040	\$ 7,224	\$ 91,264
Receivables	19,020	-	19,020
Interfund receivables	<u>258,070</u>	<u>12,931</u>	<u>271,001</u>
Total assets	<u>361,130</u>	<u>20,155</u>	<u>381,285</u>
LIABILITIES			
Accounts payable and accrued expenses	14,685	-	14,685
Accrued payroll and benefits	<u>3,278</u>	<u>-</u>	<u>3,278</u>
Total liabilities	<u>17,963</u>	<u>-</u>	<u>17,963</u>
FUND BALANCES			
Assigned	-	20,155	20,155
Unassigned	<u>343,167</u>	<u>-</u>	<u>343,167</u>
Total fund balances	<u>343,167</u>	<u>20,155</u>	<u>363,322</u>
Total liabilities and fund balances	<u>\$ 361,130</u>	<u>\$ 20,155</u>	<u>\$ 381,285</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, 2020

Statement D

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

Total fund balances for governmental funds (Statement C) \$ 363,322

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>(960,122)</u>	176,117

Deferred outflows of resources are not available to pay current period expenditures, and therefore, are not reported in the governmental funds. 82,909

Deferred inflows of resources are not due and payable in the current period and accordingly are not reported in the governmental funds. (2,112)

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>(90,569)</u>
-----------------------	--	-----------------

Total net position of governmental activities \$ 529,667

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, 2020

	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Statement E Total</u>
Revenues:			
Taxes			
Ad valorem	\$ 43,340	-	\$ 43,340
Sales and use	104,438	-	104,438
Charges for services	113,887	-	113,887
Licenses, permits and commission for services	96,397	-	96,397
Intergovernmental - state	12,000	-	12,000
Fines and forfeits	1,385	-	1,385
Use of money and property	16,908	-	16,908
Miscellaneous revenues	<u>8,447</u>	<u>-</u>	<u>8,447</u>
Total revenues	<u>396,802</u>	<u>-</u>	<u>396,802</u>
Expenditures:			
Current:			
General government	171,119	-	171,119
Public safety	100,626	-	100,626
Public works	145,105	-	145,105
Culture and recreation	<u>2,999</u>	<u>-</u>	<u>2,999</u>
Total expenditures	<u>419,849</u>	<u>-</u>	<u>419,849</u>
Excess (deficiency) of revenues over expenditures	(23,047)	-	(23,047)
Fund balances, beginning	<u>366,214</u>	<u>20,155</u>	<u>386,369</u>
Fund balances, ending	<u>\$ 343,167</u>	<u>\$ 20,155</u>	<u>\$ 363,322</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, 2020**

	<u>Statement F</u>
Amounts reported for governmental activities in the statement of activities are different because:	
Net changes in fund balances - total governmental funds (Statement E)	\$ (23,047)
<p>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:</p>	
Capital outlays	-
Depreciation	<u>(30,592)</u>
	(30,592)
<p>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.</p>	
	<u>5,693</u>
Change in net position of governmental activities	<u>\$ (47,946)</u>

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, 2020

	Statement G
ASSETS	Utility Fund
Current assets:	
Cash and cash equivalents	\$ 81,555
Receivables, net	61,652
Total current assets	143,207
Noncurrent assets:	
Gas utility deposit	25,000
Restricted cash and cash equivalents	72,061
Investment in jointly owned gas line operation and maintenance fund	(2,081)
Capital assets:	
Land	7,886
Depreciable assets, net of depreciation	9,587,211
Total noncurrent assets	9,690,077
Total assets	9,833,284
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources related to pensions	10,036
LIABILITIES	
Current liabilities :	
Accounts payable and accrued expenses	37,078
Accrued payroll and benefits	467
Interfund payable	271,001
Revenue bonds payable	8,928
Total current liabilities	317,474
Liabilities payable from restricted assets:	
Customer deposits	50,130
Utility payments	3,870
Total Liabilities Payable from Restricted Assets	54,000
Noncurrent liabilities:	
Revenue bonds payable	302,283
Net pension liability	40,312
Total noncurrent liabilities	342,595
Total liabilities	714,069
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources related to pensions	3,606
NET POSITION	
Net investment in capital assets	9,283,886
Restricted	18,061
Unrestricted (deficit)	(176,302)
Net position	\$ 9,125,645

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, 2020**

	Statement H
	Utility Fund
Operating revenues:	
Water sales	\$ 321,820
Gas sales	141,327
Sewer sales	127,315
Other operating revenue	22,192
Total operating revenues	612,654
Operating expenses:	
Water expenses	337,650
Gas expenses	118,312
Sewer expenses	12,114
Depreciation	306,463
General and administrative	11,872
Total operating expenses	786,411
Operating income (loss)	(173,757)
Nonoperating revenues (expenses):	
Interest income	601
Income (loss) from jointly owned gas line operation and maintenance fund	(914)
Interest expense	(10,544)
Total Nonoperating revenues (expenses)	(10,857)
Change in net position	(184,614)
Net position, beginning	9,310,259
Net position, ending	\$ 9,125,645

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, 2020

	<u>Statement I</u>
	<u>Utility Fund</u>
Cash flows from operating activities:	
Cash received from customers	\$ 563,931
Cash paid for employee services and benefits	(67,607)
Payments to others	(452,538)
Other receipts	<u>22,192</u>
Net cash provided (used) by operating activities	<u>65,978</u>
Cash flows from investing activities	
Earnings on investments	<u>601</u>
Net cash provided (used) by investing activities	<u>601</u>
Cash flows from capital and related financing activities:	
Acquisition of capital assets	(6,450)
Principal payment bonds	(8,643)
Interest expense	<u>(10,544)</u>
Net cash provided (used) for capital and related financing activities	<u>(25,637)</u>
Net increase in cash and cash equivalents	40,942
Cash and cash equivalents, beginning of period	<u>112,674</u>
Cash and cash equivalents, end of period	<u>\$ 153,616</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, 2020

	<u>Statement I</u>
	<u>Utility Fund</u>
Reconciliation of operating income(loss) to net cash Provided (used) by operating activities:	
Operating income (loss)	\$ (173,757)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:	
Depreciation	306,463
(Increase) decrease in operating accounts receivable	(9,487)
Increase (decrease) in operating accounts payable	(47,254)
Increase (decrease) in interfund payable	(18,425)
Increase (decrease) in due to retirement system	7,916
Increase (decrease) in accrued payroll benefits	(859)
Increase (decrease) in deposits due others	6,105
Increase (decrease) in utility payment for others	<u>(4,724)</u>
Net cash provided (used) by operating activities	<u>\$ 65,978</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, 2020

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	30-31
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	39-43
NOTE 9 LONG TERM DEBT	43-44
NOTE 10 INTERGOVERNMENTAL AGREEMENT-GAS TRANSMISSION AND DISTRIBUTION OPERATIONS	44-45
NOTE 11 ACCOUNTS PAYABLE AND ACCRUED EXPENSES	45
NOTE 12 RISK FINANCING ACTIVITIES	45
NOTE 13 CONTINGENCIES AND COMMITMENTS	45
NOTE 14 SUBSEQUENT EVENTS	45

TOWN OF ST. JOSEPH, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

June 30, 2020

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, 2020

Government-wide Financial Statements

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

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

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

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment, and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not included in program revenues are reported instead as general revenues.

Fund Financial Statements

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

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

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

TOWN OF ST. JOSEPH, LOUISIANA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

June 30, 2020

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, 2020

Proprietary funds operating and non-operating revenues and expenses:

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise fund are charges to customers for sales and services. The enterprise fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for the enterprise fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

The Town reports the following major enterprise fund:

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

C. Budgets and Budgetary Accounting

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

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

D. Cash and Cash Equivalents and Investments

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

TOWN OF ST. JOSEPH, LOUISIANA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

June 30, 2020

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

The Town participates in the Louisiana Asset Management Pool, Inc. (LAMP) which is an external investment pool. LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local government entities having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LA-R.S. 33.2955.

The investments in LAMP are stated at fair value based on quoted market rates. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the net asset value of the pool shares.

LAMP, Inc. is subject to the regulatory oversight of the state treasurer and the board of directors. LAMP is not registered with the SEC as an investment company. An annual audit of LAMP is conducted by an independent certified public accountant. The Legislative Auditor of the state of Louisiana has full access to the records of the LAMP.

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

E. Interfund Receivables and Payables

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

F. Capital Assets

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

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

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

TOWN OF ST. JOSEPH, LOUISIANA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
June 30, 2020

activities' funds used during construction of projects acquired with bond funds. The Town maintains a threshold level of \$1,500 or more for capitalizing capital assets.

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

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

G. Long-term Liabilities

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

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

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.

TOWN OF ST. JOSEPH, LOUISIANA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

June 30, 2020

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

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

When both restricted and unrestricted resources are available for use, the Town uses restricted resources first, then unrestricted resources as needed. The Town reduces committed amounts, followed by assigned amounts, and then unassigned amounts when an expenditure is incurred for the purposes for which amounts in any of those unrestricted fund balances could be used.

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

I. Deferred Outflows and Inflows of Resources

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

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

TOWN OF ST. JOSEPH, LOUISIANA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
June 30, 2020

there are limitations imposed on its use by external parties such as creditors, grantors, laws or regulations of other governments. The Town first applies restricted resources when an expense is incurred for the purposes for which both restricted and unrestricted net position are available. None of the restricted net position reported in the Statement of Net Position is restricted through enabling legislation.

M. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Note 2 - Cash and Cash Equivalents and Investments

At June 30, 2020, the Town had cash and cash equivalents totaling \$244,880 as follows:

Petty Cash	\$ 850
Demand Deposits	242,678
LAMP Deposits	1,352
Total	<u>\$ 244,880</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 \$245,834 was fully secured by FDIC at June 30, 2020. The Town's policy does not address custodial credit risk.

Investments

At June 30, 2020, the Town has \$1,352 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.

TOWN OF ST. JOSEPH, LOUISIANA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
June 30, 2020

- **Interest rate risk:** LAMP is designed to be highly liquid to give its participants immediate access to their account balances. LAMP prepares its own interest rate risk disclosure using the weighted average maturity (WAM) method. The WAM of LAMP assets is restricted to not more than 60 days and consists of no securities with a maturity in excess of 397 days.

- **Foreign currency risk:** Not applicable to 2a7-like pools.

The investments in LAMP are stated at fair value based on quoted market rates. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the net asset value of the pool shares.

LAMP, Inc. is subject to the regulatory oversight of the state treasurer and the board of directors. LAMP is not registered with the SEC as an investment company. An annual audit of LAMP is conducted by an independent certified public accountant. The Legislative Auditor of the state of Louisiana has full access to the records of the LAMP.

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

Note 3 - Receivables

Receivables as of June 30, 2020, are comprised of the following:

<u>Fund</u>	<u>Sales Tax</u>	<u>Franchise Tax</u>	<u>Video Poker</u>	<u>Accounts</u>	<u>Total</u>
General Fund	\$ 10,295	\$ 6,844	\$ 1,881	\$ -	\$ 19,020
Utility Fund	-	-	-	97,775	97,775
Utility Fund - Allowance for Doubtful Accounts	-	-	-	(36,123)	(36,123)
Total	<u>\$ 10,295</u>	<u>\$ 6,844</u>	<u>\$ 1,881</u>	<u>\$ 61,652</u>	<u>\$ 80,672</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	\$ 258,070	Utility Fund	\$ 258,070
Nonmajor Governmental	12,931	Utility Fund	12,931
Total	<u>\$ 271,001</u>		<u>\$ 271,001</u>

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

TOWN OF ST. JOSEPH, LOUISIANA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
June 30, 2020

At this time management does not believe these loans will be repaid by June 30, 2021.

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	8.87

(The remainder of this page is intentionally left blank)

TOWN OF ST. JOSEPH, LOUISIANA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
June 30, 2020

Note 6 - Changes in Capital Assets

The changes in capital assets are as follows:

	Balance 6/30/2019	Additions	Retirements and Transfers	Balance 6/30/2020
Governmental activities:				
Nondepreciable assets:				
Land	\$ 32,120	\$ -	\$ -	\$ 32,120
Depreciable assets:				
Buildings	470,339	-	-	470,339
Walking trail	97,551	-	-	97,551
Equipment	507,915	-	-	507,915
Total depreciable capital assets	1,075,805	-	-	1,075,805
Less: accumulated depreciation	(901,216)	(30,592)	-	(931,808)
Total depreciable capital assets, net	174,589	(30,592)	-	143,997
Total governmental activities capital assets, net	<u>206,709</u>	<u>(30,592)</u>	<u>-</u>	<u>176,117</u>
Business-type activities:				
Nondepreciable assets:				
Land	7,886	-	-	7,886
Total nondepreciable assets	<u>7,886</u>	<u>-</u>	<u>-</u>	<u>7,886</u>
Depreciable assets:				
Water system	11,247,409	-	2,087,037	9,160,372
Water tower	537,326	6,450	-	543,776
Gas system	730,463	-	-	730,463
Sewer system	2,030,354	-	-	2,030,354
Service equipment	195,351	-	-	195,351
Office equipment	14,534	-	-	14,534
Wireless communication equipment	1,419	-	-	1,419
Amphitheatre	335,948	-	-	335,948
Total capital assets	15,092,804	6,450	2,087,037	13,012,217
Less: accumulated depreciation	(5,205,580)	(306,463)	2,087,037	(3,425,006)
Total depreciable capital assets, net	9,887,224	(300,013)	-	9,587,211
Total business-type activities capital assets, net	<u>\$ 9,895,110</u>	<u>\$ (300,013)</u>	<u>\$ -</u>	<u>\$ 9,595,097</u>

Depreciation of \$306,463 as of June 30, 2020, was charged to expense in the business-type activities: Utility Fund. Depreciation charged to governmental activities is as follows:

General government	\$ 12,393
Public safety	4,569
Public works	8,752
Culture and recreation	<u>4,878</u>
 Total	 <u>\$ 30,592</u>

TOWN OF ST. JOSEPH, LOUISIANA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
June 30, 2020

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, 2020

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, 2020, employer contributions to the pension plan from the Town were \$5,160 (\$4,724 for governmental activities and \$436 for business-type activities), and non-employer contributions were \$1,906 of which \$1,745 was recognized as revenue in the governmental activities and \$161 in business-type activities.

Pension Liabilities: Pension Expenses, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pension: At June 30, 2020, the Town reported liabilities of \$63,250 for its proportionate share of the Net Pension Liability (NPL). The NPL was measured as of June 30, 2019, 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, 2020

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, 2019, the most recent measurement date, the Town's proportions and the changes in proportion from the prior measurement date were 0.072301 %, or a decrease of 0.000668%

Information on the actuarial valuation and assumptions is as follows:

Valuation Date	June 30, 2019
Actuarial Cost Method	Entry Age Normal
Expected Remaining service lives	3 years
Investment rate of return	7.0%, net of pension plan investment expense, including inflation
Inflation Rate	2.5%
Salary increases, including inflation and merit increase:	
- 1 to 4 years of service	6.4% -Plan A and 7.4% -Plan B
- More than 4 years of service	4.5% - Plan A and 4.9% - Plan B
Annuitant and beneficiary mortality	PubG-2010 (B) Healthy Retiree Table set equal to 120% for males and females, each adjusted using their respective male and female MP2018 scales.
Employee mortality	PubG-2010 (B) Employees Table set equal to 120% for males and females, each adjusted using their respective male and female MP2018 scales.
Disabled lives mortality	PubNS-2010 (B) Disabled Retiree Table set set equal 120% for males and females with the full generational MP2018 scale.

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.

TOWN OF ST. JOSEPH, LOUISIANA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
June 30, 2020

For the year ended June 30, 2020, the Town recognized a total pension expense of \$10,704, \$6,260 for governmental activities and \$4,444 for business-type activities. The Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Governmental Activities		Business-type Activities		Total Activities	
	Deferred Outflows	Deferred Inflows	Deferred Outflows	Deferred Inflows	Deferred Outflows	Deferred Inflows
Difference between expected and actual experience	\$ -	\$ 31	\$ -	\$ 2,775	\$ -	\$ 2,806
Changes of assumptions	920	-	2,936	-	3,856	-
Net difference between projected and actual earnings on pension plan investments	1,589	-	5,073	-	6,662	-
Changes in proportion and difference between employer contributions and proportionate share of contributions	499	-	1,591	831	2,090	831
Employer contributions subsequent to the measurement date	4,724	-	436	-	5,160	-
Total	\$ 7,732	\$ 31	\$ 10,036	\$ 3,606	\$ 17,768	\$ 3,637

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, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30,	Governmental Activities	Business-type Activities	Totals
2021	\$ 1,774	\$ 3,769	\$ 5,543
2022	628	1,335	1,963
2023	284	603	887
2024	185	394	579
Total	\$ 2,871	\$ 6,101	\$ 8,972

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, 2020, valuation, are summarized in the following table:

TOWN OF ST. JOSEPH, LOUISIANA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
June 30, 2020

Asset Class	Target Asset Allocation	Long-term Expected Portfolio Real Rate Of Return
Public equity	50%	2.15%
Public fixed income	35%	1.51%
Alternatives	15%	0.64%
Total	100%	4.30%
Inflation		2.70%
Expected Arithmetic Nominal Rate		7.00%

The discount rate used to measure the total pension liability was 7.0%. 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 6.0%	Current 7.0%	1% Increase 8.0%
Net Pension Liability	\$ 84,296	\$ 63,250	\$ 45,451

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, 2020, the Town is payable to the System for the employee and employer legally required contributions was \$498.

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.

TOWN OF ST. JOSEPH, LOUISIANA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued) June 30, 2020

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 Town's contributions to the System for the year ending June 30, 2020.

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.

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 Town's contribution to the System for the year ending June 30, 2020, was \$22,782. The Town joined the System March 1, 2019.

The System issues an annual publicly available financial report that includes financials 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 Blvd., Baton Rouge, Louisiana 70809-7017, or by calling (225) 929-7411.

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

For the year ended June 30, 2020, the Town reported a liability of \$67,631 for its proportionate share of the net pension liability for the MPERS plan. The net pension liability was measured as of June 30, 2019 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the MPERS pension plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2019, the City's proportion was 0.007447%.

At June 30, 2020, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions (all governmental activities) from the following sources:

TOWN OF ST. JOSEPH, LOUISIANA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
June 30, 2020

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 142	\$ 2,081
Changes of assumptions	3,790	-
Net difference between projected and actual earning on pension plan investments	4,394	-
Changes in proportion and differences between Employer contributions and proportionate share of contributions	44,069	
Employer contributions subsequent to the measurement date	22,782	-
Total	\$ 75,177	\$ 2,081

The Town reported a total of \$22,782 as deferred outflow of resources related to pension contributions made subsequent to the measurement period of June 30, 2019, which will be recognized as a reduction in net pension liability in the year ended June 30, 2020.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as an increase (decrease) in pension expense as follows:

Year	
2021	\$ 18,363
2022	14,516
2023	16,339
2024	1,096
	\$ 50,314

Actuarial Assumptions

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2020 is as follows:

(The remainder of this page is intentionally left blank)

TOWN OF ST. JOSEPH, LOUISIANA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
June 30, 2020

Valuation Date	June 30, 2019
Actuarial Cost Method	Entry Age Nominal
Actuarial Assumptions:	
Expected Remaining Service Lives	4 years
Investment Rate of Return/Inflation Rate	7.125% net of investment expense, 2.50% inflation
Projected salary increases	4.25 to 9.75% based on years of service
Mortality	RP-2000 Employee Table for active members (set back 4 years for males and 3 years for females). RP-2000 Disabled Lives Mortality Table for Disabled Annuitants (set back 5 years for males and 3 years for females). RP-2000 Combined Healthy with Blue Collar Adjustment Sex Distinct Tables projected to 2029 by Scale AA (set back 1 year for females) for healthy annuitants and beneficiaries.
Cost-of-Living Adjustments	The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost-of-living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees.

The mortality rate assumption used was set based upon an experience study performed by the prior actuary on plan data for the period July 1, 2009 through June 30, 2014, and the review of similar law enforcement mortality. The data was assigned credibility weighting and combined with a standard table to produce current levels of mortality. This mortality was then projected forward to a period equivalent to the estimated duration of the System's liabilities. Annuity values calculated based on this mortality were compared to those produced by using a set-back of standards tables. The result of the procedure indicated that the tables used would produce liability values approximating the appropriate generational mortality tables.

The best estimates of the arithmetic nominal rates of return for each major asset class included in the System's target allocation as of June 30, 2029 are summarized in the following table:

Asset Class	Target Asset Allocation	Long-term Expected Portfolio Real Rate Of Return
Public equity	48.5%	3.28%
Public fixed income	33.5%	0.80%
Alternatives	18.0%	1.06%
Total	100.0%	5.14%
Inflation		2.75%
Expected Arithmetic Nominal Rate		7.89%

TOWN OF ST. JOSEPH, LOUISIANA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
June 30, 2020

The discount rate used to measure the total pension liability was 7.125%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made the current contribution rates and that contributions from participating employers will be made at the actuarially determined rates approved by PRSAC taking into consideration the recommendation of the System’s actuary. Based on those assumptions, the pension plan’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 benefit payments to determine the recommendation of the System’s actuary. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Employer’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate.

The following table presents the Town’s proportionate share of the net pension liability (NPL) using the discount rate of each Retirement System as well as what the City’s proportionate share of the NPL would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current rate used by each of the Retirement Systems:

	Decrease 6.125%	Current Discount 7.125%	Increase 8.125%
Net Pension Liability	\$ 94,233	\$ 67,631	\$ 45,315

Note 9 - Long-Term Debt

The following is a summary of long-term obligation transactions for the year ended June 30, 2020.

	Beginning Balance	Additions	Deletions	Ending Balance	Amounts Due Within One Year
<u>Governmental Activities</u>					
Net pension liability	\$ 21,278	\$ 69,291	\$ -	\$ 90,569	\$ -
<u>Business-type Activities</u>					
Revenue bonds	319,854	-	8,643	311,211	8,928
Net pension liability	40,441	-	129	40,312	-
Total Business-type Activities	360,295	-	8,772	351,523	-
Long-term liabilities	\$ 381,573	\$ 69,291	\$ 8,772	\$ 442,092	\$ 8,928

TOWN OF ST. JOSEPH, LOUISIANA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
June 30, 2020

Bonds payable at June 30, 2020, 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%.

\$ 311,211

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

Fiscal Year Ended	Principal	Interest	Total
June 30,			
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	10,166	9,021	19,187
2026-2030	56,089	39,847	95,936
2030-2034	65,968	29,968	95,936
2035-2039	77,590	18,346	95,936
Thereafter	63,879	3,875	67,754
	<u>\$ 311,211</u>	<u>\$ 140,286</u>	<u>\$ 451,497</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, 2020, is as follows:

Assets	
Cash and cash equivalents	\$ 6,089
Total Assets	<u>6,089</u>
 Liabilities	
Accounts payable and accrued expenses	10,089
Customer deposits	<u>162</u>
Total Liabilities	<u>10,251</u>
Net Position (Deficit) - Unrestricted	<u>\$ (4,162)</u>

TOWN OF ST. JOSEPH, LOUISIANA

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
June 30, 2020

The Joint Line's net position decreased \$1,829 in the fiscal 2020 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.

Note 11 - Accounts Payable and Accrued Expenses

Accounts payable and accrued expense of \$51,763 as of June 30, 2020, are comprised of the following:

	<u>General Fund</u>	<u>Utility Fund</u>	<u>Total</u>
Vendor payable	\$ 14,685	\$ 37,078	\$ 51,763

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.

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.

Note 14 – Covid-19 Pandemic

On March 11, 2020, the World Health Organization declared the outbreak of a novel coronavirus (“COVID-19”) as a global pandemic, which continues to spread throughout the United States. The COVID-19 pandemic has negatively impacted the global economy and created significant volatility and disruption of financial markets. The extent of impact of the COVID-19 pandemic on the Town’s operational and financial performance will depend on certain developments, including the duration and spread of the outbreak and the impact on its investments, customers, employees and vendors, all of which are uncertain and cannot be predicted or reasonably estimated at this time.

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF ST. JOSEPH, LOUISIANA

**General Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2020**

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	\$ 41,200	\$ 47,850	\$ 43,340	\$ (4,510)
Sales and use	96,000	124,450	104,438	(20,012)
Charges for services	96,100	117,100	113,887	(3,213)
Licenses, permits and commissions for services	87,350	87,105	96,397	9,292
Intergovernmental revenues	12,000	12,000	12,000	-
Fines and forfeitures	2,000	675	1,385	710
Use of money and property	16,150	18,125	16,908	(1,217)
Other revenues	<u>2,527</u>	<u>12,858</u>	<u>8,447</u>	<u>(4,411)</u>
Total Revenues	<u>353,327</u>	<u>420,163</u>	<u>396,802</u>	<u>(23,361)</u>
Expenditures				
General government	151,291	155,043	171,119	(16,076)
Public safety	81,200	105,205	100,626	4,579
Public works	167,560	149,997	145,105	4,892
Culture and recreations	-	-	2,999	(2,999)
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>400,051</u>	<u>410,245</u>	<u>419,849</u>	<u>(9,604)</u>
Excess of Revenues over Expenditures	(46,724)	9,918	(23,047)	(32,965)
Other Financing Sources (Uses)				
Transfers	<u>40,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	(6,724)	9,918	(23,047)	(32,965)
Budgetary Fund Balances, Beginning	<u>366,214</u>	<u>366,214</u>	<u>366,214</u>	<u>-</u>
Budgetary Fund Balances, Ending	<u>\$ 359,490</u>	<u>\$ 376,132</u>	<u>\$ 343,167</u>	<u>\$ (32,965)</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, 2020
MERS**

Exhibit 2

Fiscal Year	Employer Proportion of the Net Pension Liability (Asset)	Employer Proportionate Share of the Net Pension Liability (Asset)	Employer's Covered Payroll	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2015	0.073909%	\$ 34,700	\$ 54,025	64.23%	76.94%
2016	0.069405%	47,171	46,882	100.62%	68.71%
2017	0.066937%	55,485	48,156	115.22%	63.34%
2018	0.063455%	54,903	46,658	117.67%	62.49%
2019	0.072969%	61,719	54,101	114.08%	71.89%
2020	0.072301%	63,250	55,270	114.44%	64.68%

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 THE EMPLOYER'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
For the Year Ended June 30, 2020
MERS**

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	10.1%
2016	4,608	4,608	-	48,504	9.5%
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	14.0%
2020	5,160	5,160	-	36,854	14.0%

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

TOWN OF ST. JOSEPH, LOUISIANA

SCHEDULE OF THE EMPLOYER'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
For the Year Ended June 30, 2020
MPERS

Exhibit 4

Fiscal Year	Employer Proportion of the Net Pension Liability	Employer Proportionate Share of the Net Pension Liability	Employer's Covered Payroll	Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2020	0.007447%	\$ 67,631	\$ 24,576	275.19%	71.01%

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

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

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, 2020
MPERS

					Exhibit 5
Fiscal year	Contractually Required Contribution	Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Payroll	Covered Employee Payroll
2020	22,781	22,781	-	70,097	32.50%

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, 2020

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 (MERS)

Changes in Benefit Terms

The inflation rate decreased from 2.7% to 2.5%. There were no changes in investment rate of return.

Changes in Assumptions

There were no changes in assumption for the fiscal year ended June 30, 2020.

SUPPLEMENTARY INFORMATION

TOWN OF ST. JOSEPH, LOUISIANA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
June 30, 2020

Exhibit 6

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

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, 2020

Exhibit 7

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

See independent auditors' report.

TOWN OF ST. JOSEPH, LOUISIANA

SCHEDULE OF COMPENSATION PAID TO ALDERMAN
For the Year Ended June 30, 2020

Exhibit 8

<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	1,000
LaPeteria Watson	<u>125</u>
 Total Council Members' Compensation	 <u>\$ 7,125</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, 2020

Exhibit 9

Agency Head Name: Mayor Elvadás Fields, Jr.

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 18,000
Benefits - Social Security and Medicare	1,377
Reimbursement - Materials and Supplies	<u>185</u>
Total Compensation, Benefits, and Other Payments to Agency Head	<u>\$ 19,562</u>

See independent auditors' report.

OTHER INFORMATION

TOWN OF ST. JOSEPH, LOUISIANA

TOWNS OF NEWELTON AND ST. JOSEPH
JOINTLY OWNED GAS LINE OPERATION AND MAINTENANCE FUND
STATEMENT OF NET POSITION

June 30, 2020

UNAUDITED

Exhibit 10

Assets:

Cash and cash equivalents	\$ 6,089
Total assets	<u>6,089</u>

Liabilities and Net Position:

Accounts payable and accrued expenses	10,089
Customer deposits	<u>162</u>

Total liabilities 10,251

Net Position:

Unrestricted (4,162)

Total Net Position (4,162)

Total Liabilities and Net Position \$ 6,089

See independent auditors' report

TOWN OF ST. JOSEPH, LOUISIANA

TOWNS OF NEWELTON 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, 2020
UNAUDITED

Exhibit 11

Operating Revenues	
Changes for services	\$ 9,991
Other revenues	<u>2,850</u>
Total Operating Revenues	<u>12,841</u>
Operating Expenses	
Salaries and wages	12,000
Payroll taxes	842
Professional fees	1,000
Repair and maintenance	222
Other	<u>606</u>
Total expenses	<u>14,670</u>
Operating income (loss)	<u>(1,829)</u>
Change in net position	(1,829)
Net position, beginning	<u>(2,333)</u>
Net position, ending	<u>\$ (4,162)</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, 2020, 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 November 29, 2020.

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

November 29, 2020



TOWN OF ST. JOSEPH, LOUISIANA

Schedule of Findings and Responses
For the Year Ended June 30, 2020

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 are no control deficiencies disclosed during the audit of the financial statements and reported in the *Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*.
3. There are no instances of noncompliance that is reported in the *Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards*.

b. Federal Awards

N/A

c. Management Letter

No management letter was issued in connection with the audit for the year ended June 30, 2020.

TOWN OF ST. JOSEPH, LOUISIANA

Summary of Prior Year Findings
For the Year Ended June 30, 2020

III. **Summary of Prior Year Findings**

There were no prior year findings.