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TOWN OF ST. JOSEPH, LOUISIANA
GENERAL PURPOSE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED
JUNE 30, 2003

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Auditor General's office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 3/17/04

TOWN OF ST. JOSEPH, LOUISIANA
FINANCIAL REPORT
AS OF AND FOR THE YEAR ENDED JUNE 30, 2003

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TOWN OF ST. JOSEPH, LOUISIANA
FINANCIAL REPORT
AS OF AND FOR THE YEAR ENDED JUNE 30, 2003

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**Luffey
Huffman
& Monroe**

is a Professional Accounting Corporation
CERTIFIED PUBLIC ACCOUNTANTS

Francis L. Huffman, CPA
L. Fred Monroe, CPA
Edward Hester, CPA

John L. Luffey, MBA, CPA (1989-2002)

INDEPENDENT AUDITORS' REPORT

**Mayor Edward Brown and
Board of Aldermen
Town of St. Joseph
St. Joseph, Louisiana**

We audited the general-purpose financial statements of the Town of St. Joseph, Louisiana (the Town) as of June 30, 2003 and for the year then ended as listed in the accompanying Table of Contents. These financial statements are the responsibility of the Town's management. Our responsibility is to express an opinion 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, the standards for financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and the Louisiana Governmental Audit Guide, issued by the Louisiana Society of Certified Public Accountants and the Louisiana Legislative Auditor. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

Inadequacies in the books and records of the Town resulted in the Utilities Enterprise Fund accounts payable having a debit balance of approximately \$27,000. Also the interfund receivables and payables were out of balance by approximately \$25,000.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Town as of June 30, 2003, or the results of its operations and cash flows of its Utilities Enterprise Fund for the year then ended.

**Mayor Edward Brown and
Board of Aldermen
Town of St. Joseph
St. Joseph, Louisiana**

In accordance with Government Auditing Standards, we have also issued our report dated February 26, 2004 on our consideration of the Town's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards, and should be read in conjunction with this report in considering the results of our procedures.

Our audit was conducted for the purpose of forming an opinion on the general-purpose financial statements taken as a whole. The accompanying information listed as Schedules in the accompanying Table of Contents is presented for purposes of additional analysis and is not a required part of the general-purpose financial statements of the Town. Such information has been subjected to the auditing procedures applied to the audit of the Town's general-purpose financial statements. For reasons stated in the third paragraph of our report, we expressed an opinion that the general-purpose financial statements of the Town do not present fairly the financial position, results of operations, and cash flows of its Utilities Enterprise Fund in conformity with accounting principles generally accepted in the United States of America. Therefore, we do not express an opinion on the accompanying information listed as schedules in the Table of Contents.



(A Professional Accounting Corporation)

February 26, 2004

GENERAL PURPOSE FINANCIAL STATEMENTS

TOWN OF ST. JOSEPH, LOUISIANA
COMBINED BALANCE SHEET - ALL FUND TYPES
AND ACCOUNT GROUPS

June 30, 2003

ASSETS

	Governmental Fund Types		Proprietary Fund Types		Account Groups			Totals (Memorandum Only)
	General Fund	Special Revenues Fund	Debt Service Fund	Utility Enterprise Fund	General Fund Assets	General Long-Term Liabilities	General Long-Term Obligations	
Cash and Cash Equivalents	\$ 189,491	\$ 6,419	-	\$ 261,212	-	\$ -	-	\$ 656,982
Accounts receivable - net	8,073	-	-	48,929	-	-	-	77,286
Due from other governments	2,192	-	-	-	-	-	-	2,192
Due from other funds	22,181	-	-	21,790	-	-	-	44,341
Restricted assets:								
Cash	-	-	-	46,482	-	-	-	46,482
Prepaid Liases - Short Term	-	-	-	88,533	-	-	-	88,533
Property, plant, and equipment	-	-	-	4,279,533	1,086,210	-	-	5,365,743
Accumulated Depreciation	-	-	-	(2,184,871)	-	-	-	(2,184,871)
Prepaid Liases - Long Term	-	-	-	188,024	-	-	-	188,024
Investment to justify credit gas fee	-	-	-	143,281	-	-	-	143,281
Other Assets	800	-	-	-	-	-	-	800
Amount to be provided for general long term debt	-	-	-	-	-	-	3,669	3,669
TOTAL ASSETS	\$ 211,211	\$ 6,419	\$ -	\$ 2,850,449	\$ 1,086,210	\$ -	\$ 3,669	\$ 4,238,218

(Continued)

TOWN OF ST. JOSEPH, LOUISIANA
COMBINED BALANCE SHEET - ALL FUND TYPES
AND ACCOUNT GROUPS (CONCLUDED)

June 30, 2003

LIABILITIES AND FUND-EQUITY

	Governmental Fund Types		Proprietary Fund Type		Account Groups		Totals (Memorandum Only)
	General Fund	Debt Service Fund	Utility Enterprise Fund	General Fund Assets	General Long-Term Obligations		
Liabilities							
Accounts payable	\$ 28,477	\$ -	\$ (26,623)	\$ -	\$ -	\$ -	1,854
Accrued payroll and benefits	4,000	-	1,283	-	-	-	3,283
Accrued liabilities	-	-	283	-	-	-	283
Due to other funds	13,148	1,196	-	-	-	-	19,841
Payable from restricted assets:							
Contract deposits	-	-	44,727	-	-	-	44,727
Compassionate allowances	-	-	1,093	-	3,668	-	6,633
Total liabilities	<u>45,625</u>	<u>1,196</u>	<u>21,559</u>	<u>-</u>	<u>3,668</u>	<u>-</u>	<u>53,942</u>
Fund Equity							
Contributed Capital	-	-	1,374,883	-	-	-	1,374,883
Investment in general fund assets	-	-	-	1,696,318	-	-	1,696,318
Accumulated deficit	-	-	(313,993)	-	-	-	(313,993)
Fund Balances - Unassigned	<u>124,328</u>	<u>5,008</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>179,336</u>
Total fund equity	<u>124,328</u>	<u>5,008</u>	<u>1,060,890</u>	<u>1,696,318</u>	<u>-</u>	<u>-</u>	<u>4,128,571</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 124,328</u>	<u>\$ 6,404</u>	<u>\$ 1,082,449</u>	<u>\$ 1,696,318</u>	<u>\$ 3,668</u>	<u>\$ -</u>	<u>\$ 4,200,570</u>

The accompanying notes are an integral part of this statement.

TOWN OF ST. JOSEPH, LOUISIANA
COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE -ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED JUNE 30, 2010

	General Fund	Township Revolutions Special Revenue Fund	Debt Service Fund	Totals (Memorandum Only)
REVENUES				
Taxes - Ad valorem	\$ 26,780	\$ -	\$ -	\$ 26,780
Taxes - Sales and use	81,287	-	-	81,287
Licenses and permits	43,833	-	-	43,833
Intergovernmental - Federal	28,034	-	-	28,034
Intergovernmental - State	12,344	-	-	12,344
Intergovernmental - Local	44,081	-	-	44,081
Fees, charges, and contributions for services	41,934	-	-	41,934
Fines and penalties	2,188	-	-	2,188
Rent and interest income	1,267	-	13,294	14,561
Other revenues	24,983	4,908	-	29,891
Total revenues	<u>358,486</u>	<u>4,908</u>	<u>13,294</u>	<u>376,688</u>
EXPENDITURES				
Current				
General Government	114,398	-	-	114,398
Public Safety:				
Police Department	82,104	-	-	82,104
Fire Department	11,332	-	-	11,332
Public works	84,863	-	-	84,863
Culture and recreation	9,887	-	-	9,887
Capital Outlay	26,872	-	-	26,872
Debt Service				
Principal	-	-	28,848	28,848
Interest	-	-	4,287	4,287
Total Expenditures	<u>359,538</u>	<u>-</u>	<u>33,135</u>	<u>392,673</u>
Excess (Deficiency) of Revenues Over Expenditures	21,158	4,908	(20,311)	(4,245)
Other Financing Sources (Uses)				
Operating transfers in	-	-	28,668	28,668
Operating transfers out	(28,668)	-	-	(28,668)
Total Other Financing Sources (Uses)	<u>(28,668)</u>	<u>-</u>	<u>28,668</u>	<u>-</u>
Excess (Deficiency) of Revenues and Other Sources over Expenditures and Other Uses	6,490	4,908	(20,673)	(9,275)
Fund Balance at beginning of year	<u>188,171</u>	<u>-</u>	<u>20,673</u>	<u>208,844</u>
FUND BALANCE AT END OF YEAR	<u>\$ 174,552</u>	<u>\$ 4,908</u>	<u>\$ -</u>	<u>\$ 179,460</u>

The accompanying notes are an integral part of this statement.

TOWN OF ST. JOSEPH, LOUISIANA
COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2022

	General Fund			Elections Reimbursement Special Revenue Fund		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES						
Taxes						
Ad valorem	\$ 24,400	\$ 26,700	\$ 2,300	\$ -	\$ -	-
Interest and misc	71,000	71,207	207	-	-	-
Licenses and permits	46,000	43,628	(2,372)	-	-	-
Intergovernmental						
Federal	33,000	33,000	(0)	-	-	-
State	12,200	12,244	44	-	-	-
Local	47,000	44,000	(3,000)	-	-	-
Fees, charges, and commissions						
for services	34,200	41,924	7,724	-	-	-
Fines and penalties	2,000	2,000	(0)	-	-	-
Rent and interest income	1,000	1,267	267	-	-	-
Other revenues	20,000	24,000	4,000	-	4,200	4,200
Total revenues	<u>171,700</u>	<u>194,400</u>	<u>22,700</u>	<u>-</u>	<u>4,200</u>	<u>4,200</u>
EXPENDITURES						
Current						
General Government	32,000	34,200	(2,200)	-	-	-
Public Safety:						
Police department	74,000	82,100	(8,100)	-	-	-
Fire department	2,000	11,200	(9,200)	-	-	-
Public works	84,000	84,000	(0)	-	-	-
Culture and recreation	4,200	9,000	(4,800)	-	-	-
Capital Outlay	<u>132,000</u>	<u>204,000</u>	<u>72,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>326,200</u>	<u>359,500</u>	<u>33,300</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(154,500)</u>	<u>(165,100)</u>	<u>(10,600)</u>	<u>-</u>	<u>4,200</u>	<u>4,200</u>
Other Financing Sources (Uses)						
Operating transfers in	30,200	-	(30,200)	-	-	-
Operating transfers out	-	(30,000)	(30,000)	-	-	-
Total Other Financing Sources (Uses)	<u>30,200</u>	<u>(30,000)</u>	<u>(200)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues and Other Sources over Expenditures and Other Uses	<u>1,700</u>	<u>(4,100)</u>	<u>(5,800)</u>	<u>-</u>	<u>4,200</u>	<u>4,200</u>
Fund Balance at beginning of year	<u>68,271</u>	<u>68,271</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE AT END OF YEAR	<u>\$ 70,000</u>	<u>\$ 64,171</u>	<u>(5,829)</u>	<u>\$ -</u>	<u>\$ 4,200</u>	<u>\$ 4,200</u>

The accompanying notes are an integral part of this statement.

TOWN OF ST. JOSEPH, LOUISIANA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN ACCUMULATED DEFICIT - UTILITY ENTERPRISE FUND
FOR THE YEAR ENDED JUNE 30, 2003

Operating Revenues:	
Sewer Fees	\$ 18,887
Water Fees	174,328
Gas Sales	320,474
Fines/penalties	10,814
Other revenues	<u>39,877</u>
Total Operating Revenues	564,414
Operating Expenses:	
Sewer department	13,858
Water department	95,673
Gas department	318,668
General and administrative	<u>210,223</u>
Total Operating Expenses	638,422
Operating Loss	(74,008)
Non-operating revenues:	
Interest earned	4,983
Rural Development Grant	23,876
Income from jointly owned gas line	<u>1,465</u>
Total non-operating revenue	30,324
Net Loss	(43,684)
Accumulated Deficit Beginning of Year	
As Previously Reported	(441,131)
Adjust Accounts Receivable (Note 2)	<u>(32,178)</u>
Accumulated Deficit Beginning of the Year as Restated	<u>(473,309)</u>
ACCUMULATED DEFICIT END OF YEAR	\$ <u>(516,993)</u>

The accompanying notes are an integral part of this statement.

TOWN OF ST. JOSEPH, LOUISIANA
STATEMENT OF CASH FLOWS - UTILITY ENTERPRISE FUND
FOR THE YEAR ENDED JUNE 30, 2000

CASH USED BY OPERATING ACTIVITIES

Operating loss	\$ (72,000)
Adjustments to reconcile operating income to net cash used:	
Depreciation	128,115
Loss Expense	9,310
Changes in assets and liabilities:	
Accounts receivable	(1,311)
Due from other funds	(28,339)
Accounts payable	(26,189)
Accrued payroll and benefits	(2,969)
Accrued liabilities	1,496
Due to other funds	(2,858)
Total adjustments	<u>70,344</u>
Net cash used by operations	<u>(986)</u>

CASH USED BY NONCAPITAL FINANCING ACTIVITIES

Loans of Wireless Internet Towers	(175,880)
Decrease in Customer Deposits	(17,894)
Rural Development Grant	<u>21,826</u>
Net cash used by noncapital financing activities	<u>(171,948)</u>

CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES

Purchases of property, plant and equipment	(78,274)
Net cash used by capital and related financing activities	<u>(78,274)</u>

CASH USED BY INVESTING ACTIVITIES

Maturity of Investments	246,239
Interest received	<u>4,983</u>
Net cash provided by investing activities	<u>251,222</u>

INCREASE IN CASH AND CASH EQUIVALENTS

61,000

CASH AND CASH EQUIVALENTS BEGINNING OF YEAR

48,154

CASH AND CASH EQUIVALENTS END OF YEAR

\$ 109,154

SHOWN ON ACCOMPANY COMBINED BALANCE SHEETS AS:

Cash and Cash Equivalents	\$ 26,112
Restricted Assets	
Cash	<u>83,042</u>
TOTAL	\$ <u>109,154</u>

The accompanying notes are an integral part of this statement.

TOWN OF ST. JOSEPH, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2003

NOTE 1 - Summary of Significant Accounting Policies

FINANCIAL REPORTING ENTITY/BASIS OF PRESENTATION

The accompanying financial statements include all funds and account groups of the Town of St. Joseph, Louisiana (the Town). The accompanying general purpose 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 drain 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 Statement No. 14 established 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 financially dependent on the Town.
3. Organizations for which the reporting entity 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.

TOWN OF ST. JOSEPH, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2003

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

A. Fund Accounting

The accounts of the Town are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped, in the financial statements in this report, into the various fund types and account groups as follows:

GOVERNMENTAL FUNDS

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

Special Revenue Fund - account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

Debt Service Funds - The Debt Service Funds are used to account for resources accumulated to pay principal and interest on general long-term obligations.

PROPRIETARY FUND

Enterprise Fund - The Enterprise Fund is used to account for operations (a) that are 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 financed 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 appropriate for capital maintenance, public policy, management control, accountability or other purposes. In accordance with GASB Statement 26, the Town has elected not to apply Financial Accounting Standards Board statements and interpretations issued after November 30, 1989 to its proprietary activities unless they are adopted by the Council.

TOWN OF ST. JOSEPH, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2003

ACCOUNT GROUPS

General Fixed Assets Account Group

Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the General Fixed Assets Account Group, rather than in governmental funds. Public Domain ("infrastructure") general fixed assets consisting of certain improvements other than buildings, including roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, and lighting systems are not capitalized. No depreciation has been provided on general fixed assets.

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated fixed assets are valued at their estimated fair value on the date donated.

General Long-Term Obligations Account Group

The general long-term obligations account group is used to account for the Town's unsecured long-term indebtedness that has not been identified as a specific fund liability of a proprietary or trust fund. Besides general obligation debt instruments such as bonds and notes, the General Long-Term Obligations Account Group is used, if applicable, to report certain liabilities such as long-term capital lease agreements and compensated absences.

B. Total Column on Combined Statements - Overview

Total columns on the Combined Statements - Overview are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

C. Basis of Accounting

Basis of accounting refers to the point at which revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. The governmental funds are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when measurable to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the

TOWN OF ST. JOSEPH, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2000

current period or soon enough thereafter to be used to pay liabilities of the current period. Ad valorem taxes, sales taxes, grants and fees, charges and commissions for services have been treated as susceptible to accrual.

Expenditures in the governmental funds are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

The proprietary fund is accounted for using the accrual basis of accounting. Revenues are recognized when they are earned and expenses are recognized when they are incurred.

D. 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 1 of the coming year. Notice of the location and availability of the proposed budget for 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.
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.

E. Investments

Investments are stated at amortized cost, which approximates market value. For purposes of the Statement of Cash Flows, the Town considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

F. Fixed Assets

The accounting and reporting treatment applied to the fixed assets associated with a particular fund is determined by the fund's measurement focus.

TOWN OF ST. JOSEPH, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2013

Fixed assets of the enterprise fund are recorded at cost, if purchased, and at fair market value at date of gift, if donated. Major additions are capitalized while maintenance and repairs that do not improve or extend the life of the respective assets are charged to expense. Contributions received in aid of construction are credited to contribution accounts and do not reduce the cost of the assets acquired with such contributions. Interest is capitalized on funds used during construction of projects acquired with bond funds. No interest was capitalized during the year ended June 30, 2013.

Depreciation of all exhaustible fixed assets used by the enterprise fund is charged as an expense against its operations. Accumulated depreciation is reported in the proprietary fund balance sheet. Depreciation has been provided over the estimated useful lives of the assets using the straight-line method. Estimated useful lives are as follows (in years):

Water System	30 to 40 years
Sewerage System	40 years
Gas Transmission and Distribution System	40 years
Office Equipment	5 to 10 years

G. Long-Term Liabilities

Long-term liabilities expected to be financed from governmental funds are accounted for in the General Long-Term Obligations Account Group, not in the governmental funds. Long-term liabilities expected to be financed from enterprise fund operations are accounted for in the enterprise fund.

H. Bad Debt

Uncollectible amounts for all various taxes are generally not significant. As a result, the direct write-off method for recognizing bad debts is used. Under this method, the receivable is charged to expense when the account is deemed to be uncollectible. The Town uses the allowance method for recognizing bad debts for customers' utility receivables. An allowance of \$48,000 is recorded as of June 30, 2013.

I. Compensated Absence

The Town did not pay overtime in prior years. In order to comply with the Department of Labor, they have given their employees compensated time equal to the amount that would have been due for the overtime not paid. Consequently, the financial statements of the Town reflect a liability of \$6,632 for compensated absence.

TOWN OF ST. JOSEPH, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2003

J. Due From Other Funds

Amounts designated as "due from other funds" are considered "available spendable resources".

K. 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 and liabilities 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 these estimates.

L. New Accounting Measurements

The Governmental Accounting Standards Board (GASB) has issued Statement No. 34 *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments* which will dramatically affect the Town of St. Joseph's financial statements. The Town of St. Joseph is required to implement Statement No. 34 for the year ended June 30, 2004.

Note 2 - Correction of an Error

The Town discovered during 2003 that it had not been reporting all of the amounts due from its customers for water, sewerage, and gas charges at year-end. The Town reads its meters on the 1st day of the month but does not bill the usage until the 1st of the following month. This has resulted in the Town not reporting one and one-half month's revenue of approximately \$47,000 in 2002.

The Town integrated its water and sewer billing system with the general ledger during the year. During this period both an automated and manual system were being used. Payments from customers were being recorded on the manual system but not on the automated system. After the integration of the software modules, the Town requested and received help from the software vendor in cleaning up the subsidiary accounts receivable ledger. Once the subsidiary accounts receivable ledger was corrected, the Town discovered a difference of approximately \$80,000 between the subsidiary ledger and the general ledger.

The net effect of these corrections is an increase in the accumulated deficit of the Utility Enterprise Fund of \$33,178 as of June 30, 2002.

TOWN OF ST. JOSEPH, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2003

Note 3 - Cash and Deposits

Statutes require the Town to invest surplus cash balances in obligations of the United States Treasury, time certificates of deposit, and any other federally-insured investments. In addition, local governments in Louisiana are authorized to invest in the Louisiana Asset Management Pool, Inc. (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 the local government investment pool. The Town had \$252,526 invested in LAMP as June 30, 2003.

The Town has \$401,914 in deposits (collected bank balances) as of June 30, 2003, of which \$200,000 was secured from risk by federal deposit insurance (GASH 3 - Category 1). The balance of \$201,914 of the deposits was collateralized with securities held by the financial institutions in the name of the Town (GASH 3 - Category 2). Per Louisiana State Law, collateral is not required for funds invested in LAMP.

Note 4 - Accounts Receivable

Receivables are primarily composed of accounts due from residential customers of the Town for utilities services. Accounts receivable of \$59,198 as of June 30, 2003 are comprised of the following:

<u>Fund Type</u>	<u>Fees</u>	<u>Accounts</u>	<u>Governmental</u>	<u>Other</u>	<u>Total</u>
General	\$ 5,811	\$ -	\$ 2,192	\$ 2,195	\$ 10,198
Proprietary	-	63,071	-	1,029	64,100
Less Allowances for Doubtful Accounts	-	(4,874)	-	-	(4,874)
Total	\$ 5,811	\$ 47,071	\$ 2,192	\$ 4,198	\$ 59,198

Note 5 - Ad Valorem Taxes

Property taxes are levied by the Town in September or October each year and are annually billed to the taxpayers in November. Property taxes become due and are attached as an enforceable lien on property as of January 1 of the following year. Billed taxes become delinquent on January 1 of the year following the year in which the taxes are due.

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

TOWN OF ST. JOSEPH, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2003

The ad valorem tax millage is as follows:

	Millage
General Ad Valorem Tax	6.63

Note 4 - Fixed Assets

The changes in general fixed assets follows:

	Balance 06/30/02	Additions	Retirements	Balance 06/30/03
Land	\$ 65,605	\$ -	\$ -	\$ 65,605
Buildings	410,532	-	-	410,532
Other				
Improvements	158,074	-	-	158,074
Equipment	428,902	13,077	-	451,979
Total	\$ 1,073,133	\$ 13,077	\$ -	\$ 1,086,210

A summary of proprietary hard type property, plant and equipment at June 30, 2003, is as follows:

Office Equipment	\$ 21,518
Water System	1,361,928
Gas System	738,463
Sewer System	1,822,551
Service Equipment	200,279
Wireless Equipment	18,510
Total	4,279,659
Less: Accumulated Depreciation	(2,184,817)
Net Depreciable Assets	2,094,842
Land	7,868
Total Proprietary Fund Type Property, Plant and Equipment	\$ 2,102,710

Depreciation of \$120,153 as of June 30, 2003 was charged to expense in the utility fund.

**TOWN OF ST. JOSEPH, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2003**

Note 7 - Pension and Retirement Plans

Municipal Employees' Retirement System of Louisiana (MERS)

Substantially all Town employees, except policemen, are members of the MERS, a multiple-employer, non-sharing, public employee retirement system (PERS), controlled and administered by a separate board of trustees. The MERS is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. All participants of the Town are covered by Plan A.

All full-time Town employees and elected Town officials are eligible to participate in the system. Under the plan provisions, a member who retires at or after age 60 with at least 10 years of creditable service, at or after age 55 with 25 years of creditable service, or at any age with at least 10 years of creditable service is entitled to a retirement benefit, payable monthly for life, equal to 1% of the member's final compensation multiplied by his years of creditable service.

Funding Policy: Contributions to the system include one-fourth of one per cent of the taxes shown to be collectible by the tax rolls of the parish. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of members on which contributions were made for the previous fiscal year. State statute requires covered employees to contribute a percentage of their salaries to the system; As provided by Louisiana Revised Statute 11:803, 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 contributions to the MERS for the years ended June 30, 2001, 2002 and 2003 were \$9,278, \$7,041 and \$8,111, respectively, equal to the statutorily required contributions for each year.

The MERS issues an annual, publicly available financial report that includes financial statements and required supplementary information for the retirement system. The report may be obtained by writing the Municipal Employees' Retirement System, 6750 Van Gogh, Baton Rouge, LA 70806 or by calling (225) 925-4810.

The Municipal Police Employees Retirement System covers the policemen of the Town. As of June 30, 2003 the Town did not have any policemen covered by the plan.

Note 8 - Long-Term Debt

During 2003, the Town paid off its loan from a commercial bank used for a medical building as follows:

TOWN OF ST. JOSEPH, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2003

Note Payable at June 30, 2002	\$	67,434
Principal Retired		<u>(67,434)</u>

Note Payable at June 30, 2003	\$	<u>-</u>
-------------------------------	----	----------

Compensated absences increased during 2003 by \$728. Compensated absences as June 30, 2003 are as follows:

Compensated Absences at June 30, 2002	\$	2,932
Additional Compensated Absences Earned		<u>728</u>

Compensated Absences at June 30, 2003	\$	<u>3,660</u>
---------------------------------------	----	--------------

Note 9 - Interfund Activities

Individual fund receivables and payables and transfers in and out as of and for the year ended June 30, 2003, are as follows:

Fund	Interfund Receivables	Interfund Payables
General Fund	\$ 22,581	\$ 17,380
Utility Enterprise Fund	21,590	-
Special Revenue Fund	-	1,741
TOTAL	<u>\$ 44,171</u>	<u>\$ 19,121</u>

Fund	Operating Transfers	
	In	Out
General Fund	\$ -	\$ 20,600
Debt Service Fund	20,600	-
TOTAL	<u>\$ 20,600</u>	<u>\$ 20,600</u>

Note 10 - Intergovernmental Agreement - Gas Transmission and Distribution Operations

The Town of St. 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

**TOWN OF ST. JOSEPH, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2003**

value. A summary of the balance sheet of the Town of Newellton and St. Joseph, Louisiana Jointly Owned Gas Line as of June 30, 2003 is as follows:

ASSETS	
Cash	\$ 253,709
Investments	20,578
Account Receivable	<u>13,461</u>
TOTAL ASSETS	\$ <u>288,698</u>
LIABILITIES AND FUND EQUITY	
Liabilities:	
Accounts payable	\$ 94
Accrued liabilities	1,080
Customer deposits	<u>163</u>
Total Liabilities	1,337
Fund Equity:	
Town's Equity	<u>287,361</u>
TOTAL LIABILITIES AND FUND EQUITY	\$ <u>288,698</u>

Audited financial statements of this joint venture are available at the Town of St. Joseph, Louisiana Town Hall.

Note 11 - Related Party Transactions

The Town purchases its natural gas from the Towns of Newellton and St. Joseph Jointly Owned Gas Operations and Maintenance Fund (the Joint Line) of which the Town is a fifty percent owner. During 2003, the Town made \$213,934 of gas purchases and owed the Joint Line \$6,255 at June 30, 2003.

Note 12 - Risk Financing Activities

The Town is a participating member in the Louisiana Risk Management Agency's Group Self-Insurance Fund for Municipal Liability Risk Sharing and Group Self-Insurance Fund for Workman's compensation and Employer Liability (the Agency). The Agency functions as a Public Entity Risk Pool formed to pool the risk of public liability exposure to its members. The Town insures its fire enforcement officers' comprehensive liability and errors and omissions risk through its participation in the Agency pools. The coverage provided by the pools is subject to \$1,000 deductibles for certain coverages and provides coverages up to \$500,000 for each type of insured risk. Premiums for coverage are retroactively rated based on experience and

TOWN OF ST. JOSEPH, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2009

premiums are calculated based on the ultimate cost of the experience to date of the pool participants.

Note 13 – Subsequent Events

Subsequent to the end of the year, the Town borrowed from the United States Department of Agriculture (USDA) \$421,000 for the building of a new water plant. In addition to the loan, the Town received grants of \$375,000 from the USDA and \$50,000 from the State of Louisiana. Construction on the water plant began February 1, 2009.

SUPPLEMENTARY INFORMATION

TOWN OF ST. JOSEPH, LOUISIANA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL
COUNCIL LEVEL OF CONTROL
FOR THE YEAR ENDED JUNE 30, 2003

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>
REVENUES			
Taxes			
Ad valorem	\$ 24,480	\$ 28,780	\$ 4,300
Sales and use	71,080	91,287	20,207
Licenses and permits	46,000	43,828	(2,172)
Intergovernmental			
Federal	83,034	34,034	(49,000)
State	13,280	12,344	(936)
Local	42,080	44,081	(1,999)
Fees, charges, and commissions			
For services	18,200	41,914	2,714
Fines and penalties	3,200	2,188	(1,012)
Rent and interest income	1,180	1,267	87
Other revenue	28,800	34,903	6,103
Total revenues	<u>252,734</u>	<u>258,486</u>	<u>5,752</u>
EXPENDITURES			
General government			
Mayor's salary	2,700	2,700	-
Mayor's expenses	1,380	6,448	(5,068)
Adjuncts' salaries	7,500	7,500	-
Group insurance	25,000	23,139	1,861
Insurance	13,800	3,843	9,957
Rent/lease	4,800	8,278	(3,478)
Building repairs	1,200	14,894	(12,694)
Office expense	2,800	2,876	(76)
Advertising	1,200	572	628
Legal and auditing	3,800	9,141	(5,341)
Payroll Taxes	8,431	14,778	(6,347)
Other expenses	1,800	18,611	(16,811)
Miscellaneous	2,500	1,248	1,252
Total General government	<u>87,831</u>	<u>114,398</u>	<u>(26,567)</u>

(continued)

TOWN OF ST. JOSEPH, LOUISIANA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL (Continued)
COUNCIL LEVEL OF CONTROL
FOR THE YEAR ENDED JUNE 30, 2013

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Public Safety			
Police Department			
Salaries	55,800	68,022	(12,222)
State Supplemental Pay	2,400	2,790	(390)
Supplies	3,800	3,648	(152)
Auto repairs	2,210	3,076	(866)
Utilities	710	1,118	(408)
Fuel	8,800	7,212	(1,588)
Training	160	2,185	(2,025)
Other expense	1,800	2,026	(226)
Total Police department	<u>74,180</u>	<u>82,181</u>	<u>(8,001)</u>
Fire Department			
Repairs	200	33	167
Utilities	200	1,007	(807)
Other expense	1,600	10,282	(8,682)
Total Fire department	<u>2,000</u>	<u>11,322</u>	<u>(9,322)</u>
Total Public safety	<u>76,180</u>	<u>93,503</u>	<u>(17,323)</u>
Public Works			
Streets and Sanitation department			
Salaries	40,000	38,643	1,357
Supplies	1,200	1,903	(703)
Street lights	15,000	17,345	(2,345)
Equipment repairs	3,000	2,200	799
Fuel	1,800	4,818	(3,018)
Other expenses	2,200	1,274	926
Total Street and Sanitation department	<u>62,200</u>	<u>65,403</u>	<u>(3,203)</u>

(continued)

TOWN OF ST. JOSEPH, LOUISIANA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL (Concluded)
COUNCIL LEVEL OF CONTROL
FOR THE YEAR ENDED JUNE 30, 2013

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Public Works (continued)			
Garbage department			
Salaries	17,800	16,323	877
Supplies	900	175	724
Repairs	1,700	2,406	(706)
Fuel	1,700	530	1,170
Other	325	-	325
Garbage collection	-	-	-
Total Garbage department	<u>21,425</u>	<u>19,434</u>	<u>1,979</u>
Total Public Works	<u>84,525</u>	<u>84,883</u>	<u>(358)</u>
Culture and Recreation			
Community house repairs	160	310	(148)
Community house utilities	800	2,113	(1,313)
Community house supplies	25	135	(110)
Community house refunds	850	1,255	(405)
Parks and recreation	5,000	6,225	(1,225)
Total culture and recreation	<u>6,735</u>	<u>9,997</u>	<u>(3,262)</u>
Capital outlay	<u>152,034</u>	<u>26,671</u>	<u>185,362</u>
Total expenditures	<u>281,515</u>	<u>329,358</u>	<u>52,117</u>
Excess (deficiency) of revenues over expenditures	(23,781)	21,158	54,939
Other Financing Sources (Uses)			
Operating transfers in	31,580	-	(31,580)
Operating transfers out	-	(20,668)	(20,668)
Total other financing sources (uses)	<u>31,580</u>	<u>(20,668)</u>	<u>(52,148)</u>
Excess (Deficiency) of Revenues and Other Sources over Expenditures and Other Uses	3,719	6,498	2,779
Fund Balance at beginning of year	<u>168,271</u>	<u>168,271</u>	<u>-</u>
FUND BALANCE AT END OF YEAR	<u>\$ 171,990</u>	<u>\$ 174,769</u>	<u>\$ 2,779</u>

TOWN OF ST. JOSEPH, LOUISIANA
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES
IN ACCUMULATED DEFICIT - UTILITY ENTERPRISE FUND
FOR THE YEAR ENDED JUNE 30, 2003

Operating Revenues:

Sewer Fees	\$ 18,887
Water Fees	174,326
Gas Sales	126,674
Fees/Chgs	18,824
Other revenues	38,873
Total Operating Revenues	<u>377,584</u>

Operating Expenses:

Sewer department	
Supplies	941
Utilities	5,480
Repairs	2,587
Laboratory Fees	2,188
Other Expenses	662
Total Sewer Department	<u>13,858</u>

Water department

Salaries	30,000
Supplies	42,518
Repairs	14,875
Utilities	11,668
Telephone	1,271
Training	1,900
Total Water Department	<u>93,232</u>

Gas Department:

Salaries	42,127
Contract services	39,211
Supplies	2,900
Utilities	3,972
Repairs	5,812
Gas purchases	211,814
Fuel and oil	2,825
Drug testing	690
Equipment repair	4,445
Miscellaneous	1,364
Training	2,683
Total Gas Department	<u>318,646</u>

(continued)

TOWN OF ST. JOSEPH, LOUISIANA
SCHEDULE OF REVENUES, EXPENSE, AND CHANGES
IN ACCUMULATED DEFICIT - UTILITY ENTERPRISE FUND (Continued)
FOR THE YEAR ENDED JUNE 30, 1993

General and administrative	
Group insurance	9,777
Rentals	4,249
Telephone	2,482
Insurance	1,213
Computer services	2,098
Meter reading	2,580
Advertising	2,427
Office supplies	1,478
Dues	2,682
Legal and auditing	8,583
Lease expense	8,333
Payroll taxes	14,893
Other expense	6,587
Foreign	1,646
Miscellaneous	13,124
Depreciation	<u>128,152</u>
Total General and Administrative	<u>718,222</u>
 Total Operating Expenses	 636,422
 Operating Loss	 (72,698)
Nonoperating revenues	
Interest earned	4,583
Road development grant	22,878
Income from jointly owned gas line	<u>1,468</u>
Total nonoperating revenue	<u>28,929</u>
 Net Loss	 (43,769)
Accumulated Deficit Beginning of Year	
As Previously Reported	(441,133)
Adjust Accounts Receivable (Note 2)	<u>(32,178)</u>
 Accumulated Deficit Beginning of the Year as Restated	 <u>(473,311)</u>
 ACCUMULATED DEFICIT END OF YEAR	 \$ <u>(517,080)</u>

TOWN OF ST. JOSEPH, LOUISIANA
SCHEDULE OF COMPENSATION PAID ALDERMEN
FOR THE YEAR ENDED JUNE 30, 2003

Thomas Bradford	\$ 1,500
Jimmy S. Clark	1,500
Jack Olson, Jr.	1,500
Craig Neuroth	750
A. E. Tindall	1,500
Herman Watson	<u>750</u>
Total	\$ <u>7,500</u>



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SARAH HUFFMAN, CPA

JOHN L. LUFFEY, MBA, CPA (1993-2000)

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

**Town of St. Joseph
St. Joseph, Louisiana**

We have audited the general-purpose financial statements of the **Town of St. Joseph, Louisiana** (the Town) as of and for the year ended June 30, 2003 and have issued our report thereon dated February 26, 2004. In our report we stated that the general-purpose financial statements do not present fairly the financial position of the Town as of June 30, 2003, or the results of its operations and cash flows of its Utility Enterprise Fund for the year then ended due to inadequacies in the books and records which resulted in the Utility Enterprise Fund's accounts payable having a debit balance of approximately \$27,000 and the interfund receivables and payables being out of balance by approximately \$25,000. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Louisiana Governmental Audit Guide*, issued by the Louisiana Society of Certified Public Accountants and the Louisiana Legislative Auditor.

Compliance

As part of obtaining reasonable assurance about whether the Town's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying *Schedule of Findings* as items 03-02 and 03-03. In addition, we noted an immaterial instance of noncompliance that we have reported to management of the Town in a separate letter dated February 26, 2004.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Town's internal control over financial reporting in order to determine our auditing procedures for the purpose of

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**Town of St. Joseph
St. Joseph, Louisiana**

expressing our opinion on the general-purpose financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Town's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable conditions are described in the accompanying Schedule of Findings as items 03-01, and 03-03.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be reportable conditions and accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we consider items 03-01 and 03-03 to be material weaknesses.

This report is intended for the information of management of the Town, its oversight agency, other entities granting funds to the Town and the Legislative Auditor for the state of Louisiana and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.


(A Professional Accounting Corporation)

February 26, 2004

**TOWN OF ST. JOSEPH, LOUISIANA
SCHEDULE OF FINDINGS
FOR THE YEAR ENDED JUNE 30, 2003**

05-01 - State of Accounting and Reporting

Findings:

As in the prior year while performing our audit of the financial statements of the Town, we determined the Town could not produce financial statements and reports in an accurate and timely manner, both for purposes of external financial reporting and internal decision making.

Of major concern was the lack of separation of duties. There is no separation of incompatible duties between management and the accounting function. The Mayor does all of the accounting with the exception of making the daily deposits. He writes and signs the checks, posts the general ledger and prepares the monthly financial statements to be given to the Board of Aldermen. This lack of separation of duties increases the potential for material misstatements and/or misappropriation of assets to occur and not be detected in a timely manner.

Other examples of items that indicate improvement is needed are as follows:

- 1. Bank reconciliations for the General Fund operating account and the Water, Sewer, and Gas operating account were not prepared during the year. The reconciliations of these accounts were not made until we requested them.*
- 2. Transactions were recorded in the wrong fund. Transactions of \$23,399 were posted in error to the General Fund operating account and should have been in the water, sewer, and gas operating account. The Debt Service Fund and the General Long Term Debt Account Group were combined into one fund or not recorded at all.*
- 3. Each fund is not maintained in a separate general ledger. Even though the software will allow for trial balances to be run for each fund, it will allow for cross-funded entries to be made and not be detected. This has resulted in the Town not maintaining an accurate accounting of amounts due to or from the individual funds.*
- 4. The Downtown Revitalization Special Revenue Fund was included as part of the General Fund. These funds are used to grant loans to business for improvements. The repayments of these loans generate additional funds that can be loaned to other businesses for revitalization.*
- 5. In October 2003 the Town's computer suffered a major crash. The town's backup system did not operate as it should. This required them to have Continental Software, their vendor, to come in and help them to rebuild the accounting records.*
- 6. The accounts payable account in the Utilities Enterprise Fund had a debit balance at year end.*

**TOWN OF ST. JOSEPH, LOUISIANA
SCHEDULE OF FINDINGS
FOR THE YEAR ENDED JUNE 30, 2003**

The criteria required to correct these and other matters in the accounting records indicates that supervisory review of account balances and timely reconciliations of balance sheet accounts is inadequate.

The situation of the lack of separation of duties and the problems in the accounting function increases the risk that decision making personnel may be provided with inaccurate or incomplete information used to carry out the day to day activities of the Town and for making long-term, strategic decisions. In addition, it increases the risk of misappropriation of assets and/or the risk of errors in amounts material to the Town's financial position and results of operations occurring and not being detected by employees in the normal course of performing their assigned functions.

Recommendation:

We recommend that qualified bookkeeping personnel be hired to maintain the Town's accounting records, instead of the Mayor, in order to provide the needed separation of duties. Balance sheet accounts should be reconciled each month prior to the closing of the general ledger. Revenue and expenditures accounts should also be reviewed for obvious errors and omissions.

Management's Corrective Action Plan:

We agree with the auditor's recommendation that balance sheet accounts should be reconciled each month prior to the closing of the general ledger and revenue and expenditures accounts be reviewed for errors and omissions by someone other than the mayor.

Previously, we intended the municipal clerk to reconcile balance sheet accounts and review revenue and expenditures accounts for errors and omissions but was unable to carryout this plan because of the continued problems with our accounting software. During the past year, we experienced several interruptions for processing accounting information and such interruptions lasted almost a month in one instance. To correct this problem for the current fiscal year, we purchased and now use different accounting software that is user friendly and more proven than the software previously used and interruptions, if any, should be minimal. Accounting information retrieval and presentation provided by the new software should go a long way to assist the municipal clerk's reconciliations and reviews. Additionally, the mayor will review and approve the reconciliations performed by the clerk.

Monthly, we will submit financial reports and accounting documentation to a certified public accountant for review. The certified public accountant will be someone other than our audit firm and the scope of their review shall be to identify obvious errors and omissions along with recommendations to correct them.

**TOWN OF ST. JOSEPH, LOUISIANA
SCHEDULE OF FINDINGS
FOR THE YEAR ENDED JUNE 30, 2003**

03-02 Failure to Report on A Timely Basis

Findings:

Louisiana Revised Statute 24:513 requires all audit engagements to be completed and transmitted to the Legislative Auditor within six months of the close of the Town's fiscal year end. Accordingly, the Town's audit report for the year ended June 30, 2003 was due to the Legislative Auditor by December 31, 2003.

In October 2003, the Town suffered a massive computer crash and the backup system did not work as designed. The Town had to have Continental Software, their software vendor, come in and assist them in getting the system up and running and also help recapture the lost data.

Due to this computer crash, information needed for the audit could not be provided in a timely manner which resulted in the audit not being completed within the prescribed time period.

Recommendation:

We recommend that the Town maintain their accounting records whereby the audit can be completed and submitted within the six month period required by law.

Management's Corrective Action Plan:

In the future, we will comply with Louisiana Revised Statute 24:513, by ensuring our accounting records are completed so they can be reviewed and the results of the review transmitted to the Legislative Auditor within six months after close of the fiscal year. As noted in the auditor's report, the town suffered a massive computer crash and our backup system did not work as designed. In addition, our software provider was unable to timely restore accounting program files in order to quickly bring the accounting system back online. Several weeks passed before they made the system operational but their efforts did not completely solve our problem. The accounting programs were restored using backup files from a much earlier date than the backup files we had on hand thus, we had to manually reenter data for almost a two-month period in order to bring our files current. Similar problems with the accounting programs interrupted operations at least three times during the past fiscal year alone and on two occasions this year as well. To help ensure we timely complete year end closing and make financial information available for audit review, we purchased and now use accounting system software that is user friendly and do not expect interruptions resulting from programming flaws.

Further, we have improved procedures for backing up computer data files by installing software that automatically backs up all data files to a dedicated internal disc-drive each night. Additionally, clerical employees are required to backup data files each day and keep them off site. This extra step for backing up data files should enable us to recapture data that is accurate and timely.

**TOWN OF ST. JOSEPH, LOUISIANA
SCHEDULE OF FINDINGS
FOR THE YEAR ENDED JUNE 30, 2003**

03-03 - Donation of Public Funds

Finding:

The Board of Aldermen during a special called meeting approved a request by the Mayor to pay a police officer a \$100 one-time bonus for his exemplary service in breaking up a gathering on the streets of St. Joseph which was on the verge of becoming a riot on the night of August 24, 2002. This bonus was in addition to the officer's regular pay.

In addition, we noted during the course of our audit of the Town there were accounts shown as due from employees recorded on the General Fund and the Water and Sewer fund. As we reviewed these accounts, we determined that they were due from the Mayor. These receivables totaled \$1,924 in the general fund and \$263 in the water and sewer fund. They were for personal purchases of \$1,287 made on the Town's credit card and \$608 that appears to be cash advances to him. As of the end of the fiscal year these funds had not been reimbursed. The Mayor reimbursed the Town \$1,783 on October 6, 2003.

Article 7, Section 14 of the Louisiana State Constitution prohibits the funds, credit, property, or things of value of the state or any political subdivision from being loaned, pledged, or donated to or for any person, association, or corporation, public or private. The paying of the bonus to the police officer and the personal use of the town's credit card has resulted in the town being in violation of Article 7, Section 14.

Recommendation:

We recommend that the Mayor and Board of Aldermen refrain from paying bonuses or entering into other transactions which would violate the requirements of Article 7, Section 14 of the Louisiana State Constitution.

Management's Corrective Action Plan:

The Mayor and Board of Aldermen did agree to pay a one-time bonus to a police officer for his exemplary service, which was improper and violated state law. An increase of salary would be a more appropriate way to reward this officer. The Mayor and Board of Aldermen will comply with Article 7, Section 14 of the Louisiana State Constitution by not paying bonuses or entering into transactions that violates state law.

Additionally, we agree the mayor made charges on the town's credit card for personal expenses, which he did not reimburse to the town in a timely manner. In addition, the mayor did not timely submit business expense reports covering two cash advances of \$150 and \$500 totaling approximately \$600.

**TOWN OF ST. JOSEPH, LOUISIANA
SCHEDULE OF FINDINGS
FOR THE YEAR ENDED JUNE 30, 2005**

The mayor has reimbursed the town \$424.00 for personal expenses inadvertently recorded in the other receivables account instead of the employee receivables account. In addition, he will submit business expenses reports covering travel, which should require reimbursement from the town. In the future, the mayor will not use of the town's credit card for personal expenses.

**TOWN OF ST. JOSEPH, LOUISIANA
SUMMARY STATUS OF PRIOR YEAR FINDINGS**

The following is a summary of the status of findings included in the Schedule of Findings dated December 30, 2003 issued in connection with the audit of the financial statements of the Town of St. Joseph, Louisiana as of and for the year ended June 30, 2003.

02-01 State of Accounting and Reporting

Finding: There was no separation of duties between management and the accounting function and also the Town could not produce financial statements and reports in an accurate and timely manner for purposes of external financial reporting and internal decision making.

Status: This finding has not been resolved and is a repeat finding in the current year.

02-02 Non-Compliance with Louisiana Budget Act

Findings: For the year ended June 30, 2002 the General Fund expenditures exceeded the budgeted amount by more than 5% and there was no budget prepared for the Downtown Revitalization Special Revenue Fund. Both of these items violated the Local Government Budget Act.

Status: The 5% variance for 2002 is no longer applicable and the Town did not adopt a budget in 2003 for the Downtown Revitalization Special Revenue Fund.

02-03 Utility Receivables

Finding: The utility accounts receivable control and subsidiary ledgers do not reconcile.

Status: The Town had its software vendor to come in and clear off from the accounts receivable subsidiary ledges, old customer balances that were no longer valid. As of May 1, 2003 the Town had integrated its account receivable module with the general ledger.



**Luffey
Huffman
& Monroe**

An International Accounting Corporation
CERTIFIED PUBLIC ACCOUNTANTS

Frederic L. Huffman, CPA
L. Fred Monroe, CPA
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John L. Luffey, MBA, CPA (1965-2002)

MANAGEMENT LETTER

**Mayor and Board of Aldermen
Town of St. Joseph
P. O. Box 217
St. Joseph, Louisiana 71388**

In planning and performing our audit of the general-purpose financial statements of the Town of St. Joseph, Louisiana (the Town) for the year ended June 30, 2003 we considered its internal control structure in order to determine our auditing procedures for purposes of expressing our opinion on the general-purpose financial statements and not to provide assurance on the internal control structure or overall compliance with laws and regulations.

However, during our audit we became aware of certain matters that are opportunities for strengthening internal controls and the overall environment for compliance with laws and regulations. This letter will summarize our comments and suggestions regarding those matters. This letter does not affect our report dated February 25, 2004 on the general purpose financial statements of the Town.

1. Non-Compliance with Louisiana Budget Law

Finding:

During our review of the minutes of the Town of St. Joseph, Louisiana (the Town) we noted that the budget for the fiscal year ended June 30, 2003 was not adopted by the Town Council until July 15, 2003. La. Revised Statute 35:1303 states that "all action necessary to adopt and otherwise finalize and implement the budget for an ensuing fiscal year shall be taken in a open meeting and completed prior to the end of the year in progress." The result of this action has placed the Town in violation of the Louisiana Budget Law.

Recommendation:

The budget for the ensuing year should be approved by the Town Council prior to the end of the current fiscal year in accordance with the Louisiana Revised Statutes.

Management's Corrective Action Plan:

We will comply with La. Revised Statute 33:1305, which states that "all action necessary to adopt and otherwise finalize and implement the budget for an ensuing fiscal year shall be taken in a open meeting and completed prior to the end of the year in progress." To ensure compliance, we will require our certified public accountant to work with management the first week in May of each year for budget preparation, review, and open meeting presentation.



(A Professional Accounting Corporation)

February 28, 2004