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**TOWN OF ST. JOSEPH, LOUISIANA**  
**FINANCIAL REPORT**  
**YEAR ENDED JUNE 30, 2006**  
**With**  
**REPORT OF CERTIFIED PUBLIC ACCOUNTANTS**

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 Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 3-21-07

TOWN OF ST. JOSEPH, LOUISIANA  
FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2006

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TOWN OF ST. JOSEPH, LOUISIANA  
FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2006

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# THE HALFORD FIRM, PLLC

CERTIFIED PUBLIC ACCOUNTANTS

Members  
American Institute of  
Certified Public Accountants

Mississippi Society of  
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## INDEPENDENT AUDITOR'S REPORT

Mayor Edward Brown and  
Board of Aldermen  
Town of St. Joseph  
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 Town of St. Joseph, as of and for the year ended June 30, 2006, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of St. Joseph's management. Our responsibility is to express an opinion on these 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 the *Government Auditing Standards* issued by the Comptroller General of the United States, and the *Louisiana Governmental Audit Guide*, issued by the Louisiana Legislative Auditor and the Louisiana Society of Certified Public Accountants. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. 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 that our audit provides a reasonable basis for our opinion.

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, as of June 30, 2006, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 9, 2007 on our consideration of the Town of St. Joseph's internal control over financial reporting and 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 conjunction with this report in considering the results of our audit.

The management's discussion and analysis and budgetary comparison information on pages 3 through 11 and 36 through 38 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

*The Halford Firm, PLLC*

Vicksburg, Mississippi  
February 9, 2007

REQUIRED SUPPLEMENTAL INFORMATION  
(PART A)

TOWN OF ST. JOSEPH, LOUISIANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2006

As management of the Town of St. Joseph, we offer readers of the Town of St. Joseph's financial statements this narrative overview and analysis of the financial activities of the Town of St. Joseph for the fiscal year ended June 30, 2006. It is designed to assist the reader in focusing on significant financial issues, identify changes in the Town's financial position, and identify material deviations and individual fund issues or concerns.

The Management's Discussion and Analysis (MD&A) is an element of the new reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34, Basic Financial Statements and Management's Discussion and Analysis for State and Local Government issued June 2001.

**Financial Highlights**

- 1) The assets of the Town of St. Joseph exceeded its liabilities at the close of the most recent fiscal year by \$3,705,336. This was a net increase of total assets of \$137,260. Of this \$3,705,336 of net assets, \$556,162 was unrestricted, \$44,755 was restricted and \$3,104,419 was invested in capital assets.
- 2) As of the close of the fiscal year ended June 30, 2006, the Town's governmental funds reported a combined ending fund balance of \$146,290, an increase of \$9,425 when compared to the fund balance of the prior year.
- 3) At the end of the fiscal year ending June 30, 2006, the General Fund's fund balance of \$108,762 was available for spending at the Town's discretion.

**Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the Town's financial statements. As noted above, the Town's adoption of GASB Statement No. 34 significantly changed the format and presentation of the Town's financial report. The Town's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**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 Assets presents information on all of the Town's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

TOWN OF ST. JOSEPH, LOUISIANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2006

**Overview of the Financial Statements (cont.)**

**Government-wide financial statements (cont.)**

The Statement of Activities presents information showing how the Town's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes, and earned, but unused vacation leave).

Both of the government-wide financial statements are 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.

The government-wide financial statements can be found on pages 12 and 13 of this report.

**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 three categories: governmental funds, proprietary funds, and fiduciary 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. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental fund and governmental activities.



TOWN OF ST. JOSEPH, LOUISIANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2006

**Overview of the Financial Statements (cont.)**

**Governmental funds (cont.)**

The Town maintains four 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 and the Prevention Education Fund, both of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation.

Individual fund data for each of these non-major 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 and for the Prevention Education Fund. A budgetary comparison statement has been provided for each fund to demonstrate compliance or lack thereof with these budgets.

*The basic governmental fund financial statements can be found on pages 14 through 17 of this report.*

**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.

The basic proprietary fund financial statements can be found on pages 18 through 21 of this report.

**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, 2006, the Town had no fiduciary funds.

**Notes to the financial statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 22 of this report.

**Other information**

In addition to the basic financial statements and accompanying notes, this report also, presents certain required supplementary information concerning the Town's compliance with budgets for its major funds. The combining statements for non-major governmental funds are presented immediately following the required supplementary information.

TOWN OF ST. JOSEPH, LOUISIANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2006

**Government-wide Financial Analysis**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Town of St. Joseph, assets exceeded liabilities by \$3,705,336 at the close of the fiscal year ended June 30, 2006.

By far the largest amount of the Town's net assets (\$3,104,419) reflects its investment in capital assets (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 cannot be used to liquidate these liabilities.

The following is a comparison of the Governmental and Business-Type Activities for the years ended June 30, 2006 and 2005.

TOWN OF ST. JOSEPH, LOUISIANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SCHEDULE OF NET ASSETS  
JUNE 30, 2006

**Governmental Activities:**

	<u>June 30, 2006</u>	<u>June 30, 2005</u>	<u>Change</u>
Current and Other Assets	\$ 212,092	\$ 180,823	\$ 31,269
Capital Assets	316,334	336,533	(20,199)
Total Assets	<u>528,426</u>	<u>517,356</u>	<u>11,070</u>
Current and Other Liabilities	65,802	43,958	21,844
Long-term Liabilities	-	-	-
Total Liabilities	<u>65,802</u>	<u>43,958</u>	<u>21,844</u>
Net Assets:			
Invested in Capital Assets			
Net of Related Debt	316,334	336,533	(20,199)
Unrestricted	146,290	136,865	9,425
Total Net Assets	<u>\$ 462,624</u>	<u>\$ 473,398</u>	<u>\$ (10,774)</u>

**Business-Type Activities:**

Current and Other Assets	\$ 566,250	\$ 529,878	\$ 36,372
Capital Assets	3,198,588	3,344,105	(145,517)
Total Assets	<u>3,764,838</u>	<u>3,873,983</u>	<u>(109,145)</u>
Current and Other Liabilities	111,623	86,228	25,395
Long-term Liabilities	410,503	418,557	(8,054)
Total Liabilities	<u>522,126</u>	<u>504,785</u>	<u>17,341</u>
Net Assets:			
Invested in Capital Assets			
Net of Related Debt	2,788,085	2,925,548	(137,463)
Restricted	44,755	45,456	(701)
Unrestricted	409,872	398,194	11,678
Total Net Assets	<u>\$ 3,242,712</u>	<u>\$ 3,369,198</u>	<u>\$ (126,486)</u>

**Total Activities:**

Current and Other Assets	\$ 778,342	\$ 710,701	\$ 67,641
Capital Assets	3,514,922	3,680,638	(165,716)
Total Assets	<u>4,293,264</u>	<u>4,391,339</u>	<u>(98,075)</u>
Current and Other Liabilities	177,425	130,186	47,239
Long-term Liabilities	410,503	418,557	(8,054)
Total Liabilities	<u>587,928</u>	<u>548,743</u>	<u>39,185</u>
Net Assets:			
Invested in Capital Assets			
Net of Related Debt	3,104,419	3,262,081	(157,662)
Restricted	44,755	45,456	(701)
Unrestricted	556,162	535,059	21,103
Total Net Assets	<u>\$ 3,705,336</u>	<u>\$ 3,842,596</u>	<u>\$ (137,260)</u>

TOWN OF ST. JOSEPH, LOUISIANA  
 MANAGEMENT'S DISCUSSION AND ANALYSIS  
 JUNE 30, 2006

**Government-wide Financial Analysis (cont.)**

The \$146,290 unrestricted net assets in the governmental funds are comprised mostly of cash. This represents approximately four months operating capital.

**Governmental activities**

Governmental activities decreased the Town of St. Joseph's net assets by \$10,774. The following reflects the condensed Statement of Activities for the year ended June 30, 2006.

**Town of St. Joseph's Changes in Net Assets  
 June 30, 2006**

	<u>Governmental</u>	<u>Business-Type</u>	<u>Total</u>
<b>Revenues:</b>			
Program Revenues:			
Charges for services	\$ 114,143	\$ 800,202	\$ 914,345
Operating grants and contributions	106,678	-	106,678
General Revenue:			
Ad valorem taxes	27,453	-	27,453
Sales tax	86,778	-	86,778
License and permits	76,057	-	76,057
Other general revenue	87,819	44,049	131,868
Total Revenue	<u>498,928</u>	<u>844,251</u>	<u>1,343,179</u>
<b>Expenses:</b>			
General government	89,803	-	89,803
Public safety	132,951	-	132,951
Public works	142,447	-	142,447
Culture and recreation	49,470	-	49,470
Health and welfare	95,031	-	95,031
Utility fund	-	970,737	970,737
Total Expenses	<u>509,702</u>	<u>970,737</u>	<u>1,480,439</u>
<b>Net Increase (decrease) In Assets</b>	<u>\$ (10,774)</u>	<u>\$ (126,486)</u>	<u>\$ (137,260)</u>

Expenses are classified by functions. General government accounted for approximately \$90,000 in expenses or 18% of total expenses. Public safety, Public works, and Health and welfare accounted for 26%, 28%, and 19% of the expenses respectively.

Sales tax revenue, which provided \$86,778 of revenue, was the largest source of revenue for the Town. Licenses and permits were second at \$76,057.

TOWN OF ST. JOSEPH, LOUISIANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2006

**Governmental activities (cont.)**

**Business-type activities**

Business-type activities decreased the Town of St. Joseph's net assets by approximately \$126,486. The following are the key elements of this decrease:

During the current year fixed assets decreased \$145,517. This decrease consisted of \$15,373 of purchases of fixed assets and \$130,457 increase in interest in the joint gas line and \$191,347 of depreciation and amortization expense.

Operating expenses (including depreciation) exceeded operating revenues by \$144,246, resulting in a net decrease in assets from operations.

**Financial Analysis of the Government's Funds**

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

The focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, unreserved 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 of St. Joseph's governmental funds reported combined ending fund balances of \$146,290, and an increase of \$9,425, when compared with the prior year. All of this total fund balance constitutes unreserved fund balance, which is available for spending at the Town's discretion.

The general fund is the chief operating fund of the Town of St. Joseph. At the end of the current fiscal year, fund balance of the general fund was \$108,762, all of which is unreserved.

**General Fund Budgetary Highlights**

In accordance with Louisiana Revised Statutes Title 39, Chapter 9, Louisiana Local Government Budget Act (LSA - R.S. 39:1301 et seq), the Town must adopt a budget for the General Fund and all Special Revenue funds prior to June 30. The original budget for the Town was adopted on June 13, 2005. The general fund was amended June 12, 2006.

During the year ended June 30, 2006, the budgets were used as a management tool and the required amendments and monitoring required by the law was adhered to.

TOWN OF ST. JOSEPH, LOUISIANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2006

**Capital Assets and Debt Administration**

**Capital assets**

The Town of St. Joseph's investment in capital assets for its governmental and business-type activities as of June 30, 2006, amounted to \$3,264,581 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment.

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

	Governmental	Business- Type	Total
Nondepreciable assets:			
Land	\$ 43,915	\$ 7,886	\$ 51,801
Construction-in-progress	-	5,352	5,352
Depreciable assets:			
Building	458,544	-	458,544
Equipment	542,796	-	542,796
Water system	-	2,633,047	2,633,047
Gas system	-	730,463	730,463
Sewer system	-	1,922,531	1,922,531
Service equipment	-	241,978	241,978
Office equipment	-	24,138	24,138
Wireless communication equipment	-	14,658	14,658
Total Capital Assets	<u>1,045,255</u>	<u>5,580,053</u>	<u>6,625,308</u>
Less Accumulated Depreciation	<u>(728,921)</u>	<u>(2,631,806)</u>	<u>(3,360,727)</u>
 Net Capital Assets	 <u>\$ 316,334</u>	 <u>\$ 2,948,247</u>	 <u>\$ 3,264,581</u>

Major capital asset events during the current fiscal year included the following:

Expenditures of \$20,954 on replacing the roofs of city hall and the medical buildings.

The purchase of a tractor and computer by the Enterprise fund. The cost was \$9,000 and \$1,020 respectively.

Capitalization of \$1,251,118 upon the completion of the new water treatment plant.

The Town also spent \$5,352 on engineering costs related to providing sewer to Ken's Corner.

TOWN OF ST. JOSEPH, LOUISIANA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2006

**Long-term Debt**

The Town of St. Joseph had one long-term debt at June 30, 2006. This was a \$423,000 revenue bond dated January 26, 2004; due in monthly installments of \$1,599 through January 26, 2044 with interest at 3.25%. The proceeds of these bonds were used to construct a new water treatment plant.

**Requests for Information**

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

GOVERNMENT-WIDE  
FINANCIAL STATEMENTS



TOWN OF ST. JOSEPH  
ST. JOSEPH, LOUISIANA  
STATEMENT OF NET ASSETS  
JUNE 30, 2006

	Governmental Activities	Business-type Activities	Total
<b>Assets</b>			
Cash and cash equivalents	\$ 150,800	\$ 314,580	\$ 465,380
Receivables	27,811	133,670	161,481
Due from other governmental units	16,884	-	16,884
Prepaid expense	16,597	9,782	36,161
Restricted Assets:			
Cash	-	108,218	108,218
Capital assets, net	316,334	2,948,247	3,264,581
Bond issuance cost, net	-	8,968	8,968
Investment in jointly owned gas operation and maintenance fund	-	241,373	241,373
Prepaid expenses - noncurrent	-	-	-
<b>Total Assets</b>	<b>\$ 528,426</b>	<b>\$ 3,764,838</b>	<b>\$ 4,293,264</b>
<b>Liabilities</b>			
Accounts payable and accrued expenses	53,071	47,326	100,397
Accrued payroll and benefits	12,731	9,593	22,324
Deposits held	-	49,232	49,232
Long-term liabilities:			
Due within one year	-	5,472	5,472
Due in more than one year	-	410,503	410,503
<b>Total Liabilities</b>	<b>65,802</b>	<b>522,126</b>	<b>587,928</b>
<b>Net Assets</b>			
Invested in capital assets, net of related debt	316,334	2,788,085	3,104,419
Restricted	-	44,755	44,755
Unrestricted	146,290	409,872	556,162
<b>Total Net Assets</b>	<b>\$ 462,624</b>	<b>\$ 3,242,712</b>	<b>\$ 3,705,336</b>

The accompanying notes are an integral part of these financial statements.

TOWN OF ST. JOSEPH  
ST. JOSEPH, LOUISIANA  
STATEMENT OF ACTIVITIES  
FOR YEAR ENDED JUNE 30, 2006

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		Total
	Expenses	Charge for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities		
Primary government:							
Governmental Activities	\$ 89,803	\$ -	\$ -	\$ (89,803)	\$ -	\$ -	\$ (89,803)
General government	132,951	-	20,100	(112,851)	-	-	(112,851)
Public safety	142,447	97,323	-	(45,124)	-	-	(45,124)
Public works	49,470	2,420	-	(47,050)	-	-	(47,050)
Culture and recreation	95,031	14,400	86,578	5,947	-	-	5,947
Health and Welfare	509,702	114,143	106,678	(288,881)	-	-	(288,881)
Total governmental activities	972,137	800,202	-	(171,935)	-	-	(171,935)
Business-type activity:							
Utility fund	\$ 1,481,839	\$ 914,345	\$ 106,678	\$ (288,881)	\$ (171,935)	\$ (460,816)	
Total Primary government							
General revenues				27,453	-	-	27,453
Taxes:				86,778	-	-	86,778
Ad valorem taxes				2,349	-	-	2,349
Sales taxes				8,080	-	-	8,080
Other taxes				76,057	-	-	76,057
Video poker				1,618	-	-	1,618
License and permits				4,344	14,458	-	18,802
Fines and forfeitures				31,254	8,045	-	39,299
Use of money and property				-	30,457	-	30,457
Other revenues				18,000	-	-	18,000
Income from jointly owned gas operations and maintenance fund				14,663	-	-	14,663
Grants				7,511	(7,511)	-	-
Hurricane Katrina grant reimbursement				278,107	45,449	-	323,556
Interfund transfers				(10,774)	(126,486)	-	(137,260)
Total general revenues				473,398	3,369,198	-	3,842,596
Change in net assets				\$ 462,624	\$ 3,242,712	\$ 3,705,336	
Net Assets at beginning of year							
Net Assets at end of year							

The accompanying notes are an integral part of these financial statements.

FUND FINANCIAL STATEMENTS

TOWN OF ST. JOSEPH  
ST. JOSEPH, LOUISIANA  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
JUNE 30, 2006

	Major Funds		Other	Total
	General Fund	Prevention Education	Governmental Funds	
<b>Assets</b>				
Cash and cash equivalents	\$ 118,906	\$ 1,875	\$ 30,019	\$ 150,800
Receivables:				
Sales tax	6,635	-	-	6,635
Other	20,276	900	-	21,176
Due from other governmental units	-	16,884	-	16,884
Prepaid expense	16,597	-	-	16,597
<b>Total Assets</b>	<b>\$ 162,414</b>	<b>\$ 19,659</b>	<b>\$ 30,019</b>	<b>\$ 212,092</b>
<b>Liabilities and Fund Equity</b>				
Liabilities:				
Accounts payable and accrued expenses	\$ 43,539	\$ 9,532	-	\$ 53,071
Accrued payroll and benefits	10,113	2,618	-	12,731
<b>Total Liabilities</b>	<b>53,652</b>	<b>12,150</b>	<b>-</b>	<b>65,802</b>
Fund Equity:				
Fund balance				
Unreserved/undesignated	108,762	7,509	30,019	146,290
<b>Total Fund Balance</b>	<b>108,762</b>	<b>7,509</b>	<b>30,019</b>	<b>146,290</b>
<b>Total Liabilities and Fund Equity</b>	<b>\$ 162,414</b>	<b>\$ 19,659</b>	<b>\$ 30,019</b>	<b>\$ 212,092</b>

The accompanying notes are an integral part of these financial statements.

TOWN OF ST. JOSEPH  
ST. JOSEPH, LOUISIANA  
RECONCILIATION OF THE GOVERNMENTAL FUNDS  
BALANCE SHEET TO THE STATEMENT OF NET ASSETS  
JUNE 30, 2006

Fund balances - total governmental funds \$ 146,290

Amounts reported for governmental activities are not financial resources, and are not reported in the governmental funds:

Governmental capital assets	\$ 1,045,255	
Less: accumulated depreciation	<u>728,921</u>	<u>316,334</u>

Net assets of governmental funds \$ 462,624

The accompanying notes are an integral part of these financial statements.

TOWN OF ST. JOSEPH  
ST. JOSEPH, LOUISIANA  
STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES -  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2006

	Major Funds		Other Governmental Funds	Total
	General Fund	Prevention Education		
<b>Revenues</b>				
Taxes:				
Ad valorem	\$ 27,453	-	-	\$ 27,453
Sales	86,778	-	-	86,778
Charges for services	97,323	-	-	97,323
License, permits, and commission for services	76,057	-	-	76,057
Intergovernmental :				
Federal	14,663	86,178	-	100,841
State	48,530	-	-	48,530
Fines and forfeitures	1,618	-	-	1,618
Use of money and property	17,670	-	3,494	21,164
Other revenues	26,400	5,253	-	31,653
<b>Total Revenues</b>	<b>396,492</b>	<b>91,431</b>	<b>3,494</b>	<b>491,417</b>
<b>Expenditures</b>				
Current:				
General government	76,024	-	8,900	84,924
Public safety	122,677	-	-	122,677
Public works	123,493	-	-	123,493
Culture and recreation	49,470	-	-	49,470
Health and welfare	-	87,985	-	87,985
Capital outlay	20,954	-	-	20,954
<b>Total Expenditures</b>	<b>392,618</b>	<b>87,985</b>	<b>8,900</b>	<b>489,503</b>
<b>Excess (Deficiency) of Revenues</b>	<b>3,874</b>	<b>3,446</b>	<b>(5,406)</b>	<b>1,914</b>
<b>Other Financing Sources (Uses)</b>				
Transfers in	10,000	-	-	10,000
Transfers out	(2,489)	-	-	(2,489)
<b>Total Other Financing Sources (Uses)</b>	<b>7,511</b>	<b>-</b>	<b>-</b>	<b>7,511</b>
<b>Excess of Revenues over Expenditures</b>	<b>11,385</b>	<b>3,446</b>	<b>(5,406)</b>	<b>9,425</b>
Fund balance at beginning of year	97,377	4,063	35,425	136,865
<b>Fund balance at end of year</b>	<b>\$ 108,762</b>	<b>\$ 7,509</b>	<b>\$ 30,019</b>	<b>\$ 146,290</b>

The accompanying notes are an integral part of these financial statements.

TOWN OF ST. JOSEPH  
ST. JOSEPH, LOUISIANA  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES - GOVERNMENTAL  
FUNDS TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2006

Net change in fund balances- governmental funds \$ 9,425

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay	\$ 20,954		
Depreciation expense	(41,153)		(20,199)

Change in net assets of governmental activities \$ (10,774)

The accompanying notes are an integral part of these financial statements.

TOWN OF ST. JOSEPH  
ST. JOSEPH, LOUISIANA  
STATEMENT OF NET ASSETS -  
PROPRIETARY FUND  
JUNE 30, 2006

	<u>Utility Fund</u>
<b>Assets</b>	
Current Assets:	
Cash and cash equivalents	\$ 314,580
Accounts receivable - net	133,670
Prepaid expenses	9,782
Total Current Assets	<u>458,032</u>
Noncurrent Assets:	
Restricted cash and cash equivalents	108,218
Capital assets	
Depreciable:	
Property, plant and equipment - net	2,935,009
Land	7,886
Construction-in-progress	5,352
Bond issuance cost - net	8,968
Invested in jointly owned gas operations and maintenance fund	<u>241,373</u>
Total Noncurrent Assets	<u>3,306,806</u>
Total Assets	<u><u>\$ 3,764,838</u></u>
<b>Liabilities and Net Assets</b>	
Current Liabilities:	
Accounts payable and accrued expenses	\$ 38,567
Accrued payroll and benefits	9,593
Due to other funds	-
Total Current Liabilities	<u>48,160</u>
Liabilities payable from restricted assets:	
Customer deposits	49,232
Revenue bonds payable	5,472
Utility payments	8,759
Total liabilities payable from restricted assets	<u>63,463</u>
Noncurrent Liabilities:	
Revenue bonds payable	<u>410,503</u>
Total Liabilities	<u>522,126</u>
Net Assets	
Invested in capital assets, net of related debt	2,788,085
Restricted	44,755
Unrestricted	409,872
Total Net Assets	<u><u>\$ 3,242,712</u></u>

The accompanying notes are an integral part of these financial statements.



TOWN OF ST. JOSEPH  
ST. JOSEPH, LOUISIANA  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS -  
PROPRIETARY FUND  
FOR THE YEAR ENDED JUNE 30, 2006

	<u>Utility Fund</u>
Operating Revenues	
Water sales	\$ 330,527
Gas sales	436,763
Sewerage fees	16,944
Garbage fees	54,996
Penalties	16,995
Other operating revenues	<u>6,499</u>
Total Operating Revenues	<u>862,724</u>
Operating Expenses	
Water expense	199,550
Gas expense	477,853
Sewer expense	51,552
Garbage expense	54,860
Wireless communications expense	36,123
Depreciation	166,114
Salaries and related benefits	7,335
Professional fees	1,125
Bad debts and returned checks	224
Repair and supplies	9,243
Office expense	<u>2,991</u>
Total Operating Expenses	<u>1,006,970</u>
Operating Loss	<u>(144,246)</u>
Non-Operating Revenues (Expenses)	
Interest income	14,458
Income from jointly owned gas line	30,457
Transfer from other funds	2,489
Amortization of bond issuance cost	(233)
Interest expense	(19,189)
Transfer to other funds	(10,000)
Hurricane Katrina revenue	10,876
Hurricane Katrina expense	<u>(11,098)</u>
Total Non-Operating Revenue (Expense)	<u>17,760</u>
Net Income (Loss)	(126,486)
Net Assets - beginning of year	<u>3,369,198</u>
Net Assets - end of year	<u>\$ 3,242,712</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF ST. JOSEPH  
ST. JOSEPH, LOUISIANA  
STATEMENT OF CASH FLOWS -  
PROPRIETARY FUND  
FOR THE YEAR ENDED JUNE 30, 2006

<b>Cash flows from operating activities</b>	
Cash received from customers	\$ 750,248
Cash paid for employee services	(106,591)
Cash payments to suppliers for goods and services	<u>(656,771)</u>
Net cash provided (used) by operating activities	<u>(13,114)</u>
<b>Cash flows from capital and related financing activities</b>	
Interfund transfers	2,000
Net Hurricane Katrina expenses	(223)
Acquisition of capital assets	<u>(15,372)</u>
Net cash provided (used) by financing activities	<u>(13,595)</u>
<b>Cash flows from investing activities</b>	
Payment on Revenue bonds	(19,187)
Interest received on investments	<u>14,458</u>
Net cash provided by investing activities	<u>(4,729)</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	(31,438)
<b>Cash and cash equivalents, beginning of year</b>	<u>454,236</u>
<b>Cash and cash equivalents, end of year</b>	<u><u>\$ 422,798</u></u>
<b>Shown on the accompanying balance sheet as</b>	
Current Assets	
Cash and cash equivalents	314,580
Restricted assets:	
Cash	<u>108,218</u>
<b>Total</b>	<u><u>\$ 422,798</u></u>
<b>Supplemental disclosure of noncash capital investing activities:</b>	
Increase in the investment of the jointly owned gas operations and maintenance fund	<u><u>\$ 30,457</u></u>

The accompanying notes are an integral part of these financial statements.

TOWN OF ST. JOSEPH  
ST. JOSEPH, LOUISIANA  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUND (Continued)  
FOR THE YEAR ENDED JUNE 30, 2006

**Reconciliation of operating income (loss) to net cash  
provided (used) by operating activities**

Operating Income (loss)	\$ (149,110)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:	
Depreciation	166,114
Increase in accounts receivable	(66,461)
Increase in prepaid expense	(1,349)
Increase in accounts payable and accrued expense	30,832
Increase in accrued payroll and benefits	4,315
Increase in customer deposits	2,545
	<hr/>
Net cash provided (used) by operating activities	<u>\$ (13,114)</u>

The accompanying notes are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

TOWN OF ST. JOSEPH, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2006

**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 St. 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 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 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 fiscally 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.

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

TOWN OF ST. JOSEPH, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2006

**Note 1 - Summary of Significant Accounting Policies (cont.)**

**B. Basis of Presentation**

The Town's basic financial statements consist of the government-wide statements on all activities of the government and the fund statements (individual major funds and combined non-major funds). The statements are prepared in accordance with accounting principles generally accepted in the United States of America as applied to governmental units.

**Government-wide Financial Statements**

The government-wide financial statements include the statement of net assets 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.

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 properly included in program revenues are reported instead as general revenues. This includes dedicated resources such as a restricted property tax.

The Town uses funds, both major and non-major, 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, liabilities, 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. Non-major 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. The fund types used by the Town are described as follows:

TOWN OF ST. JOSEPH, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2006

**Note 1 - Summary of Significant Accounting Policies (cont.)**

**B. Basis of Presentation (cont.)**

**Fund Financial Statements**

Governmental activities presented as Governmental Funds in the fund financial statements:

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.

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

Business-type activities as Enterprise Funds in the fund financial statements:

Enterprise Funds - These 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 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 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.

In accordance with the provisions of GASB Statement No. 20, the Town has elected not to apply FASB statements and interpretations issued after November 30, 1989, to proprietary activities unless they are adopted by the GASB.

**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.

**Expenditures:**

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

TOWN OF ST. JOSEPH, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2006

**Note 1 - Summary of Significant Accounting Policies (cont.)**

**B. Basis of Presentation (cont.)**

**Proprietary Funds:**

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.

Operating income reported in proprietary fund financial statements includes revenues and expenses related to the primary, continuing operations of the fund. Principal operating revenues for the proprietary fund are charges to customers for utility services. Principal operating expenses are the costs of providing these services and include administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as non-operating in the financial statements.

The Town charged the following rates for water, sewer, and gas during the year:

**Water rates:**

- a. Customers inside the City limits of St. Joseph, Louisiana are charged \$10.50 for the first 2,000 gallons and \$2.00 for each additional 1,000 gallons or fraction thereof.
- b. Customers outside the city limits of St. Joseph, Louisiana are charged \$21.00 for the first 2,000 gallons and \$4.00 for each additional 1,000 gallons or fraction thereof.

**Sewer rates - \$2.50 per month.**

Gas rates charged to customers in the year ended June 30, 2006, ranged from \$13.00 to \$22.00 for each 1,000 cubic feet of gas used or fraction thereof.

**C. Budgets and Budgetary Accounting**

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

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



TOWN OF ST. JOSEPH, LOUISIANA  
 NOTES TO THE FINANCIAL STATEMENTS  
 YEAR ENDED JUNE 30, 2006

**Note 1 - Summary of Significant Accounting Policies (cont.)**

**C. Budgets and Budgetary Accounting (cont.)**

4. All legally adopted budgets of the Town are adopted on a basis consistent with GAAP. A budget is adopted for the General Fund and the Special Revenue Funds; encumbrance accounting is not used by the Town.

**D. Cash, 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.

At June 30, 2006, the Town had cash and cash equivalents totaling \$572,598 as follows:

Petty Cash	\$ 100
Demand Deposits	302,317
LAMP Deposits	<u>271,181</u>
Total	<u>\$ 573,598</u>

These 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. Cash and cash equivalents (bank balances other than these backed by the U.S. government) at June 30, 2006, are secured, as follows:

Bank Balances	<u>\$ 269,944</u>
Federal deposit insurance	\$ 220,525
Pledged securities	<u>49,419</u>
Total	<u>\$ 269,944</u>

TOWN OF ST. JOSEPH, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2006

**Note 1 - Summary of Significant Accounting Policies (cont.)**

**D. Cash, Cash Equivalents, and Investments (cont.)**

Because the pledged securities are held by the Town's agent in the Town's name they are considered collateralized (Category 1) under the provisions of GASB Codification C20.106. In accordance with GASB Codification I50.165 the investment in LAMP at June 30, 2006 is not categorized in the three risk categories provided by the GASB I50.164 because the investment is in a pool of funds and, therefore, not evidenced by securities that exist in physical or book entry form. Only local governments that have contracted to participate 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 portfolio includes only securities and other obligations in which local governments are authorized to invest. Accordingly, investments are restricted to securities issued, guaranteed, or backed by the U.S. Treasury, U.S. Government, or one of its agencies, enterprises, or instrumentalities, as well as repurchase agreements collateralized by those securities. The dollar weighted average portfolio maturity of LAMP assets is restricted to more than 90 days, and consists of no securities with a maturity in excess of 397 days. LAMP is designed to be highly liquid to give its participants immediate access to their account balances.

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.

**E. 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 fair market 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 funds used during construction of projects acquired with bond funds.

TOWN OF ST. JOSEPH, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2006

**Note 1 - Summary of Significant Accounting Policies (cont.)**

**E. Capital Assets (cont.)**

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	30 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

**F. Debt Issuance Cost**

Debt issuance cost in the amount of \$8,968 is included in noncurrent assets. Debt issuance cost is amortized over the life of the related debt issuance using the straight-line method.

**G. Long-term Liabilities**

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

**H. Bad Debts**

Uncollectible amounts for ad valorem taxes are generally not significant. As a result, the direct write-off method for recognizing bad debts is used. Under this method, the receivable is charged to expense when the account is deemed to be uncollectible. The Town uses the allowance method for recognizing bad debts for customers' utility receivables. An allowance of \$220,648 is recorded as of June 30, 2006.

**I. 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. Employees are not paid overtime but are given compensatory time equal to the amount that would have been due for the overtime worked and will be paid for any unused compensation at the time of termination.

**J. Net Assets**

Net Assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consist 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.

TOWN OF ST. JOSEPH, LOUISIANA  
 NOTES TO THE FINANCIAL STATEMENTS  
 YEAR ENDED JUNE 30, 2006

**Note 1 - Summary of Significant Accounting Policies (cont.)**

**K. Restricted Net Assets**

Net assets are reported as restricted when there are limitations imposed on their use by external parties such as creditors, grantors, laws or regulations of other governments. As of June 30, 2006 restricted net assets in the proprietary fund totaling \$108,218 consisted of cash restricted for meter deposits and cash restricted for water system improvements.

**L. Transfers In and Out**

Advances between funds which are not expected to be repaid are accounted for as operating transfers.

Interfund operating transfers in and out during the year ended June 30, 2006, were as follows:

<u>Fund</u>	<u>Operating Transfers</u>	
<b>Major Fund:</b>	<u>In</u>	<u>Out</u>
General Fund	\$ -	\$ 2,489
<b>Enterprise Fund</b>	<u>2,489</u>	<u>-</u>
	<u>\$ 2,489</u>	<u>\$ 2,489</u>

**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 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 those estimates.

**Note 2 - Receivables**

Receivables of \$178,365 as of June 30, 2006 are comprised of the following:

<u>Fund Type</u>	<u>Franchise Fees</u>	<u>Accounts</u>	<u>Inter- Governmental</u>	<u>Other</u>	<u>Total</u>
General	\$ 6,836	\$ 160	\$ 16,884	\$ 22,920	\$ 46,800
Proprietary	-	276,548	-	75,665	352,213
Less Allowance for Doubtful Accounts	-	(143,003)	-	(77,645)	(220,648)
Total	<u>\$ 6,836</u>	<u>\$ 133,705</u>	<u>\$ 16,884</u>	<u>\$ 20,940</u>	<u>\$ 178,365</u>

TOWN OF ST. JOSEPH, LOUISIANA  
 NOTES TO THE FINANCIAL STATEMENTS  
 YEAR ENDED JUNE 30, 2006

**Note 2 – Receivables (cont.)**

The Town has 606 water and sewer customers. They also serve 503 gas customers. An aging of the utility receivables as of June 30, 2006 is as follows:

	<u>Trash</u>	<u>Water</u>	<u>Gas</u>	<u>Sewer</u>	<u>Other</u>	<u>Garbage</u>	<u>Total</u>
0-90 days	\$ 4,553	\$ 128,190	\$ 37,546	\$ 2,153	\$ -	\$ 4,708	\$177,150
91-180 days	580	5,114	32,815	664	-	1,367	40,540
181-270 days	-	2,169	3,919	202	-	362	6,652
271-360 days	-	2,713	1,020	172	-	156	4,061
Over 360 days	-	16,210	27,787	1,854	1,433	861	48,145
Total	<u>\$ 5,133</u>	<u>\$ 154,396</u>	<u>\$103,087</u>	<u>\$ 5,045</u>	<u>\$ 1,433</u>	<u>\$ 7,454</u>	<u>\$276,548</u>

**Note 3 - 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 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 millage is as follows:

	<u>Mills</u>
General Ad Valorem Tax	6.70

TOWN OF ST. JOSEPH, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2006

**Note 4 - Changes in Capital Assets**

The changes in capital assets are as follows:

	Balance 6/30/2005	Additions	Retirements and Transfers	Balance 6/30/2006
<b>Governmental activities:</b>				
Nondepreciable assets:				
Land	\$ 43,915	-	-	\$ 43,915
Depreciable assets:				
Buildings	437,590	20,954	-	458,544
Equipment	542,796	-	-	542,796
Total capital assets	1,024,301	20,954	-	1,045,255
Less: accumulated depreciation	(687,768)	(41,153)	-	(728,921)
 Total governmental activities capital assets, net	 <u>\$ 336,533</u>	 <u>\$ (20,199)</u>	 <u>-</u>	 <u>\$ 316,334</u>
 <b>Business-type activities:</b>				
Nondepreciable assets:				
Land	\$ 7,886	-	-	\$ 7,886
Construction-in-progress	1,251,118	5,352	(1,251,118)	5,352
Depreciable assets:				
Water System	1,381,929	1,251,118	-	2,633,047
Gas System	730,463	-	-	730,463
Sewer System	1,922,531	-	-	1,922,531
Service equipment	232,978	9,000	-	241,978
Office equipment	23,117	1,020	-	24,137
Wireless communication equipment	14,658	-	-	14,658
Total capital assets	5,564,680	1,266,490	(1,251,118)	5,580,052
Less: accumulated depreciation	(2,465,692)	(166,113)	-	(2,631,805)
 Total business-type capital assets, net	 <u>\$ 3,098,988</u>	 <u>\$ 1,100,377</u>	 <u>\$ (1,251,118)</u>	 <u>\$ 2,948,247</u>

The Town, in accordance with their policy of not capitalizing infrastructure assets retroactively, has eliminated \$158,074 of street improvements reported in prior years.

TOWN OF ST. JOSEPH, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2006

**Note 4 - Changes in Capital Assets (cont.)**

Depreciation of \$166,114 as of June 30, 2006 was charged to expense in the utility fund. Depreciation charged to governmental activities is as follows:

General government	\$ 4,879
Public safety	10,274
Public works	18,954
Health and welfare	<u>7,046</u>
 Total	 <u>\$ 41,153</u>

**Note 5 - 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, cost-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 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 30 years of creditable service is entitled to a retirement benefit, payable monthly for life, equal to 3% of the member's final compensation multiplied by his years of creditable service.

**Funding Policy.** Contributions to the system include one-fourth of one percent 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 11:103, 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 contributions to the MERS for the years ended June 30, 2006, 2005, and 2004 were \$20,429, \$17,884, and \$16,369, 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.

TOWN OF ST. JOSEPH, LOUISIANA  
 NOTES TO THE FINANCIAL STATEMENTS  
 YEAR ENDED JUNE 30, 2006

**Note 6 - Long-Term Debt**

The following is a summary of long-term debt transactions for the year ended June 30, 2006.

Balance beginning of year	\$420,837
Additions	-
Retirements	<u>4,862</u>
Balance end of year	<u>\$415,975</u>

Bonds payable at June 30, 2006 is comprised of the following issue:

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%.

\$ 415,975

Maturities of long-term obligations of the Town including interest of \$300,428 are as follows:

Fiscal Year Ended June 30,	Amount
2007	\$ 19,187
2008	19,187
2009	19,187
2010	19,187
2011 – 2016	95,935
2017 – 2021	95,935
2022 – 2026	95,935
2027 – 2031	95,935
2032 – 2036	95,935
2037 – 2041	95,935
2042 - 2044	<u>64,045</u>
	<u>\$716,403</u>



TOWN OF ST. JOSEPH, LOUISIANA  
 NOTES TO THE FINANCIAL STATEMENTS  
 YEAR ENDED JUNE 30, 2006

**Note 7 - 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 value. A summary of the balance sheet of the Town of Newellton and St. Joseph, Louisiana Jointly Owned Gas Line as of June 30, 2006 is as follows:

**Assets**

Cash	\$ 438,631
Investments	22,653
Accounts Receivable	21,462
Total Assets	<u>\$ 482,746</u>

**Liabilities and Fund Equity**

Liabilities:

Accounts payable	14,449
Customer deposits	162
Total Liabilities	<u>14,611</u>

Fund Equity:

Town's Equity	<u>468,135</u>
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Total Liabilities and Fund Equity	<u>\$ 482,746</u>
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Audited financial statements of this joint venture are available at the Town of St. Joseph, Louisiana Town Hall.

**Note 8 - 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 2006, the Town made \$337,386 of gas purchases and owed the Joint Line \$5,996 at June 30, 2006.

**Note 9 - 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 law 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 premiums are calculated based on the ultimate cost of the experience to date of the pool participants.

TOWN OF ST. JOSEPH, LOUISIANA  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2006

**Note 10 - Commitments and Contingencies**

During 2004, the Town canceled its contracts with Hummingbird Wireless of Louisiana, Inc. for the providing of wireless internet service to St. Joseph, Louisiana and surrounding areas. This contract called for the Town to lease three towers to be constructed by Hummingbird Wireless of Louisiana. The total amount invested by the Town in these leases was \$175,000. At the time of the cancellation of the contract only one tower was constructed. The contract provided that the Town could terminate the agreement at anytime without cause. It further stated that if the contract was terminated the Town would be released from the remaining term of the lease agreement and the funds invested by the Town would be returned to the Town less any revenues retained by them. If the remaining balance was less than \$100,000, Hummingbird Wireless of Louisiana, Inc. would provide the Town with a promissory note for the principal balance remaining at a 10% interest rate payable over 36 months. If the remaining balance was greater than \$100,000, they would provide the Town with a promissory note bearing 10% interest payable over 60 months. At June 30, 2006 the Town had not received the promissory note from Hummingbird Wireless of Louisiana, Inc. Subsequent to the year ended June 30, 2004, the Town authorized the Mayor, through their attorney to file suit for the return of the Town's investment in the form of a 36 month promissory note and the transfer of all equipment and revenues to the Town. As of June 30, 2006 the suit had been filed but no other activity had occurred on the suit.

At June 30, 2006, the \$75,000 invested for the lease of the two towers that have not been built was reclassified to receivables and an allowance for bad debts of \$75,000 was provided to offset the receivable.

For the year ended June 30, 2005, the Town received \$9,532 in excess reimbursements from the Louisiana Department of Health and Hospitals under the United States Department of Health and Human Resources Consolidated Knowledge Development and Application Program, CFDA #92.230. The Town is currently undergoing an audit by the grantor agency and repayment of these funds is contingent upon the outcome of this audit.

**REQUIRED SUPPLEMENTAL INFORMATION  
(PART B)**

TOWN OF ST. JOSEPH  
BUDGET AMENDMENT  
FISCAL YEAR ENDING JUNE 30, 2006

	<u>ADOPTED</u>	<u>AMENDED</u>	<u>DIFFERENCE</u>
<b>Revenue</b>			
Taxes, Licenses, etc.	\$ 234,380	\$ 234,380	\$ -
Intergovernmental Revenue	47,900	97,900	50,000
Other Revenues	44,750	44,750	-
Total Revenue	<u>327,030</u>	<u>377,030</u>	<u>50,000</u>
<b>Expenses</b>			
General Government	107,836	107,836	-
Police Department	120,652	125,652	5,000
Fire Department	200	200	-
Streets & Sanitation	71,100	76,100	5,000
Garbage Department	26,700	39,700	13,000
Capital Outlay	-	25,000	25,000
Total Expenses	<u>326,488</u>	<u>374,488</u>	<u>48,000</u>
<b>NET INCOME</b>	<u>\$ 542</u>	<u>\$ 2,542</u>	<u>\$ 2,000</u>

TOWN OF ST. JOSEPH  
ST. JOSEPH, LOUISIANA  
BUDGETARY COMPARISON SCHEDULE (GAAP BASIS)  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2006

	<u>Budgeted Amounts</u>		Actual Amounts	Variance Favorable (Unfavorable)
	Original Budget	Final Budget		
<b>Revenues</b>				
Taxes, Licenses, etc.	\$ 234,380	\$ 234,380	\$ 287,611	\$ 53,231
Intergovernmental Revenue	47,900	97,900	63,193	(34,707)
Other Revenues	29,750	29,750	45,688	15,938
Total Revenues	<u>312,030</u>	<u>362,030</u>	<u>396,492</u>	<u>34,462</u>
Transfers In	<u>15,000</u>	<u>15,000</u>	<u>10,000</u>	<u>(5,000)</u>
Total Revenues and Transfers	<u>327,030</u>	<u>377,030</u>	<u>406,492</u>	<u>29,462</u>
<b>Expenditures</b>				
Current:				
General Government:				
Administration	107,836	107,836	76,024	31,812
Public Safety				
Police Department	120,652	125,652	122,643	3,009
Fire Department	200	200	34	166
Public Works				
Streets and Sanitation	71,100	76,100	88,212	(12,112)
Garbage Department	26,700	39,700	35,281	4,419
Culture & Recreation	-	-	49,470	(49,470)
Capital Outlay		25,000	20,954	4,046
Total Expenditures	<u>326,488</u>	<u>374,488</u>	<u>392,618</u>	<u>(18,130)</u>
Transfer Out	<u>-</u>	<u>-</u>	<u>2,489</u>	<u>(2,489)</u>
Total Expenditures and Transfers	<u>326,488</u>	<u>374,488</u>	<u>395,107</u>	<u>(20,619)</u>
Excess (Deficiency) of Revenues Over Expenditures (GAAP Basis)	542	2,542	11,385	8,843
Fund Balance - Beginning	<u>123,076</u>	<u>123,076</u>	<u>97,377</u>	<u>(25,699)</u>
Fund Balance - Ending	<u>\$ 123,618</u>	<u>\$ 125,618</u>	<u>\$ 108,762</u>	<u>\$ (16,856)</u>

TOWN OF ST. JOSEPH  
ST. JOSEPH, LOUISIANA  
BUDGETARY COMPARISON SCHEDULE  
PREVENTION EDUCATION  
SPECIAL REVENUE FUND  
FOR THE YEAR ENDED JUNE 30, 2006

	Original Budget	Actual Amounts	Variance Favorable (Unfavorable)
<b>Revenues</b>			
Intergovernmental revenue	\$ 86,178	\$ 86,178	\$ -
Other revenue	-	5,253	5,253
Total revenue	<u>86,178</u>	<u>91,431</u>	<u>5,253</u>
<b>Expenditures</b>			
Current:			
Personal services & related benefits	34,215	36,853	(2,638)
Travel	3,850	5,215	(1,365)
Operating services	16,030	14,657	1,373
Supplies	8,683	7,635	1,048
Professional services	23,400	23,625	(225)
Total expenditures	<u>86,178</u>	<u>87,985</u>	<u>(1,807)</u>
Excess of Revenues Over Expenditures	-	3,446	3,446
Fund Balance - Beginning	-	4,063	4,063
Fund Balance - Ending	<u>\$ -</u>	<u>\$ 7,509</u>	<u>\$ 7,509</u>

**SUPPLEMENTARY INFORMATION**

TOWN OF ST. JOSEPH  
 ST. JOSEPH, LOUISIANA  
 NON-MAJOR GOVERNMENTAL FUNDS  
 COMBINING BALANCE SHEET  
 AS OF JUNE 30, 2006

	Special Revenue Funds		Total
	Downtown Revitalization	Lake Bruin	Non-major Governmental Funds
<b>Assets</b>			
Cash and cash equivalents	\$ 11,927	\$ 18,092	\$ 30,019
Total Assets	\$ 11,927	\$ 18,092	\$ 30,019
<b>Liabilities and Fund Balance</b>			
Liabilities	-	-	-
Fund Balance			
Unreserved/undesignated	11,927	18,092	30,019
Total Liabilities and Fund Balance	\$ 11,927	\$ 18,092	\$ 30,019



TOWN OF ST. JOSEPH  
ST. JOSEPH, LOUISIANA  
NON-MAJOR GOVERNMENTAL FUNDS  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE  
FOR THE YEAR ENDED JUNE 30, 2005

	Special Revenue Funds		Total Non-major Governmental Funds
	Downtown Revitalization	Lake Bruin	
<b>Revenues</b>			
Use of Property and Money	\$ 3,494	-	\$ 3,494
<b>Expenditures</b>	8,900	-	8,900
Excess of Revenues Over Expenditures	(5,406)	-	(5,406)
Other Financing Sources (Uses)			
Transfers In	-	-	-
Excess of Revenues and Other Financing Sources Over Expenditures	(5,406)	-	(5,406)
Fund Balance, beginning of year	17,333	18,092	35,425
Fund Balance, end of year	<u>\$ 11,927</u>	<u>\$ 18,092</u>	<u>\$ 30,019</u>

TOWN OF ST. JOSEPH  
ST. JOSEPH, LOUISIANA  
SCHEDULE OF COMPENSATION PAID TO ALDERMEN  
FOR THE YEAR ENDED JUNE 30, 2006

Theodore Jackson	\$ 1,500
Diane Yarrington	1,500
Jimmy S. Clark	1,500
Jack Grace, Jr.	1,500
A. E. Tindell	<u>1,500</u>
Total	<u>\$ 7,500</u>

**REPORTS REQUIRED BY GOVERNMENT  
AUDITING STANDARDS**

# THE HALFORD FIRM, PLLC

CERTIFIED PUBLIC ACCOUNTANTS

Members  
American Institute of  
Certified Public Accountants

Mississippi Society of  
Certified Public Accountants

Louisiana Society of  
Certified Public Accountants

## 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

Mayor Edward Brown and  
Board of Aldermen  
Town of St. Joseph  
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 as of and for the year ended June 30, 2006, which collectively comprise the Town of St. Joseph's basic financial statements and have issued our report thereon dated February 9, 2007. 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.

### Internal Control over Financial Reporting

In planning and performing our audit, we considered the Town of St. Joseph's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion 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 Town of St. Joseph's ability to initiate, record, process, and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying Schedule of Findings as item 06-01.

A material weakness is a reportable 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 caused by error or fraud 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 that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we consider item 06-01 to be a material weakness.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of St. Joseph's financial statements are free of material misstatements, 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 the objective of our audit and, accordingly, we do not express such an opinion. The results of our test disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* which are described in the accompanying Schedule of Findings as items 06-02 and 06-03.

This report is intended solely for the information of management of the Town of St. Joseph 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.

*The Halford Firm, PLLC*

Vicksburg, Mississippi  
February 9, 2007

**TOWN OF ST. JOSEPH  
SCHEDULE OF FINDINGS  
JUNE 30, 2006**

**06-01 – State of Accounting and Reporting**

***Finding:***

While reviewing the accounting records during our audit we noted several matters of concern. Particularly troubling was the lack of segregation of duties. There is no separation of incompatible duties between management and accounting functions. The Mayor does all of the accounting with the exception of receiving the customer payments and 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 were of concern are as follows:

1. The Town failed to file Form 941 Employer's Quarterly Federal Tax Return for the quarter ended June 30, 2006 and remit payment in a timely manner. We also noted that the Town failed to file various state tax withholding forms and remit payments in a timely manner.
2. The Town failed to reconcile bank statements in a timely manner throughout the year.
3. During our review of cash disbursements, six of the seventy-five invoices selected for review could not be located.
4. During our review of cash disbursements, thirteen of the seventy-five invoices selected for review did not have the approval of the Board of Aldermen finance committee before they were paid.

***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.

Although the Town uses an external accounting firm to assist in preparing year-end information for audit purposes, we believe the fiscal affairs of the Town require more attention.

***Management's Corrective Action Plan:***

We agree with the auditor's finding that the Mayor performs all accounting duties except for receiving customer payments and making daily bank deposits and that management and accounting functions, when possible, should be performed by separate individuals, which may have prevented the occurrence of items 1 through 4 above. Yet, we believe that some of the aforementioned items were due to the damaged town hall building and computerized accounting system caused by Hurricane Rita that required us to manually operate the accounting and reporting functions for 5 to 6 months. As well, some original vendor invoices may have been misplaced due to Hurricane Rita and not detected due to the transition of the new municipal clerk.

**TOWN OF ST. JOSEPH  
SCHEDULE OF FINDINGS  
JUNE 30, 2006**

**06-01 – State of Accounting and Reporting (cont.)**

***Management's Corrective Action Plan: (cont.)***

We will work with the auditor to develop and implement a plan that could improve internal controls relative to separation of duties by either hiring qualified bookkeeping personnel or engaging a certified public accounting firm to perform tasks such as account reconciliation, preparation of various tax returns, and certain billing and accounts payable functions. Additionally, we have reemphasized to the new Municipal Clerk the importance of maintaining all original vendor invoices and ensuring such invoices are approved by the finance committee before payment or filing.

**06-02 – Failure to Report on a Timely Basis**

***Finding:***

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, 2006 was due to the Legislative Auditor by December 31, 2006.

The Town's accounting records were not complete enough for an audit to be performed within the required time.

***Recommendation:***

We recommend that the Town maintain accurate and complete accounting records to facilitate a timely audit in accordance with Revised Statute 24:513.

***Management's Corrective Action Plan:***

We agree with the auditor's finding and will do all that we can to maintain accurate and complete accounting records to ensure a timely audit report in accordance with State law.

**06-03 - Insufficient Effort to Collect Delinquent Utility Accounts**

***Finding:***

The Town is not adhering to its policy for collecting delinquent utility accounts. Continuing to provide services after the cut-off date and not actively trying to collect delinquent utility accounts is prohibited by Louisiana's constitution (Article VII, Section 14(A) of the Louisiana Constitution of 1974). In addition, the continued operation and quality of service provided to customers depends on the town collecting for the services it provides.

During our audit we noted that one alderman granted herself an extension on her personal utility bill. Although we recognize the fact that extensions on utility bills are allowed, we recommend that any accommodation afforded any elected official be approved by the Board of Aldermen to avoid any appearance of impropriety.

**TOWN OF ST. JOSEPH  
SCHEDULE OF FINDINGS  
JUNE 30, 2006**

**06-03 - Insufficient Effort to Collect Delinquent Utility Accounts (cont.)**

***Recommendation:***

We recommend that the Town adhere to its utility service and collection policies. Failure to comply with these procedures is not only a violation of the Louisiana constitution, but also could potentially jeopardize fiscal viability of the Town's utility services.

***Management's Corrective Action Plan:***

We agree with the auditor's finding where the one alderman granted herself an extension for paying her personal utility bill should have approval of the Board of Aldermen, instead, and have prepared a resolution for the Board to either approve this action or direct the alderman to pay the entire balance due at once. Further, we will take immediate action to collect all outstanding balances due by disconnecting services of customers who fail to comply with Extension of Time to Pay Agreements as well as those that have not paid their balance due by the cutoff date. Further, we note that Extension of Time to Pay Agreements are not always complied with and will recommend to the Board of Aldermen that they be discontinued. Also, we will continue working with our outside collections agency to recover past due amounts as well as garnish customer wages when allowed by the courts.



**TOWN OF ST. JOSEPH  
STATUS OF PRIOR YEAR FINDINGS  
JUNE 30, 2006**

The following is a summary of the status of the prior year findings included in the auditor's report dated January 6, 2006 covering the examination of the financial statements of the Town of St. Joseph as of and for the year ended June 30, 2005.

**05-01**

**Finding:** The Town failed to comply with Louisiana Revised Statute 24:513 which requires all audit engagements to be completed and transmitted within six months of the close of the town's fiscal year.

**Status:** This finding was not resolved by June 30, 2006 and is a repeat finding for the current year.

**05-02**

**Finding:** The Town failed to follow its policy for collecting delinquent accounts.

**Status:** This finding was not resolved by June 30, 2006 and is a repeat finding for the current year.

**05-03**

**Finding:** The Town failed to deposit funds into a sinking fund in accordance with their revenue bond covenant.

**Status:** This finding was resolved by June 30, 2006.

**05-04**

**Finding:** The Town did not consistently follow its established rate structure for water usage.

**Status:** This finding was resolved as of June 30, 2006.

**05-05**

**Finding:** The Town did not adequately monitor its grant programs.

**Status:** This finding was resolved as of June 30, 2006.