

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

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 **AUG 06 2014**

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

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**TOWN OF ST. JOSEPH, LOUISIANA
FINANCIAL STATEMENTS
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HEARD, McELROY, & VESTAL

L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

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June 30, 2014

To the Honorable Mayor Edward Brown
and the Board of Aldermen
Town of St. Joseph, Louisiana

Independent Auditor's Report

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining funds information of the Town of St. Joseph, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

HMV

A PROFESSIONAL SERVICES FIRM

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Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of St. Joseph, as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *Management's Discussion and Analysis* on Pages 3-10 and *Budgetary Comparison Information* on Pages 34-35 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the *Governmental Accounting Standards Board* who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Town's basic financial statements. The accompanying other information listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The other information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 30, 2014, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

Heard, M & Elroy & Vestal, LLC

Shreveport, Louisiana

REQUIRED SUPPLEMENTAL INFORMATION

TOWN OF ST. JOSEPH, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2013

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, 2013. 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 \$2,672,882. This was a decrease of total net position of \$185,351. Of this \$2,672,882 of net position, \$219,319 was unrestricted, \$33,767 was restricted and \$2,419,796 was invested in capital assets.
- 2). As of the close of the fiscal year ended June 30, 2013, the Town's governmental funds reported a combined ending fund balance of \$92,699, an increase of \$28,798 when compared to the fund balance of the prior year.
- 3). At the end of the fiscal year ending June 30, 2013; the General Fund's fund balance of \$73,444 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.

TOWN OF ST. JOSEPH
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2013

Overview of the Financial Statements (cont.)

Government-wide financial statements

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

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

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

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 11 and 12 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.

**TOWN OF ST. JOSEPH, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2013**

Overview of the Financial Statements (cont.)

Governmental funds (cont.)

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.

The Town maintains three governmental funds that are grouped for management purposes into various fund types. Information is presented separately in the governmental fund Balance Sheet and in the governmental Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund, which is the only major fund. Data from the other governmental funds are combined into a single, aggregated presentation.

Individual fund data for each of these 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. A budgetary comparison statement has been provided to demonstrate compliance or lack thereof with the budget.

The governmental fund financial statements can be found on pages 13 through 16 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 17 through 20 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, 2013, the Town had no fiduciary funds.

TOWN OF ST. JOSEPH, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2013

Overview of the Financial Statements (cont.)

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 21 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.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Town of St. Joseph, assets exceeded liabilities by \$2,672,882 at the close of the fiscal year ended June 30, 2013.

By far the largest amount of the Town's net position (\$2,419,796) 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, 2013, and 2012.

TOWN OF ST. JOSEPH, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SCHEDULE OF NET POSITION
JUNE 30, 2013, and 2012

Governmental Activities:

	June 30, 2013	June 30, 2012	Change
Current and Other Assets	\$ 141,633	\$ 110,234	\$ 31,399
Capital Assets	272,554	262,159	10,395
Total Assets	<u>414,187</u>	<u>372,393</u>	<u>41,794</u>
Current and Other Liabilities	48,822	45,675	(3,147)
Long-term Liabilities	-	-	-
Total Liabilities	<u>48,822</u>	<u>45,675</u>	<u>(3,147)</u>
Net Position:			
Invested in Capital Assets			
Net of Related Debt	272,554	262,159	10,395
Restricted	19,255	18,169	1,086
Unrestricted	73,556	46,390	27,166
Total Net Position	<u>\$ 365,365</u>	<u>\$ 326,718</u>	<u>\$ 38,647</u>

Business-Type Activities:

Current and Other Assets	\$ 432,845	\$ 517,282	\$ (77,363)
Capital Assets	2,422,121	2,568,536	(146,415)
Total Assets	<u>2,854,966</u>	<u>3,085,818</u>	<u>(223,778)</u>
Current and Other Liabilities	181,237	181,223	14
Long-term Liabilities	366,212	373,080	(6,868)
Total Liabilities	<u>547,449</u>	<u>554,303</u>	<u>(6,854)</u>
Net Position:			
Invested in Capital Assets			
Net of Related Debt	2,147,242	2,188,223	(40,981)
Restricted	14,512	1,094	13,418
Unrestricted	145,763	342,198	(196,435)
Total Net Position	<u>\$ 2,307,517</u>	<u>\$ 2,531,515</u>	<u>\$ (223,998)</u>

Total Activities:

Current and Other Assets	\$ 574,478	\$ 627,516	\$ (45,964)
Capital Assets	2,694,675	2,830,695	(136,020)
Total Assets	<u>3,269,153</u>	<u>3,458,211</u>	<u>(181,984)</u>
Current and Other Liabilities	244,206	226,898	(17,308)
Long-term Liabilities	366,212	373,080	6,868
Total Liabilities	<u>610,418</u>	<u>599,978</u>	<u>(10,440)</u>
Net Position:			
Invested in Capital Assets			
Net of Related Debt	2,419,796	2,450,382	(30,586)
Restricted	33,767	19,263	14,504
Unrestricted	219,319	388,588	(169,269)
Total Net Position	<u>\$ 2,672,882</u>	<u>\$ 2,858,233</u>	<u>\$ (185,351)</u>

TOWN OF ST. JOSEPH, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2013

Government-wide Financial Analysis (cont.)

The \$73,556 of unrestricted net position in the governmental funds is comprised mostly of cash. This represents approximately two months operating capital.

Governmental activities

Governmental activities increased the Town of St. Joseph's net position by \$38,647. The following reflects the condensed Statement of Activities for the year ended June 30, 2013.

**Town of St. Joseph's Changes in Net Position
June 30, 2013**

	<u>Governmental</u>	<u>Business-Type</u>	<u>Total</u>
Revenues:			
Program Revenues:			
Charges for services	\$ 116,635	\$ 536,344	\$ 652,979
Operating grants and contributions	68,546	22,372	90,918
General Revenue:			
Ad valorem taxes	35,313	-	35,313
Sales and other taxes	107,858	-	107,858
License and permits	120,330	-	120,330
Transfer	60,511	(60,511)	-
Other general revenue	32,189	13,330	45,519
Total Revenue	<u>541,382</u>	<u>511,535</u>	<u>1,052,917</u>
Expenses:			
General government	215,573	-	215,573
Public safety	111,587	-	111,587
Public works	144,519	735,533	880,052
Culture and recreation	23,419	-	23,419
Health and welfare	7,637	-	7,637
Total Expenses	<u>502,735</u>	<u>735,533</u>	<u>1,238,268</u>
Net Increase (Decrease) In Position	<u>\$ 38,647</u>	<u>\$ (223,998)</u>	<u>\$ (185,351)</u>

Expenses are classified by functions. General government accounted for approximately \$215,573 in expenses or 18% of total governmental expenses. Public safety, public works, and health and welfare accounted for 9%, 72%, and 1% of the governmental expenses respectively.

License and permits, which provided \$120,330 of revenue, was the largest source of general revenue for the Town. Sales and other tax revenue was second at \$107,858.

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MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2013

Governmental activities (cont.)

Business-type activities

Business-type activities decreased the Town of St. Joseph's net position by \$231,071. Following are the key elements of this decrease:

During the current year fixed assets decreased \$37,819. This decrease consisted of \$115,822 of purchases of fixed assets, and \$20,135 increase in interest in the joint gas line, and \$173,776 of depreciation and amortization expense.

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, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Town of St. Joseph's governmental funds reported combined ending fund balances of \$92,699, an increase of \$28,798, when compared with the prior year. \$73,444 of this total fund balance constitutes unassigned fund balance, which is available for spending at the Town's discretion and the rest (\$19,255) is assigned to specific purposes.

The general fund is the chief operating fund of the Town of St. Joseph. At the end of the current fiscal year, fund balance of the general fund was \$73,444, all of which is unassigned.

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 14, 2012. The general fund budget was amended June 17, 2013.

TOWN OF ST. JOSEPH, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2013

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, 2013, amounted to \$2,694,675 (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
Depreciable assets:			
Buildings	472,044	-	472,044
Equipment	675,473	-	675,473
Water system	-	2,669,417	2,669,417
Gas system	-	730,463	730,463
Sewer system	-	2,030,354	2,030,354
Service equipment	-	331,736	331,736
Office equipment	-	24,138	24,138
Wireless communication equipment	-	16,077	16,077
Amphitheatre	-	335,948	335,948
Total Capital Assets	1,191,432	6,146,019	7,337,451
Less: Accumulated Depreciation	(918,878)	(3,723,898)	(4,642,776)
Net Capital Assets	\$ 272,554	\$ 2,422,121	\$ 2,694,675

Capital asset events during the current fiscal year are as follows:

The purchase of equipment and major repairs by the Enterprise fund was \$71,165 and \$44,657 by the General fund.

Long-term Debt

The Town of St. Joseph had one long-term debt at June 30, 2013. 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.

BASIC FINANCIAL STATEMENTS

TOWN OF ST. JOSEPH, LOUISIANA
STATEMENT OF NET POSITION
JUNE 30, 2013

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	\$ 34,524	\$ 265,689	\$ 300,213
Receivables	44,030	41,703	85,733
Due from other governmental units	43,824	(43,824)	-
Restricted Assets:			
Cash	19,255	78,150	97,405
Capital assets, net	272,554	2,422,121	2,694,675
Bond issuance cost, net	-	7,337	7,337
Investment in jointly owned gas operation and maintenance fund	-	83,790	83,790
Total Assets	414,187	2,854,966	3,269,153
Liabilities			
Accounts payable and accrued expenses	25,445	118,136	143,581
Accrued payroll and benefits	23,377	5,035	28,412
Deposits held	-	51,198	51,198
Long-term liabilities:			
Due within one year	-	6,868	6,868
Due in more than one year	-	366,212	366,212
Total Liabilities	48,822	547,449	596,271
Net Position			
Invested in capital assets, net of related debt	272,554	2,147,242	2,419,796
Restricted	19,255	14,512	33,767
Unrestricted	73,556	145,763	219,319
Total Net Position	\$ 365,365	\$ 2,307,517	\$ 2,672,882

The accompanying are an integral part of these financial statements.

TOWN OF ST. JOSEPH, LOUISIANA
STATEMENT OF ACTIVITIES
FOR YEAR ENDED JUNE 30, 2013

	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charge for Services	Capital Grants	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Functions/Programs							
Primary government:							
Governmental Activities							
General government	\$ 215,573	-	-	\$ 23,890	\$ (191,683)	\$ -	\$ (191,683)
Public safety	111,587	-	31,156	-	(80,431)	-	(80,431)
Public works	144,519	116,635	-	-	(27,884)	-	(27,884)
Culture and recreation	23,419	-	13,500,000	-	(9,919)	-	(9,919)
Health and welfare	7,637	-	-	-	(7,637)	-	(7,637)
Total governmental activities	<u>502,735</u>	<u>116,635</u>	<u>44,656</u>	<u>23,890</u>	<u>(317,554)</u>	<u>-</u>	<u>(317,554)</u>
Business-type activity:							
Utility fund	<u>735,533</u>	<u>536,344</u>	<u>-</u>	<u>22,372</u>	<u>-</u>	<u>(176,817)</u>	<u>(176,817)</u>
Total Primary government	<u>\$ 1,243,268</u>	<u>\$ 652,979</u>	<u>\$ 44,656</u>	<u>\$ 46,262</u>	<u>(317,554)</u>	<u>(176,817)</u>	<u>(494,371)</u>
General revenues							
Taxes:							
Ad valorem taxes					35,313	-	35,313
Sales and other taxes					107,858	-	107,858
License and permits					120,330	-	120,330
Fines and forfeitures					2,897	-	2,897
Use of money and property					17,613	269	17,882
Other revenues					11,679	-	11,679
Transfers					60,511	(60,511)	-
Income from jointly owned gas operations and maintenance fund					-	13,061	13,061
Total general revenues					<u>356,201</u>	<u>(47,181)</u>	<u>309,020</u>
Change in net position					38,647	(223,998)	(185,351)
Net Position at beginning of year (restated-Note 1M)					<u>326,718</u>	<u>2,531,515</u>	<u>2,858,233</u>
Net Position at end of year					<u>\$ 365,365</u>	<u>\$ 2,307,517</u>	<u>\$ 2,672,882</u>

The accompanying are an integral part of these financial statements.

TOWN OF ST. JOSEPH, LOUISIANA
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2013

	General Fund	Other Governmental Funds	Total
Assets			
Cash and cash equivalents	\$ 34,524	\$ 19,255	\$ 53,779
Receivables	30,974	12,944	43,918
Due from other funds	101,788	-	101,788
Total Assets	\$ 167,286	\$ 32,199	\$ 199,485
Liabilities and Fund Equity			
Liabilities:			
Accounts payable and accrued expenses	\$ 25,445	\$ -	\$ 25,445
Accrued payroll and benefits	23,377	-	23,377
Due to other funds	45,020	12,944	57,964
Total Liabilities	93,842	12,944	106,786
Fund Equity:			
Fund balance			
Assigned	-	19,255	19,255
Unassigned	73,444	-	73,444
Total Fund Balance	73,444	19,255	92,699
Total Liabilities and Fund Equity	\$ 167,286	\$ 32,199	\$ 199,485

The accompanying are an integral part of these financial statements

TOWN OF ST. JOSEPH, LOUISIANA
 RECONCILIATION OF THE GOVERNMENTAL FUNDS
 BALANCE SHEET TO THE STATEMENT OF NET POSITION
 JUNE 30, 2013

Fund balances - total governmental funds		\$ 92,699
Amounts reported for governmental activities are not financial resources, and are not reported in the governmental funds:		
Governmental capital assets	1,191,431	
Less: accumulated depreciation	<u>918,877</u>	
		272,554
Receivables collected more than 60 days after the close of the accounting period are not record on the fund financial statements, but they are included on the Statement of Net Position.		
		<u>112</u>
Net position of governmental funds		<u>\$ 365,365</u>

The accompanying are an integral part of these financial statements.

TOWN OF ST. JOSEPH, LOUISIANA
 GOVERNMENTAL FUNDS
 STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES
 FOR THE YEAR ENDED JUNE 30, 2013

	General Fund	Other Governmental Funds	Total
Revenues			
Taxes:			
Ad valorem	\$ 35,476	\$ -	\$ 35,476
Sales	107,858	-	107,858
Charges for services	116,635	-	116,635
License, permits, and commission for services	120,330	-	120,330
Intergovernmental:			
State	68,546	-	68,546
Fines and forfeitures	3,280	-	3,280
Use of money and property	16,468	-	16,468
Other revenues	11,679	1,145	12,824
Total Revenues	480,272	1,145	481,417
Expenditures			
Current:			
General government	210,051	59	210,110
Public safety	96,614	-	96,614
Public works	138,667	-	138,667
Culture and recreation	23,082	-	23,082
Capital outlay	44,657	-	44,657
Total Expenditures	513,071	59	513,130
Excess of Revenues over Expenditures	(32,799)	1,086	(31,713)
Other Financing Sources			
Transfers in	60,511	-	60,511
Total Other Financing Sources	60,511	-	60,511
Excess of Revenue and Other Financing Sources Over Expenditures and Other Financing Uses	27,712	1,086	28,798
Fund balance at beginning of year	45,732	18,169	63,901
Fund balance at end of year	<u>\$ 73,444</u>	<u>\$ 19,255</u>	<u>\$ 92,699</u>

The accompanying are an integral part of these financial statements.

TOWN OF ST. JOSEPH, LOUISIANA
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES OF GOVERNMENTAL
 FUNDS TO THE STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED JUNE 30, 2013.

Net change in fund balances- governmental funds		\$ 28,798
Amount reported for governmental activities in the statement of activities are different because:		
<p>Governmental funds report capital outlays as expenditures. <i>However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</i></p>		
Capital outlay	44,657	
Depreciation expense	<u>(34,263)</u>	
		10,394
<p>Governmental funds do not report funds received more than 60 days after the end of the year as revenues in the current year, but the Statements of Activities reports all receivables regardless of when collected. This is the net change resulting from recording all receivables on the Statement of Activities.</p>		
		<u>(545)</u>
Change in net position of governmental activities		<u>\$ 38,647</u>

The accompanying are an integral part of these financial statements

TOWN OF ST. JOSEPH, LOUISIANA
 BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUND
 STATEMENT OF NET POSITION
 JUNE 30, 2013

	Utility Fund
Assets	
Current Assets:	
Cash and cash equivalents	\$ 265,689
Accounts receivable - net	41,703
Due from other funds	45,020
Total Current Assets	352,412
Noncurrent Assets:	
Restricted cash and cash equivalents	78,150
Capital assets	
Depreciable:	
Property, plant and equipment - net	2,414,235
Land	7,886
Bond issuance cost - net	7,337
Invested in jointly owned gas operations and maintenance fund	83,790
Total Noncurrent Assets	2,591,398
Total Assets	2,943,810
Liabilities and Net Position	
Current Liabilities:	
Accounts payable and accrued expenses	105,696
Accrued payroll and benefits	5,035
Due to other funds	88,844
Total Current Liabilities	199,575
Liabilities payable from restricted assets:	
Customer deposits	51,198
Revenue bonds payable	6,868
Utility payments	12,440
Total Liabilities Payable From Restricted Assets	70,506
Noncurrent Liabilities:	
Revenue bonds payable	366,212
Total Liabilities	636,293
Net Position	
Invested in capital assets, net of related debt	2,147,242
Restricted	14,512
Unrestricted	145,763
Total Net Position	\$ 2,307,517

The accompanying are an integral part of these financial statements.

TOWN OF ST. JOSEPH, LOUISIANA
 BUSINESS-TYPE ACTIVITY - ENTERPRISE FUND
 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
 FOR THE YEAR ENDED JUNE 30, 2013

	Utility Fund
Operating Revenues	
Water sales	\$ 194,526
Gas sales	224,720
Sewerage fees	98,243
Penalties	17,802
Intergovernmental - State grants	22,372
Other operating revenues	1,053
Total Operating Revenues	558,716
Operating Expenses	
Water expense	312,428
Gas expense	191,383
Sewer expense	75,324
Depreciation	139,280
General and administration	1,732
Bad debts and returned checks	3,199
Total Operating Expenses	723,346
Operating Income (Loss)	(164,630)
Non-Operating Revenues (Expenses)	
Interest income	269
Income from jointly owned gas line	13,061
Transfers out	(60,511)
Amortization of bond issuance cost	(233)
Interest expense	(11,954)
Total Non-Operating Revenue (Expenses)	(59,368)
Net Income	(223,988)
Net Position - beginning of year	2,531,515
Net Position - end of year	\$ 2,307,517

The accompanying are an integral part of these financial statements

TOWN OF ST. JOSEPH, LOUISIANA
 BUSINESS-TYPE ACTIVITY - ENTERPRISE FUND
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED JUNE 30, 2013

Cash flows from operating activities	
Cash received from customers	\$ 529,827
Cash received from grants	22,372
Cash paid for employee services	(129,275)
Cash payments to suppliers for goods and services	(392,328)
Net cash provided by operating activities	<u>30,596</u>
Cash flows from capital and related financing activities	
Acquisition of capital assets	(71,164)
Net cash provided (used) by financing activities	<u>(71,164)</u>
Cash flows from investing activities	
Payment on revenue bonds	(19,187)
Interest received on investments	269
Transfer out	(60,511)
Due from other funds	(10,020)
Net cash provided (used) by investing activities	<u>(89,449)</u>
Net increase (decrease) in cash and cash equivalents	(130,017)
Cash and cash equivalents, beginning of year	<u>473,856</u>
Cash and cash equivalents, end of year	<u>\$ 343,839</u>
Shown on the accompanying balance sheet as	
Current Assets	
Cash and cash equivalents	\$ 265,689
Restricted assets:	
Cash	<u>78,150</u>
Total	<u>\$ 343,839</u>

The accompanying are an integral part of these financial statements.

TOWN OF ST. JOSEPH, LOUISIANA
 BUSINESS-TYPE ACTIVITY - ENTERPRISE FUND
 STATEMENT OF CASH FLOWS (Continued)
 FOR THE YEAR ENDED JUNE 30, 2013

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

Operating income (loss)	\$	(164,630)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:		
Depreciation		139,280
Decrease in accounts receivable		4,649
Increase in accounts payable and accrued expense		6,075
Increase in accrued payroll and benefits		2,271
Decrease in customer deposits		(9,523)
Net change in due to/from general fund		50,918
Increase in liability for utility payments for others		1,556
		<hr/>
Net cash provided by operating activities	\$	<u>30,596</u>

The accompanying are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

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

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 drainage maintenance, garbage and trash collection, and administrative services. The Town also operates a Utilities Enterprise Fund to provide gas, sewerage and water services.

As the governing authority for the municipality, the Town is the reporting entity for the municipality. The financial reporting 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:

B. Basis of Presentation

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

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

B. Basis of Presentation (cont.)

Government-wide Financial Statements

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

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.

Fund Financial Statements

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
AS OF AND FOR THE YEAR ENDED JUNE 30, 2013

B. Basis of Presentation (cont.)

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.

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

B. Basis of Presentation (cont.)

Expenditures:

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

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.

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 \$26.50 for the first 2,000 gallons and \$2.50 for each additional 1,000 gallons or fraction thereof.
- b: Customers outside the city limits of St. Joseph, Louisiana are charged \$53.00 for the first 2,000 gallons and \$5.00 for each additional 1,000 gallons or fraction thereof.

Sewer rates are based on water usage.

Gas rate charged to customers at June 30, 2013, was \$12.00 for each 1,000 cubic feet of gas used or fraction thereof.

Garbage rate - \$5.00 per month.

Trash pick-up - \$5.00 per month.

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.

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

C. Budgets and Budgetary Accounting (cont.)

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.

D. Interfund Receivables and Payables

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

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.

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

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

F. Debt Issuance Cost

Debt issuance cost in the amount of \$7,337 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 position and in the proprietary fund type financial statements, long-term debt is reported as liabilities.

H. Fund Equity

Beginning with fiscal year 2011, the Town implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

Nonspendable Fund Balance - amounts that are not in spendable form (such as inventory) or are required to be maintained intact.

Restricted Fund Balance - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provision, or by enabling legislation.

Committed Fund Balance - amounts constrained to specific purposes by the Town itself, using its highest level of decision-making authority (i.e., Mayor/Board of Aldermen). To be reported as committed, amounts cannot be used for any other purpose unless the Town takes the same highest level action to remove or change the constraint.

Assigned Fund Balance - amounts the Town intends to use for a specific purpose. Intent is expressed by the Mayor/Board of Aldermen.

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

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

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

I. 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.

J. 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.

K. Net Position

Net position represents the difference between assets and liabilities. Net position invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvement of those assets, and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on its use by external parties such as creditors, grantors, laws or regulations of other governments.

L. 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.

M. Restatement

The Enterprise Fund net position as of June 30, 2012 was restated to properly reflect payables inadvertently not properly recorded during the year. Accounts payable were increased by \$88,177 and net position was decreased by the same amount.

N. Contingencies

The Town is involved in several lawsuits subsequent to year end. The Town is defending its position and the ultimate outcomes are unknown and no liability can be estimated, if any, at this time.

Note 2 - 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.

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

NOTE 2- Cash, Cash Equivalents, and Investments (cont.)

At June 30, 2013, the Town had cash and cash equivalents totaling \$397,618 as follows:

Petty Cash	\$ 850
Demand Deposits	202,259
LAMP Deposits	194,509
Total	\$ 397,618

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 those backed by the U.S. government) at June 30, 2013, are secured as follows:

Bank Balances	\$ 218,229
Federal deposit insurance	218,229
Pledged securities	-
Total	\$ 218,229

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 150.165 the investment in LAMP at June 30, 2013, is not categorized in the three risk categories provided by the GASB 150.164 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.

NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2013

Note 3 - Receivables

Receivables of \$85,733 as of June 30, 2013, are comprised of the following:

Fund Type	Sales Tax	Accounts	Inter- Governmental	Other	Total
General	\$ 10,924	\$ 19,530	\$ 9,082	\$ 31,231	\$ 70,767
Proprietary	-	385,715	-	-	385,715
Less Allowance for Doubtful Accounts	-	(363,542)	-	(7,207)	(370,749)
Total	\$ 10,924	\$ 41,703	\$ 9,082	\$ 24,024	\$ 85,733

The Town has 538 water and sewer customers. They also serve 401 gas customers. An aging of the utility receivables as of June 30, 2013 is as follows:

	Water	Gas	Sewer	Trash	Garbage	Other	Total
0-30 days	\$ 6,824	\$ 7,048	\$ 8,033	\$ 3,074	\$ 3,418	\$ 359	\$ 28,756
31-60 days	1,448	2,014	1,443	416	415	290	6,026
61-90 days	654	1,809	1,107	283	296	200	4,349
91-120 days	-	281	203	52	49	-	585
Over 120 days	185,511	91,541	38,326	8,408	9,926	12,287	345,999
Total	\$194,437	\$ 102,693	\$ 49,112	\$ 12,233	\$ 14,104	\$ 13,136	\$385,715

Note 4 - 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	6.94

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

Note 5 - Changes in Capital Assets

The changes in capital assets are as follows:

	Balance 6/30/2012	Additions	Retirements and Transfers	Balance 6/30/2013
Governmental activities:				
Nondepreciable assets:				
Land	\$ 43,915	\$ -	-	\$ 43,915
Depreciable assets:				
Buildings	458,544	-	-	458,544
Walking trail	-	13,500	-	13,500
Equipment	644,316	31,157	-	675,473
Total capital assets	1,146,775	44,657	-	1,191,432
Less: accumulated depreciation	(884,614)	(34,264)	-	(918,878)
Total governmental activities capital assets, net	\$ 262,161	\$ 10,393	\$ -	\$ 272,554
Business-type activities:				
Nondepreciable assets:				
Land	\$ 7,886	\$ -	\$ -	\$ 7,886
Depreciable assets:				
Water system	2,669,417	-	-	2,669,417
Gas system	730,463	-	-	730,463
Sewer system	1,959,189	71,165	-	2,030,354
Service equipment	331,736	-	-	331,736
Office equipment	24,138	-	-	24,138
Wireless communication equipment	16,077	-	-	16,077
Amphitheatre	335,948	-	-	335,948
Total capital assets	6,074,854	71,165	-	6,146,019
Less: accumulated depreciation	(3,584,617)	(139,280)	-	(3,723,898)
Total business-type capital assets, net	\$ 2,490,237	\$ (68,115)	\$ -	\$ 2,422,121

The Town, in accordance with their policy of not capitalizing infrastructure assets retroactively, has eliminated \$664,800 of street improvements reported in the current and prior years.

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

Note 5 - Changes in Capital Assets (Continued)

Depreciation of \$139,280 as of June 30, 2013, was charged to expense in the utility fund. Depreciation charged to governmental activities is as follows:

Culture and recreation	\$ 338
General government	5,463
Public safety	14,973
Public works	5,852
Health and welfare	<u>7,638</u>
 Total	 <u>\$ 34,264</u>

Note 6 - 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, 2013, 2012, and 2011 were \$5,486, \$6,655, and \$5,312, respectively, equal to the statutory 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
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2013

Note 7 - Long-Term Debt

The following is a summary of long-term debt transactions for the year ended June 30, 2013.

Balance beginning of year	\$ 380,313
Additions	-
Retirements	<u>(7,233)</u>
Balance end of year	<u>\$ 373,080.</u>

Bonds payable at June 30, 2013, is comprised of the following issue:

Utilities Enterprise Fund

Revenue Bonds:

\$423,000 revenue bonds dated January 26, 2004; due in monthly installments of \$1,598.94 through January 26, 2044; interest at 3.25%.	<u>\$373,080</u>
--	------------------

Maturities of long-term obligations of the Town including interest of \$ 213,723 are as follows:

Fiscal Year Ended June 30,	Amount
2014	\$ 19,187
2015	19,187
2016	19,187
2017	19,187
2018	19,187
2019-2023	95,935
2024-2028	95,935
2029-2033	95,935
2034-2038	95,935
2039-2043	95,935
2044	<u>11,193</u>
	<u>\$ 586,803</u>

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

Note 8 - 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, 2013, is as follows:

Assets	
Cash	\$ 116,943
Accounts receivable	68,972
Total Assets	<u>\$ 185,915</u>
 Liabilities and Fund Equity	
Liabilities:	
Accounts payable	\$ 18,171
Customer deposits	163
Total Liabilities	<u>18,334</u>
 Fund Equity:	
Towns' Equity	<u>167,581</u>
 Total Liabilities and Fund Equity	 <u>\$ 185,915</u>

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

Note 9 - 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 the current year, the Town made \$109,120 of gas purchases and owed the Joint Line \$64,188 at June 30, 2013.

Note 10 - 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 coverage's and provides coverage 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. See Note 1N.

REQUIRED SUPPLEMENTAL INFORMATION

TOWN OF ST. JOSEPH
ST. JOSEPH, LOUISIANA
BUDGETARY COMPARISON SCHEDULE (GAAP BASIS)
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2013

	Budgeted Amounts		Actual Amounts	Variance
	Original Budget	Final Budget		Favorable (Unfavorable)
Revenues				
Taxes, Licenses, etc:	\$ 269,300	\$ 272,056	\$ 263,664	\$ (8,392)
Intergovernmental Revenue	99,158	137,060	68,546	(68,514)
Other Revenues	25,265	25,265	148,062	122,797
Total Revenues	393,723	434,381	480,272	45,891
Expenditures				
Current:				
General Government	142,377	199,079	210,051	(10,972)
Public Safety				
Police Department	112,975	92,975	96,614	(3,639)
Fire Department	1,998	1,998	-	1,998
Culture & recreation	-	-	23,082	(23,082)
Public Works				
Streets and Sanitation	95,079	100,079	88,823	11,256
Garbage Department	18,002	18,002	49,844	(31,842)
Capital outlay	9,000	9,000	44,657	(35,657)
Total Expenditures	379,431	421,133	513,071	(91,938)
Excess (Deficiency) of Revenues Over Expenditures (GAAP Basis)	14,292	13,248	(32,799)	(46,047)
Other Financing Sources				
Transfers in	-	-	60,511	60,511
Total Other Financing Sources	-	-	60,511	60,511
Excess of Revenue and Other Financing Sources Over Expenditures	14,292	13,248	27,712	14,464
Fund Balance - Beginning	45,732	45,732	45,732	-
Fund Balance - Ending	\$ 60,024	\$ 58,980	\$ 73,444	\$ 14,464

See notes to Budgetary Comparison

TOWN OF St. JOSEPH, LOUISIANA

NOTES TO BUDGETARY COMPARISON SCHEDULES

FOR THE YEAR ENDED JUNE 30, 2013

(Unaudited)

1. Budget
Refer to Note 1 of the government-wide financial statements for details regarding the budget process.
2. Excess of Expenditures over Budget
The Town was not in compliance with the General Fund and items noted on the budget (see prior page) were under budget by more than 5%.

The Intergovernmental Revenues were less due to additional grant funds not being received. Capital expenditures exceeded budget due to equipment purchases. The garbage department and culture and recreation had unplanned expenses and the budget was not properly amended for those.

OTHER SUPPLEMENTAL INFORMATION

TOWN OF ST. JOSEPH
 ST. JOSEPH, LOUISIANA
 NON-MAJOR GOVERNMENTAL FUNDS
 COMBINING BALANCE SHEET
 AS OF JUNE 30, 2013

	Special Revenue Funds		Total
	Downtown Revitalization	Lake Bruin	Non-major Governmental Funds
Assets			
Cash and cash equivalents	\$ 1,163	\$ 18,092	\$ 19,255
Notes receivable	12,944	-	12,944
Total Assets	<u>14,107</u>	<u>18,092</u>	<u>32,199</u>
Liabilities and Fund Balance			
Liabilities			
Due to other funds	12,944	-	12,944
Fund Balance			
Assigned	<u>1,163</u>	<u>18,092</u>	<u>19,255</u>
Total Liabilities and Fund Balance	<u>\$ 14,107</u>	<u>\$ 18,092</u>	<u>\$ 32,199</u>

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, 2013

	<u>Special Revenue Funds</u>		Total
	<u>Downtown Revitalization</u>	<u>Lake Bruin</u>	<u>Non-major Governmental Funds</u>
Revenues			
Use of Property and Money	\$ -	\$ -	\$ -
Other Income	1,145	-	1,145
Total Revenue	<u>1,145</u>	<u>-</u>	<u>1,145</u>
Expenditures			
General Government	<u>59</u>	<u>-</u>	<u>59</u>
Excess of Revenues Over Expenditures	1,086	-	1,086
Fund Balance, beginning of year:	<u>77</u>	<u>18,092</u>	<u>18,169</u>
Fund Balance, end of year:	<u>\$ 1,163</u>	<u>\$ 18,092</u>	<u>\$ 19,255</u>

**TOWN OF ST. JOSEPH
ST. JOSEPH, LOUISIANA
SCHEDULE OF COMPENSATION PAID TO ALDERMEN
FOR THE YEAR ENDED JUNE 30, 2013**

Jimmy S. Clark	\$ 3,000
Evelyn Guy	6,000
Theodore Jackson	6,000
John Lewis	6,000
Aaron Staves	6,000
Ivan Webb	<u>3,000</u>
 Total	 <u><u>\$ 30,000</u></u>

Other Reports

HEARD, McELROY, & VESTAL

L.L.C.

CERTIFIED PUBLIC ACCOUNTANTS

333 TEXAS STREET, SUITE 1525
SHREVEPORT, LOUISIANA 71101
318-429-1525 PHONE • 318-429-2070 FAX

June 30, 2014

To the Honorable Mayor Edward Brown
and the Board of Aldermen
Town of St. Joseph, Louisiana

Independent Auditor's 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*

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of St. Joseph as of and for the year ended June 30 2013, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated June 30, 2013.

Internal Control Over Financial Reporting

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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as 13-01 and 13-06 to be material weaknesses.

A *significant deficiency* is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 13-02, 13-03, 13-08, 13-09, and 13-12 to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as 13-04, 13-05, 13-07, 13-10, 13-11, and 13-13.

Town of St. Joseph's Response to Findings

The Town of St. Joseph's response to the findings identified in our audit are described in the accompanying management's corrective action plan for current year findings. The Town's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Hard, McElroy & Vestal, LLC

Shreveport, Louisiana

TOWN OF ST. JOSEPH, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2013

Part I. Summary of Audit Results

1. The auditor's report expressed an unqualified opinion on the financial statements.
2. Seven significant deficiencies in internal control were disclosed relating to the audit of the financial statements, two of which are considered to be material weaknesses.
3. Six instances on noncompliance relating to the financial statements were disclosed during the audit, two of which are considered to be material weaknesses.

Part II. Findings Related to an Audit in Accordance with *Government Auditing Standards*

13-01 - Inadequate Internal Control over Financial Reporting

Finding:

We noted that a significant year end journal entry was made to correct beginning account balances. Due to this entry accurate statements during the year could not be produced. Good internal control over financial reporting requires that accounting records contain accurate and complete information which would insure that financial data can be relied upon to monitor the financial statements of the Town.

Recommendation:

We recommend accurate financial statements be produced during the year and all adjustments be recorded in those statements.

13-02 - Segregation of Duties

Finding:

A good system of internal control provides for a proper segregation of the accounting functions. Due to limited personnel the Town does not have the proper segregation of duties over cash receipts and disbursements, accounts receivable, and accounts payable. 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. Proper segregation is not always possible in a small organization, but limited segregation to the extent possible can and should be implemented to reduce the risk of errors or fraud.

Recommendation:

The Town should segregate its accounting functions as much as possible with its limited staff. Use of town council members is also recommended.

TOWN OF ST. JOSEPH, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2013

13-03 – Personnel Files

Finding:

We noted not all proper supporting documentation was maintained in employee personnel files.

Recommendation:

We recommend all appropriate documentation be included in the personnel files.

13-04 - Failure to Comply with the Local Government Budget Act (LGBA)

Finding:

The LGBA requires budget amendments when total actual expenditures plus projected expenditures for the remainder of the year are exceeding the total budgeted expenditures by 5% or more.

The Town's original general fund budget plus amendments to it produced budget variance that exceeded the 5% allowed by the LGBA.

Recommendation:

The Town should monitor its budget closely and make amendments as necessary.

13-05 - Payroll Tax Returns Filed and Paid Late

Finding:

The Town did not file and pay their payroll tax returns timely and did not pay and file their Municipal Retirement System (MRS) forms on time.

Recommendation:

The Town should design and implement procedures to ascertain that all payroll and MRS returns are filed and paid timely.

TOWN OF ST. JOSEPH, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2013

13-06 - Proper Use of Public Funds

Finding:

The Town donated \$9,142 to various charitable or private organizations, such as sports programs, etc. without cooperative endeavor agreements. This appears to be a violation of the state statute that prohibits public bodies from giving taxpayer funds. The Town should consult with its attorney.

Recommendation:

Consult with the Town's attorney concerning these type of endeavors.

13-07 - Bid Law

Finding:

The Town failed to bid a project as required by state law.

Recommendation:

Consult with the Town's attorney to put bid procedures in place.

13-08 - Expense Reports

Finding:

(a) The Mayor had charges of \$525 on the Town's credit card during the year that were personal in nature. These charges were repaid; however use of the Town's credit card is not allowed under state law.

(b) The Town should establish a written policy for expense reimbursement. Expense reimbursements were not made timely which resulted in a credit balance (amount due back to Town) not being repaid timely; it was repaid. The credit resulted due to an advance being received by the Mayor for the business trip.

Recommendation:

The Town should implement a written policy concerning proper use of the Town's credit card and a written policy for expense reimbursement by Town's employees and have the Town's attorney review the policies.

TOWN OF ST. JOSEPH, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2013

13-09 - Disbursement Documentation

Finding:

The Town needs to be put written policies in place regarding the appropriate supporting documentation for disbursements.

(a) During our review of certain credit card purchases we noted four occasions where the credit card slips were not signed by the user. Also during our review we noted that the majority of the credit card purchase slips lacked a description of what was purchased. These primarily related to a local convenience store.

(b) It was also noted that meals that were charged to the Town's credit card were not supported by a receipt. These meals were accounted for on the Mayor's expense report but proper supporting documentation was not attached as noted.

(c) The Town purchased rock several times during the year. The Town had the invoices for those purchases but did not maintain the delivery tickets which would provide documentation of where the rock was delivered and who signed for receipt of the rock.

(d) The Town has purchase orders (PO) that are used for certain items; however the purchase order system isn't very properly used. The purchase order should have a more detailed description and include the cost when available and then the PO should be matched with the supporting invoice when received.

Recommendation:

The Town should implement written policies concerning disbursements and provide in the policies the appropriate and required documentation needed to support disbursements of the Town's funds.

13-10 - Notification of Public Meetings

Finding:

We noted five Town meetings were held during the fiscal year where the appropriate notice for the meeting was not posted timely. The amount of time between the notice of the meeting being made public and the meeting was not sufficient as outline in state law.

Recommendations:

We recommend the Town review the requirements of proper notice for Town meetings with the Town's attorney.

TOWN OF ST. JOSEPH, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2013

13-11 - Late Filing of Audit Report

Finding:

The audit report was not submitted to the Legislative Auditor within 180 days of the close of the Fund's year as required by state statute.

13-12 - Utility Fund Accounting

Finding:

We noted the Town does not have written procedures for accounting for receipts, billing and meter deposits. The Town is also not reconciling the accounting information from the utility billing software to the general ledger. The Town needs to consistently follow its policy of turning off utilities for non-payments.

Recommendations:

We recommend the Town provides written procedures for accounting for utility fund billing activities and that the information from the billing system be reconciled to the general ledger on a monthly basis.

13-13 - Risk Management

Finding:

We noted the Town did not have liability insurance on its vehicles as of June 30, 2013. To protect the Town's assets and cover possible liability issues the Town should maintain vehicle insurance.

Recommendation:

The Town should obtain insurance on the Town vehicles; which it has subsequently done.

TOWN OF ST. JOSEPH, LOUISIANA
SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2013

12-1 - Bank Reconciliation

Finding:

The bank reconciliations prepared by the Town did not reconcile the bank account balances to the book balances.

Recommendation:

The Town should reconcile the bank and book balances each month.

Status:

Corrected.

12-2 - Interfund Due To/Due From

Finding:

The town did not reconcile the interfund accounts receivable and accounts payable. This resulted in errors in the financial statement that would have been detected if the reconciliations were performed.

Recommendation:

All interfund receivable and payable accounts should be reconciled monthly.

Status:

Corrected.

12-3 - Segregation of Duties

Finding:

A good system of internal control provides for a proper segregation of the accounting functions. Due to limited personnel the Town does not have the proper segregation of duties over cash receipts and disbursements, accounts receivable, and accounts payable. 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. Proper segregation is not always possible in a small organization, but limited segregation to the extent possible can and should be implemented to reduce the risk of errors or fraud.

TOWN OF ST. JOSEPH, LOUISIANA
SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2013

12-3 - Segregation of Duties

Recommendation:

The Town should segregate its accounting functions as much as possible with its limited staff. Use of town council members is also recommended.

Status:

Repeat 13-02

12-4 - Timely Deposits of Collections and Transfers

Finding:

In some instances receipts were not deposited in a timely manner.

Recommendation:

The Town should establish procedures to ensure that all collections and transfers are deposited in a timely manner.

Status:

Corrected

12-5 - Failure to Comply with the Local Government Budget Act (LGBA)

Finding:

The LGBA requires budget amendments when total actual expenditures plus projected expenditures for the remainder of the year are exceeding the total budgeted expenditures by 5% or more.

TOWN OF ST. JOSEPH, LOUISIANA
SCHEDULE OF PRIOR YEAR FINDINGS.
FOR THE YEAR ENDED JUNE 30, 2013

12-5 - Failure to Comply with the Local Government Budget Act (LGBA) (Continued)

The Town's original general fund budget plus amendments to it provided for \$401,592 of expenditures and the actual expenditures were \$456,938. The budget variance exceeds the 5% allowed by the LGBA.

Recommendation:

The Town should monitor its budget closely and make amendments as necessary.

Status:

Repeat 13-04

12-6 - Payroll Tax Returns Filed and Paid Late

Finding:

The Town did not file and pay the Louisiana Income Tax withholding returns timely.

Recommendation:

The Town should design and implement procedures to ascertain that all payroll returns are filed and paid timely.

Status:

Repeat 13-05

TOWN OF ST. JOSEPH, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2013

13-01 – Inadequate Internal Control over Financial Reporting

Response:

We agree with the audit finding and will prepare accurate financial statements during the year and make all adjustments in the statements by year end.

13-02 – Segregation of Duties

Response:

We agree with the auditor's comments regarding the segregation of duties over cash receipts and disbursements, accounts receivable, and accounts payable. The town plans to contract with an outside agency to review transactions of the aforementioned functions at least monthly.

13-03- Personnel Files

Response:

Town management will solicit from state and federal those items or forms which should be on file for each employee and will periodically review personnel files to ensure that all appropriate documentation is included in the personnel files.

13-04 – Failure to Comply with the Local Government Budget Act (LGBA)

Response:

We agree with the auditor's findings and will monitor our general fund receipts and disbursements to ensure the variance between actual and budget amounts are in compliance with State law.

TOWN OF ST. JOSEPH, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2013

13-05 – Payroll Tax Returns Files and Paid Late

Response:

We agree with the auditor's finding and will implement procedures to ensure all withholding tax returns and municipal retirement forms are filed timely by engaging with an outside agency that will ensure that they are.

13-06 – Proper Use of Public Funds

Response:

We wished to participate with our schools and universities for helping our children and citizens who live in a region where needs are so great but the probability for receiving outside assistance is minimal. For example, we presented a check to Grambling State University for \$1,000.00 because the University offered to feed and house our citizens in the event they were endangered due Mississippi River flooding. Plus, we have always wished to work with our local schools to effect positive change in our children in whatever reasonable endeavor the school's administration requested.

In the future, we will consult with the town's attorney and the Louisiana Attorney General for consultation prior to engaging into these type endeavors.

13-07 – Bid Law

Response:

As recommended, the Town's attorney will be consulted regarding bid procedures that should be implemented prior to the start of each project.

13-08 – Expense Reports

Response:

We agree with the auditor's recommendation and will develop written policies and procedures for use of the town's credit card and have the Town's attorney review the policy for appropriateness.

TOWN OF ST. JOSEPH, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2013

13-09 – Disbursement Documentation

Response:

We agree with the auditor's recommendation and will implement policy and procedures covering documentation required for supporting all disbursements.

13-10 – Notification of Public Meeting

Response:

We agree with the auditor's finding that the public meeting for five meetings during the fiscal year may not have been posted in accordance with State law but occasionally, emergencies arise that prevent us from posting the notice within the time period the law requires. However, we will review this matter with the Town's attorney as recommended and do all that we can to comply with the law.

13-11 – Late Filing of Audit Report

Response:

We do all that we can to ensure the audit report is submitted to the Legislative Auditor as required by State law.

13-12 – Utility Fund Accounting

Response:

We will develop written policy and procedures for processing utility bills with the automated billing system and the collections function as well. We will also work with our utility billing system vendor to develop system reporting that town personnel can use to reconcile the general ledger accounting system to the billing system monthly.