

TOWN OF ST. JOSEPH, LOUISIANA
FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2011

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 **FEB 15 2012**

DAVID Q. RICHARDSON, CPA
P. O. BOX 891
TALLULAH, LA 71284-0891
318-574-0514

TOWN OF ST JOSEPH, LOUISIANA
 FINANCIAL STATEMENTS
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2011

TABLE OF CONTENTS

	<u>Exhibit</u>	<u>Page</u>
Independent Auditor's Report		1-2
Required Supplemental Information (Part A)		
Management's Discussion and Analysis		4-11
Basic Financial Statements:		
Government-Wide Financial Statements		
Statement of Net Assets	A	13
Statement of Activities	B	14
Fund Financial Statements		
Balance Sheet- Governmental Funds	C	15
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets	D	16
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	E	17
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds to the Statement of Activities	F	18
Statement of Net Assets - Proprietary Fund	G	19
Statement of Revenues, Expenses, and Changes in Net Assets - Proprietary Fund	H	20
Statement of Cash Flows - Proprietary Fund	I	21-22
Notes to the Financial Statements		24-36

TOWN OF ST JOSEPH, LOUISIANA
 FINANCIAL STATEMENTS
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2011

TABLE OF CONTENTS

	Schedule	Page
Required Supplemental Information (Part B)		
Budgetary Comparison Schedule		
Budget Amendment		38
General Fund	1	39
Other Supplemental Information		
Non-Major Governmental Funds		
Combining Balance Sheet	2	41
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance	3	42
Schedule of Compensation Paid to Aldermen	4	43
Reports Required by Government Auditing Standards		
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>		45-46
Schedule of Findings and Responses		47-48
Status of Prior Year Findings		49

DAVID Q. RICHARDSON

Certified Public Accountant
Post Office Box 891
Tailulah, Louisiana 71284
cpa2912@bellsouth.net
(318) 574-0514
(318) 574-0176

INDEPENDENT AUDITOR'S REPORT

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

I 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, 2011, 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. My responsibility is to express opinions on these financial statements based on my audit.

I conducted my 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, and the *Louisiana Government Audit Guide*, issued by the Louisiana Legislative Auditor and the Louisiana Society of Certified Public Accountants. Those standards require that I 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. I believe that my audit provides a reasonable basis for my opinions.

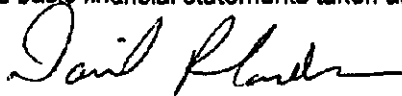
In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of St. Joseph, as of June 30, 2011, 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*, I have also issued my report dated December 27, 2011, on my consideration of the Town of St. Joseph's internal control over financial reporting and my 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 my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of my audit.

The management's discussion and analysis and budgetary comparison information on pages 4 through 11 and 39 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 I 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, I did not audit the information and express no opinion on it.

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of St. Joseph's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and, in my opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Tallulah, Louisiana
December 27, 2011

REQUIRED SUPPLEMENTAL INFORMATION

(PART A)

TOWN OF ST JOSEPH, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2011

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, 2011. 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 \$3,072,922. This was a decrease of total net assets of \$57,094. Of this \$3,072,922 of net assets, \$476,378 was unrestricted, \$26,205 was restricted and \$2,570,279 was invested in capital assets.
- 2) As of the close of the fiscal year ended June 30, 2011, the Town's governmental funds reported a combined ending fund balance of \$84,416, a decrease of \$54,673 when compared to the fund balance of the prior year.
- 3) At the end of the fiscal year ending June 30, 2011, the General Fund's fund balance of \$62,004 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, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2011

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 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.

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 13 and 14 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, 2011

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 15 through 18 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 19 through 22 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, 2011, the Town had no fiduciary funds.

TOWN OF ST JOSEPH, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2011

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 24 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 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 \$3,072,922 at the close of the fiscal year ended June 30, 2011.

By far the largest amount of the Town's net assets (\$2,570,279) 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, 2011, and 2010.

TOWN OF ST JOSEPH, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
SCHEDULE OF NET ASSETS
JUNE 30, 2010, and 2011

Governmental Activities:

	<u>June 30, 2011</u>	<u>June 30, 2010</u>	<u>Change</u>
Current and Other Assets	\$ 163,762	\$ 186,101	\$ (22,339)
Capital Assets	252,833	279,246	(26,413)
Total Assets	<u>416,595</u>	<u>465,347</u>	<u>(48,752)</u>
Current and Other Liabilities	67,080	47,012	(20,068)
Long-term Liabilities	-	-	-
Total Liabilities	<u>67,080</u>	<u>47,012</u>	<u>(20,068)</u>
Net Assets			
Invested in Capital Assets			
Net of Related Debt	252,833	279,246	(26,413)
Restricted	22,412	-	22,412
Unrestricted	74,270	139,089	(64,819)
Total Net Assets	<u>\$ 349,515</u>	<u>\$ 418,335</u>	<u>\$ (68,820)</u>

Business-Type Activities:

Current and Other Assets	\$ 513,492	\$ 613,493	\$ (100,001)
Capital Assets	2,699,195	2,623,938	75,257
Total Assets	<u>3,212,687</u>	<u>3,237,431</u>	<u>(24,744)</u>
Current and Other Liabilities	112,513	139,001	26,488
Long-term Liabilities	376,767	386,749	9,982
Total Liabilities	<u>489,280</u>	<u>525,750</u>	<u>36,470</u>
Net Assets:			
Invested in Capital Assets			
Net of Related Debt	2,317,446	2,230,448	86,998
Restricted	3,853	1,226	2,627
Unrestricted	402,108	480,007	(77,899)
Total Net Assets	<u>\$ 2,723,407</u>	<u>\$ 2,711,681</u>	<u>\$ 11,726</u>

Total Activities:

Current and Other Assets	\$ 677,254	\$ 799,594	\$ (122,340)
Capital Assets	2,952,028	2,903,184	48,844
Total Assets	<u>3,629,282</u>	<u>3,702,778</u>	<u>(73,496)</u>
Current and Other Liabilities	179,593	186,013	6,420
Long-term Liabilities	376,767	386,749	9,982
Total Liabilities	<u>556,360</u>	<u>572,762</u>	<u>16,402</u>
Net Assets			
Invested in Capital Assets			
Net of Related Debt	2,570,279	2,509,694	60,585
Restricted	26,265	1,226	25,039
Unrestricted	476,378	619,096	(142,718)
Total Net Assets	<u>\$ 3,072,922</u>	<u>\$ 3,130,016</u>	<u>\$ (57,094)</u>

TOWN OF ST JOSEPH, LOUISIANA
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 JUNE 30, 2011

Government-wide Financial Analysis (cont.)

The \$74,270 of unrestricted net assets in the governmental funds is comprised mostly of cash
 This represents approximately two months operating capital

Governmental activities

Governmental activities decreased the Town of St Joseph's net assets by \$68,820 The following
 reflects the condensed Statement of Activities for the year ended June 30, 2011

**Town of St. Joseph's Changes in Net Assets
 June 30, 2011**

	<u>Governmental</u>	<u>Business-Type</u>	<u>Total</u>
Revenues:			
Program Revenues			
Charges for services	\$ 111,538	\$ 600,574	\$ 712,112
Operating grants and contributions	528,526	141,931	670,457
General Revenue			
Ad valorem taxes	35,678	-	35,678
Sales and other taxes	90,969	-	90,969
License and permits	95,881	-	95,881
Other general revenue	61,511	9,919	71,430
Total Revenue	<u>924,103</u>	<u>752,424</u>	<u>1,676,527</u>
Expenses:			
General government	192,803	-	192,803
Public safety	111,843	-	111,843
Public works	649,281	-	649,281
Culture and recreation	31,358	-	31,358
Health and welfare	7,638	-	7,638
Utility fund	-	740,698	740,698
Total Expenses	<u>992,923</u>	<u>740,698</u>	<u>1,733,621</u>
Net Increase (decrease) In Assets	<u>\$ (68,820)</u>	<u>\$ 11,726</u>	<u>\$ (57,094)</u>

Expenses are classified by functions General government accounted for approximately \$192,803 in
 expenses or 19% of total governmental expenses Public safety, public works, and health and
 welfare accounted for 11%, 65%, and 3% of the governmental expenses respectfully

License and permits, which provided \$95,881 of revenue, was the largest source of general revenue
 for the Town Sales and other tax revenue was second at \$90,969

TOWN OF ST JOSEPH, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2011

Governmental activities (cont.)

Business-type activities

Business-type activities increased the Town of St Joseph's net assets by \$11,726. Following are the key elements of this increase:

During the current year fixed assets increased \$75,257. This increase consisted of \$239,590 of purchases of fixed assets, and \$239 increase in interest in the joint gas line, and \$164,572 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 \$84,416, decrease of \$54,673, when compared with the prior year. \$62,004 of this total fund balance constitutes unassigned fund balance, which is available for spending at the Town's discretion and the rest (\$22,412) 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 \$62,004, 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, 2010. The general fund was amended June 13, 2011.

**TOWN OF ST JOSEPH, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2011**

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, 2011, amounted to \$2,852,816 (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

	<u>Governmental</u>	<u>Business-Type</u>	<u>Total</u>
Nondepreciable assets			
Land	\$ 43,915	\$ 7,886	\$ 51,801
Depreciable assets			
Buildings	458,544	-	458,544
Equipment	607,503	-	607,503
Water system	-	2,669,417	2,669,417
Gas system	-	730,463	730,463
Sewer system	-	1,959,189	1,959,189
Service equipment	-	328,741	328,741
Office equipment	-	24,138	24,138
Wireless communication equipment	-	16,077	16,077
Amphitheatre	-	308,317	308,317
Total Capital Assets	<u>1,109,962</u>	<u>6,044,228</u>	<u>7,154,190</u>
Less Accumulated Depreciation	<u>(857,129)</u>	<u>(3,444,245)</u>	<u>(4,301,374)</u>
Net Capital Assets	<u>\$ 252,833</u>	<u>\$ 2,599,983</u>	<u>\$ 2,852,816</u>

Capital asset events during the current fiscal year are as follows

The purchase of equipment and major repairs by the Enterprise fund of \$239,590 and \$0 by the General fund

Long-term Debt

The Town of St. Joseph had one long-term debt at June 30, 2011 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 ASSETS
JUNE 30, 2011

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	\$ 75,393	\$ 430,079	\$ 505,472
Receivables	31,121	52,828	83,949
Due from other governmental units	34,836	(34,836)	-
Restricted Assets			
Cash	22,412	65,421	87,833
Capital assets, net	252,833	2,599,983	2,852,816
Bond issuance cost, net	-	7,803	7,803
Investment in jointly owned gas operation and maintenance fund	-	91,409	91,409
Total Assets	416,595	3,212,687	3,629,282
Liabilities			
Accounts payable and accrued expenses	52,309	47,863	100,172
Accrued payroll and benefits	14,771	2,775	17,546
Deposits held	-	54,893	54,893
Long-term liabilities			
Due within one year	-	6,982	6,982
Due in more than one year	-	376,767	376,767
Total Liabilities	67,080	489,280	556,360
Net Assets			
Invested in capital assets, net of related debt	252,833	2,317,446	2,570,279
Restricted	22,412	3,853	26,265
Unrestricted	74,270	402,108	476,378
Total Net Assets	\$ 349,515	\$ 2,723,407	\$ 3,072,922

The accompanying notes are an integral part of this financial statement

TOWN OF ST. JOSEPH, LOUISIANA
STATEMENT OF ACTIVITIES
FOR YEAR ENDED JUNE 30, 2011

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charge for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Functions/Programs						
Primary government						
Governmental Activities						
General government	\$ 192,803	\$ -	\$ -	\$ (192,803)	\$ -	\$ (192,803)
Public safety	111,843	-	10,800	(101,043)	-	(101,043)
Public works	649,281	111,538	512,726	(25,017)	-	(25,017)
Culture and recreation	31,358	-	5,000	(28,358)	-	(28,358)
Health and welfare	7,638	-	-	(7,638)	-	(7,638)
Total governmental activities	992,923	111,538	528,526	(352,859)	-	(352,859)
Business-type activity						
Utility fund	740,698	600,574	141,931	-	1,807	1,807
Total Primary government	\$ 1,733,621	\$ 712,112	\$ 670,457	\$ (352,859)	\$ 1,807	\$ (351,052)
General revenues						
Taxes						
Ad valorem taxes				35,678	-	35,678
Sales and other taxes				90,969	-	90,969
License and permits				95,881	-	95,881
Fines and forfeitures				2,802	-	2,802
Use of money and property				17,940	660	18,600
Other revenues				40,769	9,020	49,789
Income from jointly owned gas operations and maintenance fund				-	239	239
Total general revenues				284,039	9,919	293,958
Change in net assets				(68,820)	11,726	(57,094)
Net Assets at beginning of year				418,335	2,711,681	3,130,016
Net Assets at end of year				\$ 349,515	\$ 2,723,407	\$ 3,072,922

The accompanying notes are an integral part of this financial statement

TOWN OF ST JOSEPH, LOUISIANA
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2011

	General Fund	Other Governmental Funds	Total
Assets			
Cash and cash equivalents	\$ 75,393	\$ 22,412	\$ 97,805
Receivables	18,855	-	18,855
Due from other funds	34,836	-	34,836
Total Assets	\$ 129,084	\$ 22,412	\$ 151,496
Liabilities and Fund Equity			
Liabilities			
Accounts payable and accrued expenses	\$ 52,309	-	\$ 52,309
Accrued payroll and benefits	14,771	-	14,771
Total Liabilities	67,080	-	67,080
Fund Equity			
Fund balance			
Assigned	-	22,412	22,412
Unassigned	62,004	-	62,004
Total Fund Balance	62,004	22,412	84,416
Total Liabilities and Fund Equity	\$ 129,084	\$ 22,412	\$ 151,496

The accompanying notes are an integral part of this financial statement

TOWN OF ST JOSEPH, LOUISIANA
 RECONCILIATION OF THE GOVERNMENTAL FUNDS
 BALANCE SHEET TO THE STATEMENT OF NET ASSETS
 JUNE 30, 2011

Fund balances - total governmental funds		\$ 84,416
Amounts reported for governmental activities are not financial resources, and are not reported in the governmental funds		
Governmental capital assets	1,109,962	
Less accumulated depreciation	<u>(857,129)</u>	252,833
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 Assets		
		<u>12,266</u>
Net assets of governmental funds		<u>\$ 349,515</u>

The accompanying notes are an integral part of this financial statement

TOWN OF ST JOSEPH, LOUISIANA
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2011

	General Fund	Other Governmental Funds	Total
Revenues			
Taxes			
Ad valorem	\$ 35,678	\$ -	\$ 35,678
Sales	90,969	-	90,969
Charges for services	111,538	-	111,538
License, permits, and commission for services	95,881	-	95,881
Intergovernmental			
State	528,526	-	528,526
Fines and forfeitures	2,802	-	2,802
Use of money and property	17,895	45	17,940
Other revenues	26,441	2,062	28,503
Total Revenues	909,730	2,107	911,837
Expenditures			
Current			
General government	187,340	-	187,340
Public safety	103,293	-	103,293
Public works	644,519	-	644,519
Culture and recreation	31,358	-	31,358
Total Expenditures	966,510	-	966,510
Excess (Deficiency) of Revenues over Expenditures	(56,780)	2,107	(54,673)
Fund balance at beginning of year	118,784	20,305	139,089
Fund balance at end of year	<u>\$ 62,004</u>	<u>\$ 22,412</u>	<u>\$ 84,416</u>

The accompanying notes are an integral part of this financial statement

**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, 2011**

Net change in fund balances- governmental funds		\$(54,673)
<i>Amount reported for governmental activities in the statement of activities are different because</i>		
<p>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</p>		
Capital outlay	-	
Depreciation expense	<u>(26,413)</u>	(26,413)
<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>12,266</u>
Change in net assets of governmental activities		<u><u>\$(68,820)</u></u>

The accompanying notes are an integral part of this financial statement

TOWN OF ST. JOSEPH, LOUISIANA
 BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUND
 STATEMENT OF NET ASSETS
 JUNE 30, 2011

	<u>Utility Fund</u>
Assets	
Current Assets	
Cash and cash equivalents	\$ 430,079
Accounts receivable - net	<u>52,828</u>
Total Current Assets	<u>482,907</u>
Noncurrent Assets	
Restricted cash and cash equivalents	65,421
Capital assets	
Depreciable	
Property, plant and equipment - net	2,592,097
Land	7,886
Bond issuance cost - net	7,803
Invested in jointly owned gas operations and maintenance fund	<u>91,409</u>
Total Noncurrent Assets	<u>2,764,616</u>
Total Assets	<u>3,247,523</u>
Liabilities and Net Assets	
Current Liabilities	
Accounts payable and accrued expenses	42,188
Accrued payroll and benefits	2,775
Due to other funds	<u>34,836</u>
Total Current Liabilities	<u>79,799</u>
Liabilities payable from restricted assets	
Customer deposits	54,893
Revenue bonds payable	6,982
Utility payments	<u>5,675</u>
Total Liabilities Payable From Restricted Assets	<u>67,550</u>
Noncurrent Liabilities	
Revenue bonds payable	<u>376,767</u>
Total Liabilities	<u>524,116</u>
Net Assets	
Invested in capital assets, net of related debt	2,317,448
Restricted	3,853
Unrestricted	<u>402,108</u>
Total Net Assets	<u>\$ 2,723,407</u>

The accompanying notes are an integral part of this financial statement

TOWN OF ST JOSEPH, LOUISIANA
 BUSINESS-TYPE ACTIVITY - ENTERPRISE FUND
 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
 FOR THE YEAR ENDED JUNE 30, 2011

	Utility Fund
Operating Revenues	
Water sales	\$ 168,064
Gas sales	323,410
Sewerage fees	108,620
Penalties	480
Intergovernmental - State grants	141,931
Other operating revenues	9,020
Total Operating Revenues	751,525
Operating Expenses	
Water expense	287,682
Gas expense	158,460
Sewer expense	81,961
Depreciation	164,339
Salaries and related benefits	10,530
Bad debts and returned checks	28,045
Total Operating Expenses	731,017
Operating Income	20,508
Non-Operating Revenues (Expenses)	
Interest income	660
Income from jointly owned gas line	239
Amortization of bond issuance cost	(233)
Interest expense	(9,448)
Total Non-Operating Revenue (Expenses)	(8,782)
Net Income	11,726
Net Assets - beginning of year	2,711,681
Net Assets - end of year	\$ 2,723,407

The accompanying notes are an integral part of this financial statement

TOWN OF ST JOSEPH, LOUISIANA
 BUSINESS-TYPE ACTIVITY - ENTERPRISE FUND
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED JUNE 30, 2011

Cash flows from operating activities	
Cash received from customers	\$ 589,006
Cash received from grants	141,931
Cash paid for employee services	(102,430)
Cash payments to suppliers for goods and services	(447,176)
Net cash provided by operating activities	<u>181,331</u>
Cash flows from capital and related financing activities	
Acquisition of capital assets	(239,590)
Net cash provided (used) by financing activities	<u>(239,590)</u>
Cash flows from investing activities	
Payment on revenue bonds	(19,189)
Interest received on investments	660
Distribution from jointly owned gas line	-
Net cash provided by investing activities	<u>(18,529)</u>
Net increase in cash and cash equivalents	(76,788)
Cash and cash equivalents, beginning of year	<u>572,288</u>
Cash and cash equivalents, end of year	<u>\$ 495,500</u>
Shown on the accompanying balance sheet as	
Current Assets	
Cash and cash equivalents	\$ 430,079
Restricted assets	
Cash	<u>65,421</u>
Total	<u>\$ 495,500</u>
Supplemental disclosure of noncash capital investing activities:	
Increase in the investment of the jointly owned gas operations and maintenance fund	<u>\$ 239</u>

The accompanying notes are an integral part of this financial statement

TOWN OF ST. JOSEPH, LOUISIANA
 BUSINESS-TYPE ACTIVITY - ENTERPRISE FUND
 STATEMENT OF CASH FLOWS (Continued)
 FOR THE YEAR ENDED JUNE 30, 2011

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

Operating income	\$	20,508
Adjustments to reconcile operating loss to net cash provided (used) by operating activities		
Depreciation		164,339
Decrease in accounts receivable		7,652
Decrease in accounts payable and accrued expense		(24,267)
Decrease in accrued payroll and benefits		(2,267)
Decrease in customer deposits		(788)
Net change in due to/from general fund		15,561
Increase in liability for utility payments for others		593
		<hr/>
Net cash provided by operating activities	\$	<u>181,331</u>

The accompanying notes are an integral part of this financial statement

NOTES TO THE FINANCIAL STATEMENTS

TOWN OF ST JOSEPH, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2011

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, 2011

B. Basis of Presentation (cont.)

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.

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, 2011

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.

Fund Financial Statements (cont)

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, 2011

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 \$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 are based on water usage

Gas rate charged to customers at June 30, 2011, was \$15.00 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, 2011

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 and the Special Revenue Funds, 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, 2011

F. Debt Issuance Cost

Debt issuance cost in the amount of \$7,803 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. 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.

Beginning fund balances for the Town's governmental funds have been restated to reflect the above classifications.

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, 2011

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 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. 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.

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.

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, 2011

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

At June 30, 2011, the Town had cash and cash equivalents totaling \$593,305 as follows

Petty Cash	\$	550
Demand Deposits		290,985
LAMP Deposits		301,770
Total	\$	<u>593,305</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, 2011, are secured as follows

Bank Balances	\$	<u>313,785</u>
Federal deposit insurance	\$	313,785
Pledged securities		-
Total	\$	<u>313,785</u>

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, 2011, 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.

TOWN OF ST JOSEPH, LOUISIANA
 NOTES TO THE FINANCIAL STATEMENTS
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2011

Note 3 - Receivables

Receivables of \$83,949 as of June 30, 2011, are comprised of the following

Fund Type	Sales Tax	Accounts	Inter- Governmental	Other	Total
General	\$ 8,708	\$ 7,969	\$ 1,235	\$ 27,103	\$ 45,015
Proprietary	-	370,162	-	75,665	445,827
Less Allowance for Doubtful					
Accounts	-	(317,334)	-	(89,559)	(406,893)
Total	<u>\$ 8,708</u>	<u>\$ 60,797</u>	<u>\$ 1,235</u>	<u>\$ 13,209</u>	<u>\$ 83,949</u>

The Town has 554 water and sewer customers. They also serve 405 gas customers. An aging of the utility receivables as of June 30, 2011 is as follows:

	Water	Gas	Sewer	Trash	Garbage	Other	Total
0-30 days	\$ 26,448	\$ 3,845	\$ 3,037	\$ 1,106	\$ 1,292	\$ 514	\$ 36,242
31-60 days	3,231	2,568	1,447	569	544	464	8,823
61-90 days	766	2,405	964	378	373	468	5,354
91-120 days	-	239	57	17	17	150	480
Over 120 days	176,427	98,001	21,748	6,928	8,269	7,890	319,263
Total	<u>\$206,872</u>	<u>\$ 107,058</u>	<u>\$ 27,253</u>	<u>\$ 8,998</u>	<u>\$ 10,495</u>	<u>\$ 9,486</u>	<u>\$ 370,162</u>

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 mileage is as follows:

	Mills
General Ad Valorem Tax	6.88

TOWN OF ST. JOSEPH, LOUISIANA
 NOTES TO THE FINANCIAL STATEMENTS
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2011

Note 5 - Changes in Capital Assets

The changes in capital assets are as follows

	Balance 6/30/2010	Additions	Retirements and Transfers	Balance 6/30/2011
Governmental activities				
Nondepreciable assets				
Land	\$ 43,915	\$ -	\$ -	\$ 43,915
Depreciable assets				
Buildings	458,544	-	-	458,544
Equipment	607,503	-	-	607,503
Total capital assets	<u>1,109,962</u>	<u>-</u>	<u>-</u>	<u>1,109,962</u>
Less accumulated depreciation	<u>(830,716)</u>	<u>(26,413)</u>	<u>-</u>	<u>(857,129)</u>
Total governmental activities capital assets, net	<u>\$ 279,246</u>	<u>\$ (26,413)</u>	<u>-</u>	<u>\$ 252,833</u>
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	-	-	1,959,189
Service equipment	328,741	-	-	328,741
Office equipment	24,138	-	-	24,138
Wireless communication equipment	16,077	-	-	16,077
Amphitheatre	-	308,317	-	308,317
Work in progress - amphitheatre	68,727	239,591	308,318	-
Total capital assets	<u>5,804,638</u>	<u>547,908</u>	<u>(308,318)</u>	<u>6,044,228</u>
Less accumulated depreciation	<u>(3,279,906)</u>	<u>(164,339)</u>	<u>-</u>	<u>(3,444,245)</u>
Total business-type capital assets, net	<u>\$ 2,524,732</u>	<u>\$ 383,569</u>	<u>\$ (308,318)</u>	<u>\$ 2,599,983</u>

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, 2011

Note 6 - Changes in Capital Assets (cont.)

Depreciation of \$26,413 as of June 30, 2011 was charged to expense in the utility fund. Depreciation charged to governmental activities is as follows:

General government	\$ 5,463
Public safety	8,550
Public works	4,762
Health and welfare	<u>7,638</u>
 Total	 <u>\$ 26,413</u>

Note 7 - Pension and Retirement Plans

Municipal Employees' Retirement System of Louisiana (MERS)

Substantially all Town employees, except policemen, are members of the MERS, a multiple-employer, 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, 2011, 2010, and 2009 were \$5,312, \$7,106, and \$12,289, 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
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2011

Note 8 - Long-Term Debt

The following is a summary of long-term debt transactions for the year ended June 30, 2011

Balance beginning of year	\$393,490
Additions	-
Retirements	<u>(9,741)</u>
Balance end of year	<u>\$383,749</u>

Bonds payable at June 30, 2011, 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%	<u>\$ 383,749</u>
--	-------------------

Maturities of long-term obligations of the Town including interest of \$250,874 are as follows

Fiscal Year Ended June 30,	Amount
2012	\$ 19,187
2013	19,187
2014	19,187
2015	19,187
2016	19,187
2017-2021	95,935
2022-2026	95,935
2027-2031	95,935
2032-2036	95,935
2037-2041	95,935
2042-2044	<u>49,567</u>
	<u>\$ 625,177</u>

TOWN OF ST JOSEPH, LOUISIANA
 NOTES TO THE FINANCIAL STATEMENTS
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2011

Note 9 - 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, 2011, is as follows:

Assets	
Cash	\$ 148,907
Accounts receivable	44,768
Total Assets	<u>\$ 193,675</u>
 Liabilities and Fund Equity	
Liabilities	
Accounts payable	\$ 10,695
Customer deposits	163
Total Liabilities	<u>10,858</u>
 Fund Equity	
Towns' Equity	<u>182,817</u>
Total Liabilities and Fund Equity	<u>\$ 193,675</u>

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

Note 10 - 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 \$123,334 of gas purchases and owed the Joint Line \$37,377 at June 30, 2011.

Note 11 - 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's 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.

REQUIRED SUPPLEMENTAL INFORMATION

(PART B)

TOWN OF ST JOSEPH
BUDGET AMENDMENT
FISCAL YEAR ENDING JUNE 30, 2011

	<u>Original</u>	<u>Amended</u>	<u>Difference</u>
Revenue			
Taxes & licenses	\$ 246,607	\$ 249,334	\$ 2,727
Intergovernmental revenue	85,360	85,360	-
State and federal grants	35,000	16,000	(19,000)
Other revenue	26,096	78,900	52,804
Total revenue	<u>393,063</u>	<u>429,594</u>	<u>36,531</u>
Expenses			
General government	153,056	201,643	(48,587)
Police department	104,725	104,725	-
Fire department	1,740	1,740	-
Culture & recreation	-	-	-
Street & sanitation	95,672	112,590	(16,918)
Garbage	29,094	23,995	5,099
Total expenses	<u>384,287</u>	<u>444,693</u>	<u>(60,406)</u>
Net income (Loss)	<u>\$ 8,776</u>	<u>\$ (15,099)</u>	<u>\$ (23,875)</u>

TOWN OF ST JOSEPH
ST JOSEPH, LOUISIANA
BUDGETARY COMPARISON SCHEDULE (GAAP BASIS)
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2011

	<u>Budgeted Amounts</u>		Actual Amounts	Variance
	Original Budget	Final Budget		Favorable (Unfavorable)
Revenues				
Taxes, Licenses, etc	\$ 246,607	\$ 249,334	\$ 209,038	\$ (40,296)
Intergovernmental Revenue	35,000	16,000	542,016	526,016
Other Revenues	111,456	164,260	158,676	(5,584)
Total Revenues	<u>393,063</u>	<u>429,594</u>	<u>909,730</u>	<u>480,136</u>
Expenditures				
Current				
General Government	153,056	201,643	187,340	14,303
Public Safety				
Police Department	104,725	104,725	101,295	3,430
Fire Department	1,740	1,740	1,998	(258)
Culture & recreation	-	-	31,358	(31,358)
Public Works				
Streets and Sanitation	95,672	112,590	599,687	(487,097)
Garbage Department	29,094	23,995	44,832	(20,837)
Capital outlay	-	-	-	-
Total Expenditures	<u>384,287</u>	<u>444,693</u>	<u>966,510</u>	<u>(521,817)</u>
Excess (Deficiency) of Revenues Over Expenditures (GAAP Basis)	8,776	(15,099)	(56,780)	(41,681)
Fund Balance - Beginning	<u>118,784</u>	<u>118,784</u>	<u>118,784</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 127,560</u>	<u>\$ 103,685</u>	<u>\$ 62,004</u>	<u>\$ (41,681)</u>

OTHER SUPPLEMENTAL INFORMATION

TOWN OF ST JOSEPH
ST JOSEPH, LOUISIANA
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
AS OF JUNE 30, 2011

	<u>Special Revenue Funds</u>		<u>Total</u>
	<u>Downtown Revitalization</u>	<u>Lake Bruin</u>	<u>Non-major Governmental Funds</u>
Assets			
Cash and cash equivalents	<u>\$ 4,320</u>	<u>\$ 18,092</u>	<u>\$ 22,412</u>
Total Assets	<u>\$ 4,320</u>	<u>\$ 18,092</u>	<u>\$ 22,412</u>
Liabilities and Fund Balance			
Liabilities	\$ -	\$ -	\$ -
Fund Balance			
Assigned	<u>4,320</u>	<u>18,092</u>	<u>22,412</u>
Total Liabilities and Fund Balance	<u>\$ 4,320</u>	<u>\$ 18,092</u>	<u>\$ 22,412</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, 2011

	Special Revenue Funds		Total Non-major Governmental Funds
	Downtown Revitalization	Lake Bruin	
Revenues			
Use of Property and Money	\$ 45	\$ -	\$ 45
Other Income	2,062	-	2,062
Total Revenue	<u>2,107</u>	<u>-</u>	<u>2,107</u>
Expenditures			
General Government	<u>-</u>	<u>-</u>	<u>-</u>
Excess of Revenues Over Expenditures	2,107	-	2,107
Fund Balance, beginning of year	<u>2,213</u>	<u>18,092</u>	<u>20,305</u>
Fund Balance, end of year	<u>\$ 4,320</u>	<u>\$ 18,092</u>	<u>\$ 22,412</u>

TOWN OF ST JOSEPH
ST JOSEPH, LOUISIANA
SCHEDULE OF COMPENSATION PAID TO ALDERMEN
FOR THE YEAR ENDED JUNE 30, 2011

Jimmy S Clark	\$ 6,000
Ed Dandridge	6,000
Evelyn L Guy	6,000
Theodore Jackson	6,000
John Lewis	2,000
Ivan Webb	<u>4,500</u>
Total	<u><u>\$30,500</u></u>

REPORTS REQUIRED BY GOVERNMENT AUDITING STANDARDS

DAVID Q. RICHARDSON

Certified Public Accountant
Post Office Box 891
Tallulah, Louisiana 71284
cpa2912@bellsouth.net
(318) 574-0514
(318) 574-0176

**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 Alderman
Town of St Joseph
St Joseph, Louisiana

I have audited the financial statements of the Town of St. Joseph, as of and for the year ended June 30, 2011, and have issued my report thereon dated December 27, 2011. I conducted my 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.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the Town of St. Joseph's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of St. Joseph's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the Town of St. Joseph's internal control over financial reporting.

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.

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses, as defined above. However, I identified one deficiency in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs as item 11-1 that I consider to be a significant deficiency in internal control over financial reporting. A significant deficiency is a deficiency, or 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of St Joseph's financial statements are free of material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed one instance 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 responses as item 11-2.

This report is intended solely for the information and use of the Town of St Joseph, management, others within the organization, and applicable State Auditors 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.



Tallulah, Louisiana
December 27, 2011

TOWN OF ST JOSEPH, LOUISIANA
SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2011

Part I - Summary of Auditor's Reports

- 1 The auditor's report expressed an unqualified opinion on the financial statements
- 2 *One significant deficiency in internal control that is not considered to be a material weakness was disclosed by the audit of the financial statements*
- 3 One instance on noncompliance material to the financial statements was disclosed during the audit

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

11-1 - 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.

Management's Corrective Action Plan:

We have segregated accounting functions as much as possible with three administrative employees. Currently all checks require two signatures and at least one of those signatures is a council member. We do not believe the benefits of hiring additional employees would be greater than the related costs.

TOWN OF ST JOSEPH, LOUISIANA
SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2011

11-2 - 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 provided for \$444,693 of expenditures and the actual expenditures were \$966,510 This budget variance exceeds the 5% allowed by the LGBA

Recommendation:

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

Management's corrective Action Plan:

The 2011 budget was amended but the amendment did not include expenditures resulting from grant proceeds This was the reason for the current year variance and the information used to amend budget expenditures in the future will include expenditures resulting from grant proceeds

TOWN OF ST JOSEPH, LOUISIANA
STATUS OF PRIOR YEAR FINDINGS
JUNE 30, 2011

The following is a summary of the status of the prior year findings included in the auditor's report dated March 4, 2011, covering the examination of the financial statements of the Town of St Joseph as of and for the year ended June 30, 2010

10-1

Finding:

Inadequate segregation of duties Adequate segregation of duties is essential to a proper internal control structure

Status:

This finding was not resolved by June 30, 2011, and is a repeat finding for the current year

10-2

Finding:

Failure to report on a timely manner
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, 2010, was due to the Legislative Auditor by December 31, 2010

Status.

This finding has been resolved

10-3

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

Status:

This finding was not resolved by June 30, 2011, and is a repeat finding for the current year